

Final Official Statement Dated March 4, 2021

Subject to compliance by the City with certain covenants, in the opinion of Miller, Canfield, Paddock and Stone, P.L.C., ("Bond Counsel"), under present law, interest on the Series 2021A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax. Interest on the Series 2021A Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., ("Bond Counsel"), under present law, interest on the Series 2021B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the Series 2021B Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.



**City of Waukegan
Lake County, Illinois**

**\$12,815,000 General Obligation Bonds, Series 2021A
\$31,180,000 Taxable General Obligation Bonds, Series 2021B**

Dated Date of Delivery**Book-Entry****Due Serially As Described Herein**

The \$12,815,000 General Obligation Bonds, Series 2021A (the "Series 2021A Bonds") and the \$31,180,000 Taxable General Obligation Bonds, Series 2021B (the "Series 2021B Bonds" and together with the Series 2021A Bonds, the "Bonds") are being issued by the City of Waukegan, Lake County, Illinois (the "City"). Interest is payable semiannually on June 30 and December 30 of each year, commencing December 30, 2021. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. Amalgamated Bank of Chicago, Chicago, Illinois will act as the paying agent and bond registrar for the Bonds (the "Paying Agent" and "Bond Registrar"). The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 30 as detailed herein.

OPTIONAL REDEMPTION

The Series 2021A Bonds due December 30, 2021-2030, inclusive, are not subject to optional redemption. The Bonds due December 30, 2031-2037, inclusive, are callable in whole or in part on any date on or after December 30, 2030, at a price of par and accrued interest. If less than all the callable Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

The Series 2021B Bonds due December 30, 2021-2030, inclusive, are not subject to optional redemption. The Bonds due December 30, 2031-2037, inclusive, are callable in whole or in part on any date on or after December 30, 2030, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

BOND INSURANCE

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy to be issued by Build America Mutual Assurance Company ("BAM") simultaneously with the delivery of the Bonds. See **APPENDIX F - "BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY"** herein. The premium for such insurance policy and the related rating by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, Moody's Investors Service, Inc., New York, New York, will be paid by the City. Additional ratings are at the cost of the purchaser of the Bonds.

**PURPOSE, LEGALITY AND SECURITY**

Bond proceeds will be used (i) for financing or refinancing certain redevelopment project costs under the TIF Act in connection with the Redevelopment Project as defined herein, and (ii) to pay the costs of issuing the Bonds, including the costs of the bond insurance policy. See "THE PROJECT".

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property of the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. It is the intention of the City to use TIF revenues received by the City to pay debt service on the Bonds and abate the ad valorem tax levy. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS".

The City **does not** intend to designate the Series 2021A Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to the approving legal opinion of Bond Counsel, and certain other conditions. Certain other conditions and certain legal matters will be passed upon for the City by Hardwick Law Firm, LLC, Chicago, Illinois ("Disclosure Counsel"). It is expected that the Bonds will be made available for delivery on or about March 17, 2021.

BERNARDISECURITIES
MUNICIPAL BOND SPECIALISTS



CITY OF WAUKEGAN
Lake County, Illinois

Samuel D. Cunningham
Mayor

Officials

Janet Kilkelly
City Clerk

Dr. John R. Schwab
City Treasurer

Alderman
Dr. Sylvia Sims Bolton
1st Ward

Alderman
Patrick Seger
2nd Ward

Alderman
Gregory Moio
3rd Ward

Alderman
Dr. Roudell Kirkwood
4th Ward

Alderman
Edith Newsome
5th Ward

Alderman
Keith Turner
6th Ward

Alderman
Felix Rivera
7th Ward

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Speer Financial, Inc.
Municipal Advisor

NOTICE TO INVESTORS

No dealer, broker, salesman or other person has been authorized by the City or Bernardi Securities, Inc., Chicago, Illinois, Robert W. Baird & Co., Inc., Naperville, Illinois, and DA Davidson & Co., Chicago, Illinois (collectively, the “Underwriters”) to give any information or to make any representation other than as contained in this Final Official Statement in connection with the offering described herein, and, if given or made, such information or representation must not be relied upon as having been authorized. Certain information contained herein has been obtained from the City, DTC, the Bond Insurer and other sources which are believed by the Underwriters to be reliable, but it is not guaranteed as to accuracy or completeness. In accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, the Underwriters have reviewed the information in this Final Official Statement, but do not guarantee the accuracy or completeness of such information. Neither the delivery of this Final Official Statement nor the sale of any of the Bonds shall imply that the information herein is correct as of any time subsequent to the date hereof.

This Final Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Final Official Statement. Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

References to web site addresses presented in this Final Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Final Official Statement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE OR OTHER JURISDICTION SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE OR OTHER JURISDICTION SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS FINAL OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAW OF THE STATES OR OTHER JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES OR OTHER JURISDICTION CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that it would continue to exist or that the Bonds could in any event be sold for any particular price. Any statements made in this Final Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinion or estimates will be realized.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING
STATEMENTS IN THIS FINAL OFFICIAL STATEMENT**

Certain statements included in or incorporated by reference in this Final Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City’s current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS FINAL OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION “CONTINUING DISCLOSURE.”

Important factors that could cause the City’s actual results and financial condition included in this Final Official Statement to differ materially from those indicated in the forward-looking statements include, among others, certain factors related to the COVID-19 (defined herein) pandemic. See “RISK FACTORS– Potential Impact of COVID-19 herein.

Build America Mutual Assurance (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Final Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM supplied by BAM and presented on the cover of this Final Official Statement and under the heading “Bond Insurance” and “**EXHIBIT F - BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY**”.

TABLE OF CONTENTS

BOND ISSUE SUMMARY	1
THE SERIES 2021A BONDS	2
THE SERIES 2021B BONDS	3
CITY OF WAUKEGAN	4
INTRODUCTION	4
DESCRIPTION OF THE BONDS	4
OPTIONAL REDEMPTION	5
Series 2021A Bonds	5
Series 2021B Bonds	5
Procedure for Redemption	5
SOURCES AND USES	6
THE PROJECT	6
RISK FACTORS	7
Finances of the State of Illinois	7
Potential Impact of COVID-19	8
Future Pension Plan Funding Requirements	8
Cybersecurity	9
Local Economy	9
Declining Equalized Assessed Valuations	9
Loss or Change of Bond Rating	9
Secondary Market for the Bonds	10
Continuing Disclosure	10
Suitability of Investment	10
Future Changes in Laws	10
Factors Relating to Tax Exemption	10
Bankruptcy	11
THE CITY	11
City Government and Services	11
Economic Development	12
Transportation	14
Education and Community Life	14
FINANCIAL INFORMATION	14
Budgeting	14
Investment Policy	16
No Consent or Updated Information Requested of the Auditor	17
Financial Reports	17
Retail Activity	22
Income Tax	23
DEFAULT RECORD	23
SHORT-TERM BORROWING	23
DEBT INFORMATION	24
REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES	25
Summary of Property Assessment, Tax Levy and Collection Procedures	25
Tax Levy and Collection Procedures	26
Exemptions	26
Property Tax Extension Limitation Law	27
Truth in Taxation Law	28
PROPERTY ASSESSMENT AND TAX INFORMATION	28
REGISTRATION, TRANSFER AND EXCHANGE	29
TAX MATTERS	30
Series 2021A Bonds	30
Tax Treatment of Accruals on Original Issue Discount Bonds	31
Amortizable Bond Premium	31
Market Discount	31
Information Reports and Backup Withholding	32
Future Developments	32
Series 2021B Bonds	33
CONTINUING DISCLOSURE	35
Corrective Action Related to Certain Continuing Disclosure Requirements	35
THE UNDERTAKING	36
Annual Financial Information Disclosure	36
Reportable Events Disclosure	37
Consequences of Failure of the City to Provide Information	38
Amendment; Waiver	38
Termination of Undertaking	38
Future Changes to the Rule	38
Additional Information	39
Dissemination of Information; Dissemination Agent	39
LITIGATION	39
CERTAIN LEGAL MATTERS	39
FINAL OFFICIAL STATEMENT AUTHORIZATION	39
INSURED INVESTMENT RATINGS	40
UNDERLYING INVESTMENT RATING	40

DEFEASANCE 40

UNDERWRITING 41

 Series 2021A Bonds 41

 Series 2021B Bonds 41

MUNICIPAL ADVISOR 41

MISCELLANEOUS 42

CERTIFICATION 42

APPENDIX A - SOCIOECONOMIC INFORMATION

APPENDIX B - FISCAL YEAR 2020 AUDITED FINANCIAL STATEMENTS

APPENDIX C - DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

APPENDIX D - PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

APPENDIX E - FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX F - BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Final Official Statement which is provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors. The following descriptions apply equally to the Series 2021A Bonds and the Series 2021B Bonds. Other terms specific to each series are provided separately herein.

Issuer:	City of Waukegan, Lake County, Illinois.
Interest Due:	Each June 30 and December 30, commencing December 30, 2021.
Dated Date:	Date of delivery, expected to be on or about March 17, 2021.
Purpose:	Bond proceeds will be used for (i) financing or refinancing certain redevelopment project costs under the TIF Act in connection with the Redevelopment Project as defined herein, and (ii) to pay the costs of issuing the Bonds, including the costs of the bond insurance policy. See "THE PROJECT" .
Ratings/Insurance:	Build America Mutual Assurance ("BAM") is expected to assign their municipal bond rating of "AA" (Stable), to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy guaranteeing payment when due of the principal of and interest on the Bonds will be issued by BAM. See "APPENDIX F - BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein. The premium for such insurance policy and the related rating by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and Moody's Investors Service, Inc., will be paid by the City. Additional ratings are at the cost of the purchaser of the Bonds. The City's underlying rating is "A2" (Negative Outlook) from Moody's Investors Service, Inc., New York, New York. The information in APPENDIX F to this Final Official Statement is provided solely by BAM, and the City does not accept any responsibility or express any opinion as to the accuracy or completeness of such information or the omission of any information therein.
Security:	The Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property of the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. It is the intention of the City to use TIF revenues received by the City to pay debt service on the Bonds and abate the ad valorem tax levy. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" .
Authorization:	A Bond Ordinance adopted by the City Council of the City on January 19, 2021 and a Bond Order executed by the Designated Officers of the City in accordance therewith (together, the "Bond Ordinance").
Bond Registrar/Paying Agent:	Amalgamated Bank of Chicago, Chicago, Illinois.
Delivery:	The Bonds are expected to be delivered on or about March 17, 2021.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See APPENDIX C herein.
Denomination:	\$5,000 or integral multiples thereof.
Underwriters:	Bernardi Securities, Inc., Chicago, Illinois, Robert W. Baird & Co., Inc., Naperville, Illinois, and DA Davidson & Co., Chicago, Illinois.
Municipal Advisor:	Speer Financial, Inc., Chicago, Illinois.

THE SERIES 2021A BONDS

Issue:	\$12,815,000 General Obligation Bonds, Series 2021A.
Principal Due:	Serially each December 30, commencing December 30, 2021 through December 30, 2037, as detailed below.
Tax Exemption:	Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, will provide an opinion as to the tax exemption of the interest on the Series 2021A Bonds as discussed under “ TAX MATTERS – Series 2021A Bonds ” in this Final Official Statement. Interest on the Series 2021A Bonds is not exempt from present State of Illinois income taxes.
Optional Redemption:	The Series 2021A Bonds maturing on or after December 30, 2031, are callable at the option of the City on any date on or after December 30, 2030, at a price of par plus accrued interest. See “ OPTIONAL REDEMPTION ” herein.
No Bank Qualification:	The Series 2021A Bonds are not “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS⁽¹⁾

Principal Amount	Due Dec. 30	Interest Rate	Yield	CUSIP Number ⁽¹⁾	Principal Amount	Due Dec. 30	Interest Rate	Yield	CUSIP Number ⁽¹⁾
\$645,000	2021	4.000%	0.300%	942860 TG2	\$ 730,000	2030	4.000%	1.920%	942860 TR8
530,000	2022	4.000%	0.500%	942860 TH0	780,000	2031*	4.000%	2.040%	942860 TS6
550,000	2023	4.000%	0.700%	942860 TJ6	830,000	2032*	4.000%	2.090%	942860 TT4
560,000	2024	4.000%	0.950%	942860 TK3	885,000	2033*	4.000%	2.140%	942860 TU1
580,000	2025	4.000%	1.100%	942860 TL1	940,000	2034*	4.000%	2.170%	942860 TV9
600,000	2026	4.000%	1.300%	942860 TM9	1,000,000	2035*	4.000%	2.210%	942860 TW7
625,000	2027	4.000%	1.500%	942860 TN7	1,065,000	2036*	4.000%	2.250%	942860 TX5
655,000	2028	4.000%	1.650%	942860 TP2	1,130,000	2037*	4.000%	2.290%	942860 TY3
710,000	2029	4.000%	1.800%	942860 TQ0					

*These maturities have been priced to call.

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Global Ratings. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Final Official Statement.

THE SERIES 2021B BONDS

Issue: \$31,180,000 Taxable General Obligation Bonds, Series 2021B.

Principal Due: Serially each December 30, commencing December 30, 2021 through December 30, 2037, as detailed below.

Tax Exemption: **None.** Interest on the Series 2021B Bonds is includible in gross income for federal income tax purposes. See “**TAX MATTERS – Series 2021B Bonds**” herein. Interest on the Series 2021B Bonds is not exempt from present State of Illinois income taxes.

Optional Redemption: The Series 2021B Bonds maturing on or after December 30, 2031, are callable at the option of the City on any date on or after December 30, 2030, at a price of par plus accrued interest. See “**OPTIONAL REDEMPTION**” herein.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS⁽¹⁾

Principal Amount	Due Dec. 30	Interest Rate	Yield	CUSIP Number ⁽¹⁾	Principal Amount	Due Dec. 30	Interest Rate	Yield	CUSIP Number ⁽¹⁾
\$1,295,000	2021	0.441%	0.441%	942860 TZ0	\$1,850,000	2030	2.433%	2.433%	942860 UJ4
1,210,000	2022	0.491%	0.491%	942860 UA3	1,960,000	2031	2.533%	2.533%	942860 UK1
1,270,000	2023	0.695%	0.695%	942860 UB1	2,075,000	2032	2.633%	2.633%	942860 UL9
1,335,000	2024	0.895%	0.895%	942860 UC9	2,195,000	2033	2.733%	2.733%	942860 UM7
1,405,000	2025	1.212%	1.212%	942860 UD7	2,325,000	2034	2.833%	2.833%	942860 UN5
1,480,000	2026	1.412%	1.412%	942860 UE5	2,460,000	2035	2.933%	2.933%	942860 UP0
1,565,000	2027	1.793%	1.793%	942860 UF2	2,605,000	2036	3.033%	3.033%	942860 UQ8
1,650,000	2028	1.943%	1.943%	942860 UG0	2,755,000	2037	3.133%	3.133%	942860 UR6
1,745,000	2029	2.333%	2.333%	942860 UH8					

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Global Ratings. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Final Official Statement.

CITY OF WAUKEGAN
Lake County, Illinois
\$12,815,000 General Obligation Bonds, Series 2021A
\$31,180,000 Taxable General Obligation Bonds, Series 2021B

INTRODUCTION

This Final Official Statement, which includes the cover page and Appendices attached hereto, is furnished by the City of Waukegan, Lake County, Illinois (the “City”) to provide information with respect to the City’s \$12,815,000 General Obligation Bonds, Series 2021A (the “Series 2021A Bonds”) and \$31,180,000 Taxable General Obligation Bonds, Series 2021B (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Bonds”).

The summaries of and references to all documents, statutes, reports, and other instruments referred to in this Final Official Statement do not purport to be complete and are qualified in their entirety by reference to each such document, statute, report or instrument.

Bond proceeds will be used for (i) financing or refinancing certain redevelopment project costs under the TIF Act in connection with the Redevelopment Project as defined herein, and (ii) to pay the costs of issuing the Bonds including the costs of the bond insurance policy. See “**THE PROJECT**”.

The Bonds are being issued under the home rule powers granted to the City under the Illinois Constitution of 1970 and are authorized by an ordinance adopted by the City Council of the City (the “City Council”) on January 19, 2021, and a Bond Order executed in accordance therewith (together, the “Bond Ordinance”).

DESCRIPTION OF THE BONDS

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property of the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. It is the intention of the City to use incremental tax revenues deposited into the McGaw Business Center TIF Redevelopment Project Area Special Tax Allocation Fund to pay debt service on the Bonds and abate the ad valorem tax levy.

The Bonds will be dated the date of their delivery, will mature on December 30 of the years and in the principal amounts and will bear interest at the rates per year set forth in this Final Official Statement. Interest will accrue from the dated date of the Bonds and will be payable on June 30 and December 30 of each year with the first interest payment date being December 30, 2021.

The principal of the Bonds will be payable at the principal corporate trust office of Amalgamated Bank of Chicago, Chicago, Illinois (the “Bond Registrar” and “Paying Agent”). Interest on Bonds shall be payable by check mailed by the Bond Registrar to the holders of the Bonds at their addresses as shown on the registration books of the City maintained by the Bond Registrar. The interest (computed on the basis of a 360 day year consisting of twelve 30-day months) payable on the Bonds on each interest payment date will be paid to the persons in whose names such Bonds are registered at the close of business on the applicable record date on the fifteenth day of the month in which an interest payment date occurs on such Bond.

OPTIONAL REDEMPTION

Series 2021A Bonds

Series 2021A Bonds due December 30, 2021-2030, inclusive, are not subject to optional redemption. Series 2021A Bonds due December 30, 2031-2037, inclusive, are callable in whole or in part on any date on or after December 30, 2030, at a price of par and accrued interest. If less than all the callable Series 2021A Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

Series 2021B Bonds

Series 2021B Bonds due December 30, 2021-2030, inclusive, are not subject to optional redemption. Series 2021B Bonds due December 30, 2031-2037, inclusive, are callable in whole or in part on any date on or after December 30, 2030, at a price of par and accrued interest. If less than all the callable Series 2021B Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

Procedure for Redemption

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

SOURCES AND USES

The sources and uses of funds resulting from the Bonds are shown below:

	<u>Series 2021A Bonds</u>	<u>Series 2021B Bonds</u>	<u>Total</u>
SOURCES:			
Principal Amount	\$12,815,000.00	\$31,180,000.00	\$43,995,000.00
Reoffering Premium.....	<u>1,865,119.25</u>	<u>0.00</u>	<u>1,865,119.25</u>
Total Sources	\$14,680,119.25	\$31,180,000.00	\$45,860,119.25
USES:			
Pay Costs of the Project	\$14,490,978.67	\$30,793,329.67	\$45,284,308.34
Costs of Issuance(1).....	<u>189,140.58</u>	<u>386,670.33</u>	<u>575,810.91</u>
Total Uses	\$14,680,119.25	\$31,180,000.00	\$45,860,119.25

Note: (1) Includes underwriters' discount and other issuance costs, including bond insurance costs.

THE PROJECT

In 2014, the City authorized the preparation of a redevelopment plan concerning the redevelopment of the McGaw Business Center TIF Redevelopment Project Area (the "Redevelopment Project Area"). The Redevelopment Project Area consists of approximately 225 acres of land and is located on the former Cardinal Health, Inc. campus on Waukegan Road and lies between Route 137/Buckley Road and Route 120/Belvidere Road, immediately off Interstate 94. The development currently consists of approximately 2,200,000 square feet of industrial/warehouse space, with approximately 1,100,000 square feet of additional industrial/space currently under construction.

On November 12, 2014, the City adopted Ordinance No. 14-O-123, adopting the tax increment financing provisions of the TIF Act and creating the "McGaw Business Center TIF Redevelopment Project Area Special Tax Allocation Fund" (the "Special Tax Allocation Fund") in connection therewith. Subsequently, the City entered into a redevelopment agreement with Bridge McGaw Land LLC (the "Redevelopment Agreement") in connection with the costs of property acquisition, site preparation, environmental remediation, demolition and the construction of certain public improvements as set forth in the Redevelopment Plan and located within the Redevelopment Project Area (the "Redevelopment Project"). Proceeds of the Bonds will be used to finance or refinance qualified costs of the Redevelopment Project.

McGaw Business Center TIF District Equalized Assessed Valuation

<u>Tax Year</u>	<u>Base Value EAV(1)</u>	<u>Incremental EAV</u>	<u>Total EAV(2)</u>	<u>Incremental Taxes</u>
2015	\$13,115,257	\$ 0	\$ 6,735,833	\$ 0
2016	13,115,257	0	7,036,004	0
2017	13,115,257	0	7,615,017	0
2018	13,115,257	1,432,800	14,548,057	178,549
2019	13,115,257	22,707,932	35,823,189	2,760,235

Notes: (1) 2014 base year EAV.

(2) The sum of the Base Value EAV and the Incremental EAV may not equal the Total EAV because some parcels may have a negative increment, which is valued at zero.

Source: Lake County Clerk's Office.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Final Official Statement and its appendices in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future. See “**RISK FACTORS**” herein for a more complete discussion.

Finances of the State of Illinois

The State of Illinois (the “State”) has experienced adverse fiscal conditions resulting in significant shortfalls between the State’s general fund revenues and spending demands. The State’s long-term general obligation bonds are rated at the lowest investment grade rating level and are the lowest bond ratings among the states.

The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State’s finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. The State enacted full budgets for the State fiscal years ending June 30, 2018 (the “State Fiscal Year 2018 Budget”), June 30, 2019 (the “State Fiscal Year 2019 Budget”), June 30, 2020 (the “State Fiscal Year 2020 Budget”) and June 30, 2021 (the “State Fiscal Year 2021 Budget”).

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State’s general fiscal condition and the underfunding of the State’s pension systems have materially adversely affected the State’s financial condition and may result in decreased or delayed revenues allocated to the City. In addition, the State Fiscal Year 2018 Budget, the State Fiscal Year 2019 Budget and the State Fiscal Year 2020 Budget contained a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10% for State Fiscal Year 2018 and by 5% for State Fiscal Year 2019 and State Fiscal Year 2020. The State Fiscal Year 2021 Budget did not include any such reduction. The State Fiscal Year 2018 Budget, the State Fiscal Year 2019 Budget, the State Fiscal Year 2020 Budget and the State Fiscal Year 2021 Budget also include a service fee for collection and processing of local-imposed sales taxes. Such fee was 2% of such sales taxes for State Fiscal Year 2018 and was reduced to 1.5% of such sales taxes for State Fiscal Year 2019, State Fiscal Year 2020 and State Fiscal Year 2021. The City cannot determine at this time the financial impact of these provisions on its overall financial condition, but such provisions may result in lower income tax revenues and sales tax revenues distributed to the City.

The City can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State, nor can the City predict the effect the State’s financial problems, including those caused by the continued spread of the Novel Coronavirus 2019 (“COVID-19”) or the various governmental or private actions in reaction thereto, may have on the City’s future finances. In response to the COVID-19 pandemic, the rating agencies have lowered their respective rating outlooks on the State’s long-term general obligation bonds to negative from stable. See “**Potential Impact of COVID-19**” below.

Potential Impact of COVID-19

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies.

In response to such expectations, former President Trump declared a “national emergency” and Illinois as a disaster area, which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. President Trump signed the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), on March 27, 2020, and the Coronavirus Response and Relief Supplemental Appropriations Act of 2020, each of which is directed at mitigating the economic downturn and health care crisis caused by COVID-19. The CARES Act allocates approximately \$4.9 billion to the State for expenditures incurred due to the public health emergency with respect to COVID-19, split between the State (\$2.7 billion) and local governments (the City of Chicago and Illinois counties with populations that exceed 500,000) (\$2.2 billion).

Governor Pritzker (the “Governor”) has signed various executive orders (each with 30-day periods of effectiveness which have been extended several times) to prevent the further spread of COVID-19 that, as originally issued, (i) required all Illinoisans (with certain exceptions) to stay in their homes; (ii) closed all bars and restaurants to dine-in customers; (iii) ceased operations for all non-essential businesses in the State and (iv) prohibited all public and private gatherings of 10 people or more. The Governor has implemented a five-phase approach to reopening the State’s businesses, with each successive phase easing certain of the restrictions previously imposed by such executive orders. The State is currently in the fourth phase of this reopening plan, and the current executive orders extend through February 6, 2021. The Governor and the Illinois Department of Public Health imposed additional COVID 19 resurgence mitigations in every region across the State, effective as of November 20, 2020, in an attempt to slow the spread of the virus. Tier 3 mitigations build on the State’s Resurgence Mitigation Plan released in July to suppress the spread of the virus and prevent hospitals from becoming overrun. This latest round of mitigations aims to limit gatherings and encourages residents to stay home as much as possible and follow proper safety measures when out in public. While this latest round of mitigations does not include a stay at home order, if the mitigations are not adhered to and cases continue to rise in the weeks ahead, the Governor stated that another order may be required.

The State is not able to assess the severity of the economic impact of the COVID-19 pandemic. The pandemic, however, is expected to continue to have a significant negative impact on the State’s economy, revenues and cash flow. Such challenges are expected to continue to exist despite (i) the receipt by the State of federal CARES Act moneys, (ii) the State’s \$4.2 billion in total borrowing from the Federal Reserve’s Municipal Liquidity Facility, and (iii) cuts to various appropriations contained in the State’s Fiscal Year 2021 Budget.

The City cannot predict the effect the spread of COVID-19 or the various governmental or private actions in reaction thereto will have on its finances or operations, including receipt of programming revenue and real estate tax collections. If there is a negative impact on the receipt of such programming revenue and/or extension and collection of real estate taxes, the City may have difficulty paying debt service on the Bonds.

Future Pension Plan Funding Requirements

The City participates in the Police Pension Plan and the Firefighters’ Pension Plan, both as hereinafter defined. Under the Illinois Pension Code, as amended (the “Pension Code”), the City is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the City will increase over time. The City also participates in the Illinois Municipal Retirement Plan, which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund (“IMRF”); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the City to the Police Pension Plan and the Firefighters' Pension Plan to satisfy contribution shortfalls by the City. If the City does not make 100% of its annual required contributions to the Police Pension Plan and Firefighters' Pension Plan, the City may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the City's financial health and operations. See **"EMPLOYEE RETIREMENT PLANS"** herein for a more complete discussion.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the City's operations and financial health. Further, as cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Local Economy

The financial health of the City is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

Declining Equalized Assessed Valuations

The amount of property taxes extended for the City is determined by applying the various operating tax rates and the bond and interest tax rate levied by the City to the City's Equalized Assessed Valuation ("EAV"). The City's EAV could decrease for a number of reasons including, but not limited to, a decline in property values or large taxpayers moving out of the City. Declining EAVs and increasing tax rates (certain of which may reach their rate ceilings) could reduce the amount of taxes the City is able to receive.

Loss or Change of Bond Rating

The Bonds have received insured credit ratings from S&P Global Ratings, New York, New York ("S&P"), and Moody's Investors Service, Inc., New York, New York ("Moody's") and an underlying credit rating from Moody's. The rating can be changed or withdrawn at any time for reasons both under and outside the City's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter-defined Underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Undertaking (as hereinafter defined) for continuing disclosure (see “**CONTINUING DISCLOSURE**” and “**THE UNDERTAKING**” herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax exempt feature of the 2021A Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Final Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

Factors Relating to Tax Exemption

As discussed under “**TAX MATTERS**” herein, interest on the Series 2021A Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Series 2021A Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Series 2021A Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax treatment of interest on tax-exempt bonds like the Series 2021A Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Series 2021A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax exempt status of obligations such as the Series 2021A Bonds could have an adverse effect on the City’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the City.

The tax exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Series 2021A Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax exempt obligations of the City could adversely affect the market value and liquidity of the Series 2021A Bonds, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE CITY

Historically a commercial port city and more recently an industrial center, the City is the seat of the Lake County government and is home to many business, educational and cultural organizations. Incorporated in 1858 and located 45 miles north of Chicago and 60 miles south of Milwaukee, the City has an ethnically diverse population of 89,078 at the 2010 Census, and a labor force of more than 45,700. Major area employers include Great Lakes Naval Base, Baxter Healthcare Corporation, AbbVie, Inc., Walgreen Corporation, W.W. Grainger Company Inc., and several large hospital / medical institutions.

City Government and Services

The City operates as a Mayoral/Aldermanic form of government with one alderman elected from each of nine wards. The Mayor, City Clerk, and City Treasurer are elected from the community at-large. City officials serve four year terms. As head of the local governmental unit, the Mayor serves as the Chief Administrative and Executive Officer of the City. In this capacity, the Mayor is responsible for administering the policies enacted by the City Council and, for making recommendations to the City Council on matters of legislation, programs and policies. By state statute, the Clerk is required to maintain and index the minutes, ordinances and resolutions adopted by the legislative body. The work of the Aldermen serving on the City Council is shared by five committees: Finance and Purchasing; Community Development; Government Operations and Oversight; Public Works and Infrastructure; Code Revision, Union Relations, and Appeals. Ad hoc committees are appointed on occasion for issues that merit particular attention.

The City is home rule by virtue of its population pursuant to authority granted by the 1970 Illinois Constitution. The City provides police, fire, emergency dispatch, and public works services to its residents, as well as maintaining a water plant and providing other important municipal services such as code enforcement and economic development. City government is divided among five major funding areas: The Community Development Committee handles planning and zoning recommendations; RDAs, TIFs, economic development, property acquisition, CDBG, liquor & gaming licenses, parking, and special events. The Government Operations & Oversight Committee handles insurance benefits, claims & settlements; IGAs; and personnel matters. The Finance & Purchasing Committee handles procurement, contracts, tax levies, GO & revenue bonds, fees, finance department matters, and treasurer's report. The Public Works & Infrastructure Committee handles sewer/water service, stormwater, capital improvement, environmental, garbage services, and fleet. The Code Revisions, Appeals & Negotiations Committee handles major code revisions, appeals, and union negotiations. The City's May 1, 2019 to April 30, 2020 adopted budget calls for 479 employees, of which 41% are allocated to the Police Department, 19% to the Fire Department, 19% to Public Works, and 15% to the Building, Central Services & Planning Departments. This reflects a decrease of 2 positions from the prior fiscal year.

The Police Department has 150 sworn officers and 48 civilian employees. Included in their activities are patrol drug education programs, community policing, a mobile police unit designed to enhance neighborhood security and a E911 dispatch. The Fire Department has 115 sworn firefighters and five civilian employees. There are five full-service fire stations strategically located throughout the community that provide around-the-clock services. The Public Works Department has 92 total employees and is responsible for maintaining the infrastructure of the City which includes the streets, sidewalks, sewers, and water plant operations. The Building, Central Services & Planning Departments have 69 total employees. The City workers in Central Services work to support City operations by providing revenue collection, human resources, risk management, information technology, finance and legal functions. The Building and Planning Departments provide code enforcement, building inspection, economic development and urban planning services.

The employees for the City are covered either by a collective bargaining agreement or by the Salary Ordinance as listed: International Association of Firefighters, Local 473 representing Firefighters, Firefighters/Paramedics, Fire Lieutenants and Fire Captains- Contract Dates 05/01/2018- 04/30/2022; IUOE Local 150 for Public Works and Police Auxiliary representing Laborers, Maintenance Workers, Mechanics/Welders, Water Operators and Police Auxiliaries- Contract Dates 05/01/2018- 04/30/2021; IUOE Local 150 for Public Works Supervisors- Contract Dates 05/01/2018- 04/30/2021; Salary Ordinance representing non-union employees and management personnel- Ordinance Dates 05/01/2019- 04/30/2020 (Ordinance is currently being revised for Council approval); Metropolitan Alliance of Police Chapter #771 representing Police Lieutenants- Contract Dates 05/01/2019- 04/30/2022; Metropolitan Alliance of Police Chapter #285 representing Police Sergeants- Contract Dates 05/01/2018- 04/30/2022; Waukegan Police Benevolent Labor Committee Unit #42 representing Police Patrolmen- Contract Dates 05/01/2018- 04/30/2022; Service Employees International Union, AFL-CIO, Local 72 representing Clerical Technicians, Telecommunicators, Code Enforcement Officers, Administrative Assistants, Senior Telecommunicators, Building Inspectors, Electrical Inspectors, Engineering Techs/Inspectors, Fire Prevention Inspectors, HVAC Inspectors and Plumbing Inspectors- Contract Dates 05/01/2019- 04/30/2022.

Economic Development

The City's administration is focused on growth, making the City a destination for people to live, work, and play. Mayor Cunningham, coming from a corporate background, is very business-focused, understanding that businesses need to have reasons to open in the City, to create jobs, and to expand our tax base. Mayor Cunningham wants Waukegan to be a destination of choice.

The City has received several rounds of grant funding from the Illinois Housing Development Authority to maintain abandoned properties, including cutting grass and weeds, undertaking board-ups, and demolishing derelict structures in order to preserve neighborhoods.

The Lake County Courthouse expansion project is complete in downtown, as part of a \$150 million investment in their facilities. College of Lake County has begun construction on their campus expansion in downtown Waukegan, and expects to open its new building in 2022.

The Genesee Theatre, while rebooking numerous shows due to COVID-19, continues to expand its calendar, regularly creating activity on the downtown streets, while the monthly ArtWauk gallery events, normally attracting large crowds who enjoy and purchase from our numerous galleries, have found ways to stay engaged virtually during the global pandemic. Completed and opened in the fall of 2017, Bay Marine's Chicago Yachting Center offers a sales, service, and storage facility targeted to motor yachts 50' and larger. It is the only indoor winter storage facility for boats that size on the western shore of Lake Michigan. Construction costs for that project were approximately \$5 million. So successful in their first season, Bay Marine had to rent additional storage space in order to meet customer demand. Bay Marine continues to attract new yachting clientele to Waukegan Harbor and Marina.

New homes are under construction in the Midlane area on the northwest side of the City. There are six homes with active permits, combined construction cost nearing \$2 million with permit fees of about \$50,000. On the southwest side, another few homes are under construction.

Construction is underway on the third and final phase of Bridge Point North. Phase III consists of four new buildings, totaling 918,972 square feet, and will be the final addition to the 225-acre, master-planned Bridge Point North campus that Bridge Development Partners has been actively developing since 2015. After acquiring the Bridge Point North campus in 2015, Bridge transformed the once-private property into a highly successful Class-A industrial park. Phase I, which is now 100 percent leased, consisted of two buildings across 1,027,606 square feet. Phase II, which consists of three buildings totaling 926,947 square feet, was completed last year and is nearly fully leased. The business park has attracted high quality tenants including Amazon, Medline, Thermoflex, and Bolke-Miller Corporation, to name a few.

Near Bridge Point North in the Northpoint Business Park, Astronics, an in-flight entertainment system manufacturer, has occupied 116,000 square foot portion of the previously-vacant structure formerly occupied by WMS Gaming. The move has allowed Astronics to consolidate operations, and it anticipates future growth. Astronics is also the manufacturer of a virus-killing robot that has been highly sought after during the global pandemic, and featured in the media (<https://www.chicagotribune.com/suburbs/lake-county-news-sun/ct-lns-robot-covid-eater-st-1120-20201119-5gtuzdff5rbqzldmnu7jffwi6q-story.html>). The balance of that structure has been occupied by the 200,000 square foot headquarters of Overture Promotions. Like Astronics, the move allowed Overture to consolidate operations that had been located outside of Waukegan into a new, state of the art facility. Overture also took a leading role during the pandemic in helping businesses keep employees safe as everything was suddenly shutting down. Their nimble and creative approach kept their employees, and others, on the job.

Across the street from Northpoint Business Park and just north of Bridge Point North, in the Fountain Square development, a TownePlace Suites by Marriott is recently completed and is scheduled to open in March, 2021. That hotel is adjacent to a recently-completed Hampton Inn and Suites. Culver's, Mod Pizza, Jimmy John's, Starbucks, and Marshall's are just a few of the familiar names in the Fountain Square development, which continues to be an attractive area for new development.

Transportation

The City's location makes it easily accessible from north or south. I-94, U.S. Route 41 and Illinois Route 131 (Green Bay Road) are located on the western edge of the City providing north/south access to Chicago, Milwaukee and nearby communities. East/west arterials include Illinois Route 120/Belvidere Road, Illinois Route 132/Grand Avenue and Washington Street. The Metra train service provides hourly commuter service to the North Shore and Chicago via the Chicago & Northwestern rail line. Service to Chicago takes approximately 65 minutes. The PACE bus service serves Waukegan and surrounding areas. The City features Lake Michigan recreational and commercial attractions highlighted by Waukegan Harbor and Marina, the only deep-water harbor between Milwaukee and Lake Calumet. The Waukegan Harbor consists of two harbor areas with nearly 855 slips, and commercial harbor access to world markets through the St. Lawrence Seaway, which connects the Great Lakes with the Atlantic Ocean. The Waukegan National Airport (the "Airport") is situated on 535 acres of land, and is categorized by the FAA as a "Reliever Airport" for Chicago's O'Hare International Airport. The Airport handles approximately 60,000 operations per year that include private, corporate, business, executive, and governmental aircraft that operate in Northeast Illinois and Southeast Wisconsin.

Education and Community Life

The Waukegan Municipal Beach features one mile of sand along with some of the only remaining natural dunes in the area, enabling residents and visitors to swim, picnic, and enjoy live music at the Stiner Pavilion Band Shell. The Waukegan Park District, a separate unit of local government, is a nationally acclaimed park district owning over 720 acres of land including a fitness center, golf courses, a cultural arts center, pool and numerous playing fields. The Waukegan Public Library is also nationally acclaimed, receiving the National Medal for Museum and Library Service in 2013. Only five libraries in the nation receive this honor each year. Waukegan Community Unit School District Number 60 is the main school district serving the City with enrollment of over 16,000 thousand students. Higher education in the area is available at Robert Morris University in the City and at DeVry University and Columbia College in nearby Gurnee. The City is also home to the fast growing Lakeshore Campus of the College of Lake County. Lake Forest College and Lake Forest Graduate School of Management are located in nearby Lake Forest. Trinity International University in Bannockburn and St. Mary of the Lake Seminary in Mundelein are also nearby.

FINANCIAL INFORMATION

Budgeting

The annual budget is the result of the City's financial and operational planning process. The budget serves as a guide for implementing those plans for the May 1st to April 30th fiscal year. By submitting the proposed annual budget to the public, Aldermen and other City interested parties in advance of public hearings, it is the goal of the administration of the City (the "Administration") to further the planning process by shaping the City's goals and objectives in a time of strained resources. All budget requests are made with the City's mission and core values in mind.

The City's finance department projects revenues and fund balances available in the upcoming fiscal year to determine "bottom line" for resources. Assumptions including debt service payments, pension obligations, and personnel costs are prepared. Individual departments are responsible for assessing current conditions, programs, and needs. Meetings are held with department heads to discuss major operation changes, objectives and project requests. Every effort is made to combine requests across departments and accomplish their goals more efficiently. The Mayor's office removes unjustified items from the budget in conjunction with the department heads.

The City budgets are based upon Governmental Accounting Standards Board (GASB) guidelines. The City uses fund accounting to demonstrate compliance with finance-related and legal requirements. All of the City's funds are allocated into seven categories: General Fund, Special Revenue Funds, Enterprise Funds, Capital Funds, Debt Service Funds, Internal Service Funds, and Fiduciary Funds.

The General Fund accounts for the majority of the City's day-to-day operations and is, therefore, the account from which the majority of City spending is made. Special Revenue Funds are used to account for programs funded from specific and legally restricted financing such as grants and tax increment financing. Enterprise Funds are used to report the business-type activities the City engages in and are services intended to pay for themselves, such as the City's water operations and parking garage. Internal Service Funds allow the City to pay insurance claims or premiums promptly and then charge-back to the appropriate fund on a monthly basis. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The City Council appropriates all of the funds included in the annual budget proposal.

General Fund Budget and Unaudited Financial Information(1)

	Budget 2021	Interim Eight Months Ending 12/31/2020 (2)
REVENUES:		
Tax Collection	\$62,159,700	\$43,676,536
Permits and Licenses	6,485,000	3,235,693
Charges for Services	3,171,500	2,230,102
Franchise Fees	900,000	628,231
Fines and Forfeitures	2,170,700	1,906,952
Other Intergovernmental Revenue	220,000	4,241,051
Interest Earned	418,000	16,560
Miscellaneous Revenue	743,600	491,755
Total Revenues	\$76,268,500	\$56,426,880
EXPENDITURES:		
Personnel Services	\$39,432,900	\$26,728,294
Personnel Benefits	28,674,300	22,976,533
Contractual Services	6,478,393	3,791,848
Commodities	2,143,135	1,072,367
Capital Outlay	197,772	0
Non-Cash Expense	(658,000)	(151,691)
Total Expenditures	\$76,268,500	\$54,417,351
Revenues Over (Under) Expenditures	\$ 0	\$ 2,009,529
Transfers-Out	\$ 0	(67,928)
Total Expenditures	\$ 0	\$ (67,928)
Net Revenues Over (Under) Expenditures, after Transfers and Other Financing Sources (Uses)	\$ 0	\$ 1,941,601

- Notes: (1) Source: the City.
 (2) The City is projecting an approximate \$7 million reserve draw for FY 2021. The reserve draw is driven by declines in sales taxes, personal property replacement taxes and other economically sensitive revenues. See "RISK FACTORS – Potential Impact of COVID-19" herein.

Investment Policy

The City's Investment Policy conforms to State statutes which state that any public agency may invest public funds in (1) bonds, certificates of indebtedness, treasury bills or other securities now or hereinafter issued by an agency of the United States or guaranteed by the full faith and credit of the United States as to principal and interest, (2) interest-bearing savings accounts, interest bearing certificates of deposit or interest bearing time deposits, (3) short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000, (4) money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in (1) or (2) of this subsection and to agreements to repurchase such obligations, (5) the Illinois Public Treasurer's Investment Pool, and (6) other investments allowed by State statutes. In practice, the City maintains a conservative policy which generally restricts investments to repurchase agreements with local financial institutions and U.S. Treasury Securities although the police and fire pension funds also invest in equity securities. The primary objective in the investment of City funds under control of the City Treasurer is to ensure the safety of public funds, while managing liquidity requirements of debt service and other financial obligations of the City, and providing the uppermost investment return using authorized investment instruments.

Employees' Retirement Obligations

City obligations for the three employee retirement systems as of April 30, 2020 are shown below. City non-sworn personnel participate in the Illinois Municipal Retirement Fund; sworn police personnel participate in the Waukegan Police Pension Fund; and sworn fire personnel participate in the Waukegan Firefighters' Pension Fund. The actuarially determined contribution and the contributions made in fiscal year 2020 are set forth below. The net pension liability end of the fiscal year is the result of the total pension liability, less the plan fiduciary net position. While the City contributed the statutorily required amounts to the pension funds, the net pension liability amounts continue to escalate due to the growing liability costs associated with public sector pension benefits.

	Illinois Municipal Retirement Fund(1)	Waukegan Police Pension Fund	Waukegan Firefighters' Pension Fund
Actuarially Determined Contribution	\$ 1,670,091	\$ 8,334,639	\$ 5,930,365
Contributions Made.....	1,670,091	8,911,429	6,518,246
Contribution Excess	0	576,790	587,881
Net Pension Liability	4,828,631	161,564,451	112,197,327
Plan Fiduciary Net Position as % of Total Pension Liability	95.25%	39.67%	40.83%

Note: (1) Excludes amount related to the Library.

More detailed information about the City's pension obligations can be found in the City's 2020 Comprehensive Annual Financial Report ("CAFR") included in **APPENDIX B** to this Final Official Statement.

The City's group health insurance plan provides coverage to active and non-active employees at blended premium rates. Non-active employees include retirees or other qualified terminated employees. The cost of including the non-active employees in the plan(s) results in other postemployment benefit ("OPEB") obligations. The OPEB as of April 30, 2020 is shown below.

Net OPEB Obligations Beginning of Year	Annual OPEB Cost	Contributions Made (Net of Adjustments)	Net OPEB Obligations End of Year
\$12,191,272	\$1,416,789	\$(673,390)	\$12,934,671

Additional information on the pension funds and OPEB, including the unfunded actuarial accrued liabilities and the funded ratios of the pension funds, can be found in the City's 2020 CAFR included in **APPENDIX B** to this Final Official Statement.

No Consent or Updated Information Requested of the Auditor

The tables contained in this "**FINANCIAL INFORMATION**" section (the "Excerpted Financial Information") are from the audited financial statements of the City, including the City's 2020 CAFR, which was approved by formal action of the City Council and attached to this Final Official Statement as **APPENDIX B**. The City has not requested the auditor to update information contained in the Excerpted Financial Information or the 2020 CAFR; nor has the City requested that the auditor consent to the use of the Excerpted Financial Information or the 2020 CAFR in this Final Official Statement. Other than as expressly set forth in this Final Official Statement, the financial information contained in the Excerpted Financial Information and 2020 CAFR has not been updated since the date of the 2020 CAFR. The inclusion of the Excerpted Financial Information and 2020 CAFR in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2020 CAFR. Questions or inquiries relating to financial information of the City since the date of the 2020 CAFR should be directed to the City's Director of Finance.

Financial Reports

The City's financial statements that are included in the City's CAFR are audited annually by certified public accountants. The City's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to governmental entities. The City's 2020 CAFR is included in **APPENDIX B** to this Final Official Statement. The City's auditor noted certain material deficiencies in the City's internal controls for financial reporting for the fiscal year ended April 30, 2020. The City believes it has changed its internal controls to implement the auditor's suggestions.

The City received the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Reports for the fiscal years ended April 30, 2013 through 2020 from the Government Finance Officers Association.

The following financial statements for the City's governmental activities and the General Fund are derived from the City's audited financial statements for those years.

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Statement of Net Position
Primary Government
Government Activities
 (Page 1 of 2)

	Audited as of April 30				
	2016	2017	2018	2019	2020
ASSETS:					
Cash and Cash Equivalents.....	\$ 46,734,312	\$ 49,283,652	\$ 42,341,359	\$ 70,621,965	\$ 58,024,418
Property Taxes Receivable	30,685,854	30,866,117	31,544,095	34,722,734	38,152,675
Other Taxes Receivable.....	4,838,127	6,758,954	6,271,722	6,854,972	6,567,260
Intergovernmental	2,177,476	1,552,894	245,192	237,396	4,505,143
Accounts	1,439,405	1,753,141	1,815,873	1,359,343	2,072,646
Special Assessments	1,193,283	1,054,794	894,695	743,406	679,122
Internal Balances	(1,099,891)	0	0	0	0
Prepaid Expenses	579,151	775,212	344,099	427,680	375,047
Inventories.....	174,505	261,919	129,159	22,481	50,213
Restricted Assets	501,154	523,760	529,935	576,359	585,598
Land Held for Resale	5,551,461	5,551,461	5,551,461	5,551,461	5,535,000
Capital Assets:					
Nondepreciable	0	7,267,373	7,174,297	7,254,350	6,756,489
Depreciable, Net of Accumulated Depreciation	0	89,148,960	84,928,862	92,497,070	97,580,400
Land	6,820,912	0	0	0	0
Construction in Progress	634,921	0	0	0	0
Land Improvements	834,337	0	0	0	0
Buildings.....	48,397,543	0	0	0	0
Machinery and Equipment	17,322,841	0	0	0	0
Infrastructure	201,211,195	0	0	0	0
Vehicles.....	0	0	0	0	0
Less: Accumulated Depreciation.....	(187,181,715)	0	0	0	0
Total Assets	\$ 180,814,871	\$194,798,237	\$181,770,749	\$220,869,217	\$220,884,011
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Charges.....	\$ 2,531,122	\$ 2,181,339	\$ 2,262,297	\$ 1,809,941	\$ 1,357,585
OPEB Related Amounts.....	0	0	0	173,722	877,886
Pension Related Amounts.....	47,738,694	33,250,307	50,337,895	51,309,058	63,606,540
Total Deferred Outflows	\$ 50,269,816(1)	\$ 35,431,646(1)	52,600,192	53,292,721	65,842,011
Total Asset and Deferred Outflows	\$ 231,084,687	\$230,229,883	\$234,370,941	\$274,161,938	\$286,726,022
LIABILITIES:					
Accounts Payable and Accrued Expenses	\$ 2,902,474	\$ 3,338,911	\$ 1,884,300	\$ 4,332,338	\$ 3,441,341
Accrued Payroll	1,252,209	1,186,959	1,377,196	1,825,572	1,857,990
Other Liabilities	646,189	1,028,442	1,012,433	976,488	956,415
Accrued Interest Payable	923,278	782,178	662,901	1,530,559	1,121,614
Due to other governmental units	442,135	426,696	0	0	0
Internal Balances	0	4,437,049(2)	(162,879)	(1,951)	(120,742)
Due to Fiduciary Funds	0	0	0	0	151,322
Deferred Revenue/Unearned Revenue.....	1,066,169	991,601	925,486	888,076	422,625
Deposits	347,660	0	0	0	0
Noncurrent Liabilities:					
Due Within One Year	20,164,452	17,368,312	15,469,664	15,217,140	18,353,754
Due in More Than One Year	292,769,547	285,912,446	325,619,964	381,092,662	407,627,306
Total Liabilities	\$320,514,113	\$315,472,594	\$346,789,065	\$405,860,884	\$433,811,625
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes Levied for Future Periods	\$ 30,685,854	\$ 30,866,117	\$ 31,544,095	\$ 34,722,734	\$ 38,152,675
OPEB Related Amounts.....	0	0	0	492,975	682,296
Pension Related Amounts.....	333,849	312,378	13,692,428	3,932,936	5,201,899
Total Deferred Inflows	31,019,703	31,178,495	45,236,523	39,148,645	44,036,870
Total Liabilities and Deferred Inflows	\$351,533,816	\$346,651,089	\$392,025,588	\$445,009,529	\$477,848,495

Notes: (1) With the implementation of GASB 68, pension fund contributions made between fiscal years are accounted as Deferred Outflows of Resources and the unfunded pension liabilities are now recognized as a Noncurrent Liability.
 (2) The City realized a significant increase in claims liability for lawsuits against the City.

(Continued on following page)

Statement of Net Position
Primary Government
Government Activities
 (Page 2 of 2)

	Audited as of April 30				
	2016	2017	2018	2019	2020
NET POSITION:					
Invested in Capital Assets, Net of Related Debt	\$ 34,531,552	\$ 43,984,077	\$ 45,633,105	\$ 50,100,982	\$ 43,486,826
Restricted For:					
TIF Development.....	223,844	688,852	373,362	358,083	1,014,684
Public Safety	3,187,874	3,843,543	4,388,268	4,376,056	3,833,999
Debt service	2,166,095	2,963,246	2,863,130	2,518,581	2,624,909
Cemetery Care	51,182	51,222	57,479	60,387	61,785
Highways and Streets	2,031,496	3,796,145	4,167,061	6,274,435	8,808,489
911 Communications	1,471,082	0	0	0	0
Firefighter Activities	500,815	0	0	0	0
Housing Rehabilitation	312,651	207,321	220,100	166,167	189,213
Sanitation	1,516,616	1,550,036	1,556,262	1,416,719	625,685
Culture and Recreation	9,600	0	0	0	0
Unrestricted	(166,451,936)	(173,505,648)	(216,913,417)	(236,109,001)	(251,768,063)
Total Net Position	<u>\$(120,449,129)</u>	<u>\$(116,421,206)</u>	<u>\$(157,654,650)</u>	<u>\$(170,837,591)</u>	<u>\$(191,122,473)</u>

General Fund
Balance Sheet

	Audited as of April 30				
	2016	2017	2018	2019	2020
ASSETS:					
Cash and Cash Equivalents.....	\$30,451,716	\$32,783,140	\$24,636,574	\$22,309,791	\$20,748,954
Taxes Receivable, Net for Uncollectibles					
Property Taxes	13,834,272	14,360,999	15,937,005	15,468,629	15,867,358
Other Taxes	4,565,984	6,332,344	5,920,901	6,264,793	5,889,474
Intergovernmental	1,974,751	1,357,859	39,713	35,530	4,236,252
Accounts	961,963	1,085,595	1,185,271	871,964	1,801,656
Due from Other Funds	1,135,711	670,935	667,860	316,984	923,532
Property Held for Resale.....	16,461	0	0	0	0
Prepaid Expenses	216,870	0	191,399	124,816	36,973
Inventory	0	0	431	49	0
Total Assets	<u>\$53,157,728</u>	<u>\$56,590,872</u>	<u>\$48,579,154</u>	<u>\$45,392,556</u>	<u>\$49,504,199</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$ 977,498	\$ 1,498,905	\$ 753,289	\$ 755,368	\$ 708,878
Accrued Payroll	1,214,283	1,173,111	1,359,935	1,809,623	1,800,184
Other Current Liabilities	0	0	0	0	8,800
Due to Other Funds.....	3,936,681	6,426,084	381,188	21,875	711,640
Due to Other Governments	442,135	426,695	0	0	0
Due to Fiduciary Funds	0	0	0	0	151,322
Unearned revenues.....	1,066,169	991,601	915,486	878,076	422,625
Deposits	347,660	366,371	346,182	295,322	276,615
Total Liabilities	<u>\$ 7,984,426</u>	<u>\$10,882,767</u>	<u>\$ 3,756,080</u>	<u>\$ 3,760,264</u>	<u>\$ 4,080,064</u>
DEFERRED INFLOWS OF RESOURCES:					
Property taxes levied for future periods	\$13,834,272	\$14,360,999	\$15,937,005	\$15,468,629	\$15,867,358
Unavailable revenues.....	134,761	0	0	0	4,206,005
Total Deferred Inflows	<u>\$13,969,033</u>	<u>\$14,360,999</u>	<u>\$15,937,005</u>	<u>\$15,468,629</u>	<u>\$20,073,363</u>
FUND BALANCE:					
Non Spendable	\$ 847,598	\$ 50	\$ 191,830	\$ 124,865	\$ 36,973
Committed	6,000,885	5,601,056	5,925,280	6,018,457	6,000,880
Unassigned	24,355,786	25,746,019	22,768,959	20,020,341	19,312,919
Total Fund Balance	<u>\$31,204,269</u>	<u>\$31,347,105</u>	<u>\$28,886,069</u>	<u>\$26,163,663</u>	<u>\$25,350,772</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$53,157,728</u>	<u>\$56,590,871</u>	<u>\$48,579,154</u>	<u>\$45,392,556</u>	<u>\$49,504,199</u>

**Statement of Activities
 Government Activities
 Net (Expenses) Revenues and Changes in Net Position**

	Audited Fiscal Year Ended April 30				
	2016	2017	2018	2019	2020
FUNCTIONS/PROGRAMS:					
PRIMARY GOVERNMENT(1):					
General Government	\$ 1,173,483	\$ (3,905,532)	\$ (1,829,346)	\$ (1,948,364)	\$ (856,371)
Public Safety	(81,924,500)	(56,148,308)	(57,887,547)	(76,113,351)	(84,278,568)
Building and Zoning	(1,885,917)	504,068	1,433,191	740,015	307,514
Streets Bridges and Other Public Works	(15,166,361)	(5,398,814)	(8,410,155)	(3,057,585)	(6,358,374)
Sanitation and Environment	(4,584,686)	(4,840,890)	(4,890,206)	(4,577,774)	(5,597,695)
Economic Development	(6,647,998)	(1,989,262)	(3,040,836)	(1,913,892)	(2,580,832)
Community Development	298,160	511,219	(886,027)	(78,320)	194,183
Culture and Recreation	(44,777)	(204,719)	(156,530)	(13,827)	(27,878)
Interest on Long Term Debt	(3,203,521)	(3,135,540)	(2,098,013)	(4,312,514)	(5,674,679)
Total Governmental Activities	<u>\$(111,986,117)</u>	<u>\$ (74,607,778)</u>	<u>\$ (77,765,469)</u>	<u>\$ (91,275,612)</u>	<u>\$(104,872,700)</u>
GENERAL REVENUES:					
Property Taxes	\$ 29,685,864	\$ 30,693,570	\$ 30,792,272	\$ 31,652,748	\$ 34,721,621
Sales Taxes	18,679,689	18,807,206	17,942,388	17,826,397	19,061,030
Telecommunication Taxes	2,635,788	2,387,988	2,131,986	2,025,066	1,787,323
Local Use Taxes	2,056,277	2,192,457	2,355,641	2,755,814	3,183,807
Utility Taxes	5,016,824	4,944,592	5,070,093	5,270,818	4,997,358
Other Taxes	2,819,006	4,138,547	4,439,213	4,616,787	4,459,105
Income Taxes	9,493,260	8,420,082	8,077,760	8,648,492	9,654,658
Personal Property Replacement Taxes	2,976,750	3,821,397	3,537,647	3,179,635	4,202,034
Motor Fuel Taxes	2,278,516	0	0	0	0
Investment Income	204,262	116,681	306,241	583,707	1,449,863
Miscellaneous	1,170,630	941,171	1,386,784	918,350	1,292,445
Total General Revenues and Transfers	<u>\$ 77,016,866</u>	<u>\$ 76,463,691</u>	<u>\$ 76,040,025</u>	<u>\$ 77,477,814</u>	<u>\$ 84,809,244</u>
Special Item - Decline in Value of					
Transfers	<u>\$ 431,554</u>	<u>\$ 521,025</u>	<u>\$ 492,000</u>	<u>\$ (555,802)</u>	<u>\$ (211,426)</u>
Change in Net Position	<u>\$ (34,537,697)</u>	<u>\$ 2,376,938</u>	<u>\$ (1,233,444)</u>	<u>\$ (14,353,600)</u>	<u>\$ (20,274,882)</u>
Net Position Beginning	<u>\$ (85,911,382)(2)</u>	<u>\$(118,798,144)(2)</u>	<u>\$(156,421,206)(2)</u>	<u>\$(156,493,991)(2)</u>	<u>\$(170,847,591)</u>
Net Position Ending	<u>\$(120,449,079)</u>	<u>\$(116,421,206)</u>	<u>\$(157,654,650)</u>	<u>\$(170,847,591)</u>	<u>\$(191,122,473)</u>

Notes: (1) Expenses less program revenues of Charges for Services, Operating Grants and Contributions and Capital Grants and Contributions.
 (2) As restated.

General Fund Revenues and Expenditures

	Audited Fiscal Year Ended April 30				
	2016	2017	2018	2019	2020
REVENUES:					
Property Taxes	\$11,521,246	\$13,856,702	\$14,419,714	\$ 15,993,432	\$15,504,863
Sales Taxes	16,963,994(1)	17,054,632(1)	16,292,273(1)	15,313,960	15,959,603(1)
Local Use Tax	3,249,462	2,192,457	2,355,641	2,755,814	3,183,807
Utility Taxes.....	3,870,852	4,944,592	5,070,093	5,270,818	4,997,358
Income Taxes.....	9,493,260	8,420,082	8,077,760	8,648,492	9,654,658
Replacement Tax.....	2,976,750	3,821,397	3,537,647	3,179,635	4,202,034
Other Taxes	2,922,031(2)	3,801,793(2)	6,255,621(2)	4,242,836	4,118,069(2)
Permits and Licenses.....	4,662,946	4,843,827	162,871	235,908	249,753
Charges for Services.....	2,739,094	2,562,249	5,937,009	5,134,471	5,118,527
Franchise Fees	1,039,452	1,110,979	2,510,373	3,197,029	3,679,995
Telecommunications	2,635,788	2,387,988	1,155,367	1,051,419	944,322
Fines and Forfeitures	3,107,106	2,392,824	0	2,025,066	1,787,323
Other Intergovernmental Revenue.....	219,229	849,375	2,054,905	2,302,379	3,371,511
Interest Earned.....	50,352	100,547	228,802	351,289	423,684
Miscellaneous Revenue	<u>1,723,740</u>	<u>722,195</u>	<u>1,188,171</u>	<u>840,492</u>	<u>846,793</u>
Total Revenues	\$67,175,302	\$69,061,639	\$69,246,247	\$ 70,543,040	\$74,042,300
EXPENDITURES:					
Current					
General Government/Central Services	\$ 4,210,172	\$ 7,023,907	\$ 4,896,222	\$ 4,069,497	\$ 3,824,934
Economic Development	1,664,160	980,962	1,078,560	1,045,626	1,065,286
Building and Zoning	1,180,476	1,727,062	1,764,927	2,241,765	2,264,402
Public Safety (Police, Fire and Emergency)	51,325,494	54,432,895	57,254,476	66,586,986(3)	59,884,316
Streets, Bridges and Other Public Works.....	5,084,836	6,930,531	6,901,692	7,128,012	7,330,714
Sanitation and Environment - Refuse Collection.....	110,398	540,348	431,706	46,812	262,988
Capital Outlay.....	484,419	0	560,621	705,051	0
Cost of Bond Issuance	0	0	0	132,392	77,228
Debt Service:					
Principal Retirement.....	84,048	0	0	0	0
Interest and Fiscal Charges	<u>4,186</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$64,148,189	\$71,635,705	\$73,038,204	\$ 81,956,141	\$74,709,868
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 3,027,113	\$ (2,574,066)	\$ (3,791,957)	\$ (11,413,101)	\$ (667,568)
OTHER FINANCING SOURCES (USES):					
Proceeds - Capital Lease.....	\$ 0	\$ 1,745,618	\$ 0	\$ 0	\$ 0
Premium on Bond Issued.....	0	0	0	837,392	0
Bond Issued	0	0	0	7,895,000(3)	0
Sale of Capital Assets	104,400	7,294	1,000	0	21,297
Operating Transfers In	432,996	6,670,964	3,903,921	453,328	112,000
Operating Transfers Out	<u>(31,466)</u>	<u>(7,160,389)</u>	<u>(2,574,000)</u>	<u>(495,025)</u>	<u>(278,620)</u>
Total Other Financing Sources (Uses).....	\$ 505,930	\$ 1,263,487	\$ 1,330,921	\$ 8,690,695	\$ (145,323)
Excess (Deficiency) of Revenues and					
Other Financing Sources Over					
Expenditures And Other Uses.....	\$ 3,533,043	\$ (1,310,579)	\$ (2,461,036)	\$ (2,722,406)	\$ (812,891)
Fund Balance - Beginning of the Year	<u>27,671,226</u>	<u>32,657,684(4)</u>	<u>31,347,105</u>	<u>28,886,069</u>	<u>26,163,663</u>
Fund Balance - End of the Year.....	\$31,204,269	\$31,347,105	\$28,886,069	\$ 26,163,663	\$25,350,772

- Notes: (1) Includes Home Rule Sales Taxes
 (2) Includes Hotel/Motel Taxes, Municipal Auto Rental Taxes and Food and Beverage Taxes and Gaming tax revenues.
 (3) The City prevailed in a lawsuit against an insurance company that had originally denied coverage related to a wrongful incarceration judgement against the City. The City issued bonds to pay the damages in the claim and used the entire amount of the litigation proceeds to retire the long-term bonds issued for that purpose.
 (4) As restated.

Retail Activity

The table below shows the distribution of the municipal portion and Home Rule portion of the Retailer's Occupation, Service Occupation and Use Tax ("Sales Tax") collected by the State Department of Revenue from retailers within the City. The table indicates the level of retail activity in the City.

Retailers' Occupation, Service Occupation and Use Tax(1)

Calendar Year Ending December 31	Municipal Tax Distributions(2)	Annual Percent Change + (-)	Home Rule Sales Tax(3)	Total
2010.....	\$ 7,792,114	(9.10%)(4)	\$5,324,447	\$13,116,561
2011.....	7,921,232	1.66%	5,407,750	13,328,982
2012.....	8,412,127	6.20%	5,621,158	14,033,285
2013.....	8,933,556	6.20%	6,208,047	15,141,602
2014.....	10,055,517	12.56%	6,677,178	16,732,695
2015.....	10,207,885	1.52%	8,585,969	18,793,854
2016.....	10,140,918	(0.66%)	8,593,387	18,734,305
2017.....	10,091,426	(0.49%)	8,876,923	18,968,349
2018.....	9,276,098	(8.08%)	8,421,478	17,697,576
2019.....	9,907,518	6.81%	9,555,566	19,463,084
Growth from 2010 to 2019.....		27.15%		

- Notes: (1) Source: Illinois Department of Revenue.
 (2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailer's Occupation, Service Occupation and Use tax collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.
 (3) The 1% Home Rule Sales Tax became effective July 1, 2002. Distribution to the City commenced in October 2002.
 (4) The 2010 percentage is based on a 2009 sales tax of \$8,571,824.

Sales Tax Receipts by Kind of Business(1) (For the 12 months ended December 31, 2019)

	Municipal Tax(2)	Percent	Home Rule Sales Tax(3)	Total
General Merchandise	\$1,131,637	11.42%	\$1,129,785	\$ 2,261,423
Food	1,436,851	14.50%	558,424	1,995,275
Drinking and Eating Places	1,102,003	11.12%	1,604,660	2,706,663
Apparel	211,185	2.13%	315,391	526,576
Furniture, Household & Radio	94,441	0.95%	140,706	235,147
Lumber Building and Hardware	382,942	3.87%	567,484	950,427
Automotive and Filling Stations	2,074,043	20.93%	1,540,788	3,614,831
Drugs and Misc. Retail	2,359,754	23.82%	2,289,477	4,649,232
Agriculture and All Other	1,011,508	10.21%	1,257,544	2,269,051
Manufactures.....	103,154	1.04%	151,307	254,461
Total	\$9,907,518	100.00%	\$9,555,566	\$19,463,084

- Notes: (1) Source: State of Illinois, Department of Revenue.
 (2) The amount returned to the City is equal to 1% of taxable sales made at businesses located within the corporate limits of the City.
 (3) The 1% Home Rule Sales Tax became effective July 1, 2002. Distribution to the City commenced in October 2002.

Income Tax

The following table shows the distribution of the municipal portion of the State Income Tax collected by the State and distributed through the Local Government Distributive Fund by the State Comptroller over the past five fiscal years. For 2020, the State's income tax filing deadline has been extended to July 15th in response to the COVID-19 outbreak.

Income Tax Revenue History

Fiscal <u>Year</u>	Income Tax Revenues <u>Distributions(2)</u>
2016	\$9,493,260
2017	8,420,082
2018	8,077,760
2019	8,648,492
2020	9,654,658

- Notes: (1) Source: the City's Comprehensive Annual Financial Reports for fiscal years ended April 30, 2016-April 30, 2020.
 (2) The Fiscal Year 2018 Budget, the Fiscal Year 2019 Budget and the Fiscal Year 2020 Budget contain a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10% for State Fiscal Year 2018 and by 5% for State Fiscal Year 2019 and State Fiscal Year 2020. The City cannot determine at this time the financial impact of this provision on its overall financial condition for the future.

DEFAULT RECORD

The City has no record of default and has met its debt repayment obligations promptly.

SHORT-TERM BORROWING

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

DEBT INFORMATION

After the issuance of the Bonds, the City will have \$107,735,000 principal amount of general obligation debt outstanding. The City also has outstanding \$1,085,000 of parking fees and sales tax revenue bonds, \$1,443,000 special assessment improvement bonds, \$34,255,000 waterworks and sewerage revenue bonds and \$1,017,455 of capital leases. The Waukegan Public Library is a component unit of the City and has \$2,150,000 in outstanding general obligation debt certificates. Such debt certificates are not an obligation of the City.

General Obligation Bonded Debt(1) (Principal Only)

Calendar Year	Series 2012A (12/30)	Series 2012B (12/30)	Series 2015A(2) (12/30)	Series 2015B (12/30)	Series 2016A(2) (12/30)	Series 2017A (12/30)	Series 2018A(2) (12/30)	Series 2018B (12/30)	Series 2018D (12/30)
2021.....	\$2,685,000	\$275,000	\$ 0	\$2,240,000	\$ 485,000	\$ 560,000	\$ 485,000	\$ 1,600,000	\$ 140,000
2022.....	2,820,000	285,000	0	690,000	500,000	580,000	500,000	1,000,000	970,000
2023.....	0	0	0	650,000	515,000	65,000	525,000	1,000,000	1,005,000
2024.....	0	0	0	0	530,000	65,000	540,000	1,030,000	1,045,000
2025.....	0	0	0	0	555,000	795,000	625,000	1,075,000	1,100,000
2026.....	0	0	0	0	575,000	830,000	650,000	1,125,000	1,155,000
2027.....	0	0	0	0	600,000	860,000	675,000	1,185,000	1,210,000
2028.....	0	0	0	0	620,000	895,000	700,000	1,245,000	1,270,000
2029.....	0	0	0	0	645,000	940,000	730,000	1,305,000	0
2030.....	0	0	1,330,000	0	0	980,000	500,000	1,370,000	0
2031.....	0	0	2,265,000	0	0	0	0	1,440,000	0
2032.....	0	0	2,380,000	0	0	0	0	1,510,000	0
2033.....	0	0	0	0	0	0	1,445,000	1,585,000	0
2034.....	0	0	0	0	0	0	1,515,000	0	0
2035.....	0	0	0	0	0	0	1,595,000	0	0
2036.....	0	0	0	0	0	0	1,675,000	0	0
2037.....	0	0	0	0	0	0	0	0	0
Total.....	\$5,505,000	\$560,000	\$5,975,000	\$3,580,000	\$5,025,000	\$6,570,000	\$12,160,000	\$16,470,000	\$7,895,000

The Bonds(3)					
Calendar Year	Series 2021A (12/30)	Series 2021B (12/30)	Total Debt	Cumulative Retirement	
				Amount	Percent
2021.....	\$ 645,000	\$ 1,295,000	\$ 10,410,000	\$ 10,410,000	9.66%
2022.....	530,000	1,210,000	9,085,000	19,495,000	18.10%
2023.....	550,000	1,270,000	5,580,000	25,075,000	23.27%
2024.....	560,000	1,335,000	5,105,000	30,180,000	28.01%
2025.....	580,000	1,405,000	6,135,000	36,315,000	33.71%
2026.....	600,000	1,480,000	6,415,000	42,730,000	39.66%
2027.....	625,000	1,565,000	6,720,000	49,450,000	45.90%
2028.....	655,000	1,650,000	7,035,000	56,485,000	52.43%
2029.....	710,000	1,745,000	6,075,000	62,560,000	58.07%
2030.....	730,000	1,850,000	6,760,000	69,320,000	64.34%
2031.....	780,000	1,960,000	6,445,000	75,765,000	70.33%
2032.....	830,000	2,075,000	6,795,000	82,560,000	76.63%
2033.....	885,000	2,195,000	6,110,000	88,670,000	82.30%
2034.....	940,000	2,325,000	4,780,000	93,450,000	86.74%
2035.....	1,000,000	2,460,000	5,055,000	98,505,000	91.43%
2036.....	1,065,000	2,605,000	5,345,000	103,850,000	96.39%
2037.....	1,130,000	2,755,000	3,885,000	107,735,000	100.00%
Total.....	\$12,815,000	\$31,180,000	\$107,735,000		

Notes: (1) Source: the City.

(2) The City intends to annually abate the property tax levy for its 2015A, 2016A and 2018A Bonds and pay the debt service with revenues received from its Home Rule Sales Tax.

(3) The City intends to annually abate the property tax levy for the Bonds and pay the debt service with incremental revenues deposited into the McGaw Business Center TIF Redevelopment Project Area Special Tax Allocation Fund.

Detailed Overlapping Bonded Debt(1) (As of January 12, 2021)

	Outstanding Debt	Percent(2)	Applicable to the City Amount
Schools:			
School District Number 3	\$ 21,942,681	4.44%	\$ 974,970
School District Number 50	65,985,000	11.48%	7,576,434
School District Number 56	30,235,000	24.82%	7,502,954
School District Number 70	9,400,000	0.09%	8,085
High School District Number 121	79,095,000	14.57%	11,525,773
High School District Number 126	3,539,855	2.36%	83,628
High School District Number 128	0	3.65%	0
Unit School District Number 60	31,280,110	92.28%	28,864,876
Unit School District Number 187	33,224,163	8.60%	2,856,876
Community College District Number 532	47,300,000	5.00%	2,367,237
Total Schools			\$61,760,834
Others:			
Lake County	\$147,785,000	4.76%	\$ 7,038,187
Lake County Forest Preserve District	215,490,000	4.76%	10,262,604
North Shore Sanitary District	0	14.19%	0
Foss Park District	1,484,370	14.35%	212,949
Gurnee Park District	21,633,715	1.57%	338,763
Waukegan Park District	12,466,905	95.43%	11,896,598
Total Others			\$29,749,100
Total Overlapping Debt			\$91,509,934

- Notes: (1) Source: Lake County Clerk.
 (2) Based on 2019 Equalized Assessed Valuations, the most recent available.

Statement of Bonded Indebtedness(1)

	Amount Applicable	Ratio To Equalized Assessed	Estimated Actual	Per Capita (2010 Census 89,078)
City EAV of Taxable Property, 2019	\$1,300,583,819	100.00%	33.33%	\$14,600.51
Estimated Actual Value, 2019	\$3,901,751,457	300.00%	100.00%	\$43,801.52
Total Direct Debt(2)	\$ 107,735,000	8.28%	2.76%	\$ 1,209.45
Overlapping Bonded Debt(3)				
Schools	\$ 61,760,834	4.75%	1.58%	\$ 693.33
Others	29,749,100	2.29%	0.76%	333.97
Total Overlapping Bonded Debt	\$ 91,509,934	7.04%	2.35%	\$ 1,027.30
Net Direct Debt and Total Overlapping Bonded Debt(2)	\$ 199,244,934	15.32%	5.11%	\$ 2,236.75

- Notes: (1) Source: Lake County Clerk and the City.
 (2) Includes the Bonds.
 (3) Overlapping debt as of January 12, 2021.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the City. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Lake County, Illinois (the "County"). There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the “Department”) assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers’ valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county’s assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

The Illinois Property Tax Code, as amended (the “Property Tax Code”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index ("CPI"). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the "Limitation Law") limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the City, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds. See **“DESCRIPTION OF THE BONDS”** herein.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Truth in Taxation Law do not apply to levies made to pay principal of and interest on the Bonds.

PROPERTY ASSESSMENT AND TAX INFORMATION

The City’s 2019 EAV, the most recent available, was comprised of 58.27% residential, 26.91% commercial, 14.37% industrial, and 0.54% farm and railroad property valuations.

Equalized Assessed Valuation(1)

Property Class:	Levy Years				
	2015	2016	2017	2018	2019
Residential	\$508,504,112	\$ 553,068,446	\$ 615,622,371	\$ 678,090,146	\$ 757,879,704
Farm	2,157,988	2,304,474	2,561,150	2,747,755	2,905,546
Commercial	265,113,740	285,411,259	309,574,184	334,915,728	349,971,455
Industrial	163,052,953	172,603,821	180,085,814	180,317,631	186,839,206
Railroad	2,684,465	2,826,796	2,654,833	2,821,557	2,987,908
Total	\$941,513,258	\$1,016,214,796	\$1,110,498,352	\$1,198,892,817	\$1,300,583,819
Percent Change +(-)	0.01%(2)	7.93%	9.28%	7.96%	8.48%

Notes: (1) Source: Lake County Clerk.
 (2) Percentage change based on the City's 2014 EAV of \$941,401,930.

Representative Tax Rates(1) (Per \$100 EAV)

City Rates:	Levy Years				
	2015	2016	2017	2018	2019
Corporate	\$ 0.2454	\$ 0.0000	\$ 0.0000	\$ 0.0000	\$ 0.0000
Fire Protection	0.0000	0.0000	0.0000	0.0000	0.0000
Police Protection	0.0000	0.0000	0.0000	0.0167	0.0000
Garbage Disposal	0.4615	0.4359	0.3962	0.3753	0.3718
Library	0.4218	0.3907	0.3602	0.3503	0.3383
Policemen's Pension	0.6394	0.7872	0.7444	0.6952	0.6562
Firemen's Pension	0.4323	0.5343	0.5146	0.4946	0.4673
Tort Judgements and Liability Insurance	0.0000	0.0000	0.0000	0.0000	0.0304
IMRF	0.1168	0.0649	0.1576	0.0806	0.0492
Corporate Bond	1.1577	1.0260	0.9030	1.0175	0.9595
Total City Rates	\$ 3.4749	\$ 3.2391	\$ 3.0760	\$ 3.0303	\$ 2.8726
Lake County	0.6628	0.6320	0.6218	0.6117	0.5968
Lake County Forest Preserve District	0.2079	0.1929	0.1873	0.1820	0.1798
Waukegan Township (2)	0.5580	0.5094	0.4600	0.4139	0.3802
North Shore Water Reclamation District	0.1656	0.1568	0.1527	0.1532	0.1530
Waukegan Park District	1.1116	1.0269	0.9997	0.9462	0.8975
Unit School District Number 60	10.4121	9.4107	8.4468	7.6535	6.9239
Community College District Number 532	0.2994	0.2854	0.2806	0.2819	0.2815
Total Rates(3)	\$16.8923	\$15.4533	\$14.2248	\$13.2726	\$12.2852

Notes: (1) Source: Lake County Clerk.
 (2) Includes Road and Bridge.
 (3) Representative tax rate is for Tax Code No. 12, which represents the largest portion of the City's 2019 EAV.

Tax Extensions and Collections(1)

Levy Year	Coll. Year	Taxes Extended	Total Collections Amount	Percent
2011.....	2013	\$28,196,028	\$26,450,035	93.81%
2012.....	2014	31,178,164	29,129,884	93.43%
2013.....	2015	32,592,830	30,290,422	92.94%
2014.....	2016	32,701,451	29,726,964	90.90%
2015.....	2017	32,805,822	30,707,162	93.60%
2016.....	2018	32,915,939	30,792,272	93.55%
2017.....	2019	34,158,718	34,047,576	99.67%
2018.....	2020	36,329,701	36,151,140	99.51%

Note: (1) Source: the City's Comprehensive Annual Financial Report for fiscal year ending April 30, 2020.

Principal Taxpayers(1)

Taxpayer Name	Business/Service	2019 EAV(2)
MEPT I-94 Logistics Center LLC	Real Property	\$ 22,426,089
Colliers International	Real Property	21,985,729
Community Health Systems Inc.	Hospital	20,423,407
NP Bridge Point North LLC	Real Property	14,728,090
Northern Crossing JV LLC	Real Property	11,044,605
Marquette Enterprises	Real Property	9,071,486
Pensam Capital LLC	Real Property	8,441,711
Corys, Sater, Setmour & Pease LLP	Real Property	7,925,479
Individual	Real Property	7,220,465
MIMG CXLVI Reserve at Eagle Ridge LLC	Real Property	7,051,064
Total		\$130,318,125
Ten Largest Taxpayers as Percent of City's 2019 EAV (\$1,300,583,819)		10.02%

- Notes: (1) Source: Lake County Clerk.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2019 EAV is the most current available.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX C** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month in which an interest payment date occurs on such Bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

TAX MATTERS

Series 2021A Bonds

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel"), under existing law, the interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Series 2021A Bonds and the interest thereon.

The opinion on federal tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Series 2021A Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The City has covenanted to take the actions required of it for the interest on the Series 2021A Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the City's certifications and representations and the continuing compliance with the City's covenants. Noncompliance with these covenants by the City may cause the interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021A Bonds. After the date of issuance of the Series 2021A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds or the market prices of the Series 2021A Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Series 2021A Bonds from gross income for federal income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Series 2021A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2021A Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Series 2021A Bond is less than the stated redemption price of such Series 2021A Bond at maturity, then such Series 2021A Bond is considered to have “original issue discount” equal to the difference between such initial offering price and the amount payable at maturity (such Series 2021A Bonds are referred to as “OID Bonds”). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Series 2021A Bonds (collectively, the “Original Premium Bonds”) an amortizable bond premium. Series 2021A Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer’s basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the “Premium Bonds”). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer’s yield to maturity determined by using the taxpayer’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The “market discount rules” of the Code apply to the Series 2021A Bonds. Accordingly, holders acquiring their Series 2021A Bonds subsequent to the initial issuance of the Series 2021A Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reports and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Series 2021A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Series 2021A Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Series 2021A Bonds ends with the issuance of the Series 2021A Bonds and, unless separately engaged, bond counsel is not obligated to defend the City in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2021A Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Series 2021A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE SERIES 2021A BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2021A BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE SERIES 2021A BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE SERIES 2021A BONDS, OR OTHER SERIES 2021A BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE SERIES 2021A BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2021A BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

Series 2021B Bonds

In the opinion of the Bond Counsel, interest on the Series 2021B Bonds is **not** excludable from gross income for federal income tax purposes under the Code. Interest on the Series 2021B Bonds is not exempt from State of Illinois income taxes. Bond Counsel will express no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021B Bonds.

The following is a summary of certain of the United States federal income tax consequences of the ownership of the Series 2021B Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as the Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2021B Bonds generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it generally is addressed only to original purchasers of the Series 2021B Bonds that are "U.S. holders" (as defined below), deals only with those Series 2021B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S corporations, persons that hold the Series 2021B Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Series 2021B Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Series 2021B Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Series 2021B Bond that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

The Series 2021B Bonds will be treated, for federal income tax purposes as a debt instrument. Accordingly, interest will be included in the income of a holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

Bondholders that have a basis in the Series 2021B Bonds that is greater than the principal amount of the Series 2021B Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If a Bondholder purchases the Series 2021B Bonds for an amount that is less than the adjusted issue price of the Series 2021B Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale or exchange of a Series 2021B Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Although the Series 2021B Bonds are expected to trade “flat,” that is, without a specific allocation to accrued interest, for federal income tax purposes, a portion of the amount realized on sale attributed to the Series 2021B Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

The Series 2021B Bonds may be issued with original issue discount (“OID”). Accordingly, Bondholders will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Series 2021B Bond. Thus, Bondholders will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such notes with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss. Bondholders that purchase a Series 2021B Bond for less than its adjusted issue price (generally its accreted value) will have purchased such Bond with market discount unless such difference is considered to be de minimis. Absent an election to accrue market discount currently, upon sale or exchange of a Series 2021B Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year will be deferred. A Bondholder that has a basis in the Series 2021B Bond that is greater than its adjusted issue price (generally its accreted value), but that is less than or equal to its principal amount, will be considered to have purchased the Series 2021B Bond with “acquisition premium.” The amount of OID that such Bondholder must include in gross income with respect to such Bonds will be reduced in proportion that such excess bears to the OID remaining to be accrued as of the acquisition of the Series 2021B Bond. A Bondholder may have a basis in its pro rata share of the Series 2021B Bonds that is greater than the principal amount of such Bonds. Bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium, if any, with respect to such Bonds under Section 171 of the Code.

Upon a sale, exchange or retirement of a Series 2021B Bond, a holder generally will recognize taxable gain or loss on such Bond equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Bondholder’s adjusted tax basis in such Bond. Defeasance of the Series 2021B Bonds may result in a reissuance thereof, in which event an owner will also recognize taxable gain or loss as described in the preceding sentence. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Series 2021B Bond not yet taken into income will be ordinary). The adjusted basis of the holder in a Series 2021B Bond will (in general) equal its original purchase price and decreased by any principal payments received on the Series 2021B Bond. In general, if the Series 2021B Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

In addition to regular income tax, certain non-corporate U.S. holders will owe a 3.8 percent tax on the lesser of (i) “net investment income” or (ii) the excess of “modified adjusted gross income” of the Bondholder over \$200,000 for unmarried individuals (\$250,000 for married couples filing jointly and a surviving spouse). Bondholders should consult with their own tax advisors regarding the application of such net investment income tax.

In general, information reporting requirements will apply to non-corporate holders of the Series 2021B Bonds with respect to payments of principal, payments of interest, and the accrual of original issue discount on a Series 2021B Bond and the proceeds of the sale of a Series 2021B Bond before maturity within the United States. Backup withholding may apply to holders of Series 2021B Bonds under Section 3406 of the Code. Any amounts withheld under backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the requested information is furnished to the Internal Revenue Service.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) on its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of Section (b)(5) the Rule adopted by the Commission under the 1934 Act. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under **“THE UNDERTAKING.”**

A failure by the City to comply with the Undertaking will not constitute a default under the Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See **“THE UNDERTAKING - Consequences of Failure of the City to Provide Information.”** The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

Corrective Action Related to Certain Continuing Disclosure Requirements

The required continuing disclosure filing date for the City’s Series 2009A, Series 2010A, Series 2010B, Series 2010C, Series 2017A, Series 2017B general obligation bonds, the Bonds, the Series 2010D waterworks and sewerage system revenue bonds, and the Series 2020 waterworks and sewerage system revenue bonds is 210 days after the end of the fiscal year. The required continuing disclosure filing date for the City’s Series 2012A, Series 2012B, Series 2015A, Series 2015B general obligation bonds, and the Series 2014A parking fees and sales tax revenue bonds is 240 days after the end of the fiscal year.

On June 28, 2013, Moody’s downgraded the City’s parking fees and sale tax revenue bonds from A1 to A2. An events notice was filed on July 8, 2013.

In the last five years, there have been numerous rating actions reported by Moody’s, Standard & Poor’s Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which have or had insured bonds previously issued by the City (the “Insured City Bonds”). The City submitted event notices to EMMA, which contained information regarding the current ratings of such municipal bond insurance companies with respect to its outstanding Insured City Bonds; however, certain filings were not made within the required timeframe pursuant to the Rule. Most recently, Assured Guaranty Corp. is rated A3/Negative by Moody’s, Build America Mutual Assurance is rated A2/Stable by Moody’s and MBIA, now National Public Finance Guaranty Corp., is rated A3/Negative by Moody’s.

The City implemented procedures to ensure that its Annual Financial Information (as described below) and operating data are filed on a timely basis. The City will file its Audited Financial Statements (as described below) with EMMA within 210 days of the end of its fiscal year for the Bonds along with other series of bonds with the 210 day covenant and within 240 days of the end of its fiscal year for those series of bonds with the 240-day covenant. If the City’s Audited Financial Statements are not available within the covenanted time frames the City will provide such statements within 30 days after available, in accordance with its undertakings.

Under the Commission's Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative") the City was reported during the underwriters' self-reporting phase of the MCDC Initiative. The City decided to self-report within the issuer self-reporting period. No enforcement action has been taken against the City related to the MCDC Initiative.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking attached as **APPENDIX E**.

Annual Financial Information Disclosure

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below), to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information within 210 days after the last day of the City's fiscal year (currently April 30). If Audited Financial Statements are not available when the Annual Financial Information is filed, the City will file unaudited financial statements. The City will submit Audited Financial Statements to the MSRB's EMMA within 30 days after availability to the City. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

"Annual Financial Information" means:

1. The table under the heading of "**Retailers' Occupation, Service Occupation and Use Tax**" within this Final Official Statement;
2. All of the tables under the heading "**PROPERTY ASSESSMENT AND TAX INFORMATION**" within this Final Official Statement;
3. All of the tables under the heading "**DEBT INFORMATION**" (only as it relates to direct debt) within this Final Official Statement; and
4. All of the tables under the heading "**FINANCIAL INFORMATION**" (**Excluding Budget and Unaudited Financial Information**) within this Final Official Statement.

"Audited Financial Statements" means financial statements of the City as audited annually by independent certified public accountants. Audited Financial Statements are expected to continue to be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the GASB and subject to any express requirements of State law).

Reportable Events Disclosure

The City covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “Events” are:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City*;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Bondholders, if material**; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.**

**This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

***The term “financial obligation” means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final Final Official Statement has been provided to the MSRB consistent with the Rule.*

Consequences of Failure of the City to Provide Information

The City shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or
- (ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The City shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Future Changes to the Rule

Notwithstanding anything in the Undertaking to the contrary, in the event the Commission, the MSRB or other regulatory authority approves or requires changes to the requirements of the Rule, the City is permitted, but is not be required, to unilaterally modify the covenants in of the Undertaking, without complying with the requirements described in “- **Termination of Undertaking**” above, in order to comply with, or conform to, such changes. In the event of any such modification of the Undertaking, the City will file a copy of the Undertaking, as revised, on EMMA in a timely manner.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, which has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Final Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Final Official Statement, except that in its capacity as Bond Counsel, Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, has, at the request of the City, reviewed only those portions of this Final Official Statement involving the description of the Bonds and, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith). This review was undertaken solely at the request and for the benefit of the City and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters will be passed upon for the City by Hardwick Law Firm LLC, Chicago, Illinois, as disclosure counsel.

FINAL OFFICIAL STATEMENT AUTHORIZATION

This Final Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INSURED INVESTMENT RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, New York, New York, is expected to assign the Bonds a rating of "AA" (Stable). This rating is conditioned upon the delivery by BAM of its standard form of Municipal Bond Insurance Policy at the time of delivery of the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The City and the Underwriters have undertaken no responsibility either to bring to the attention of the registered owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal (other than to comply with any applicable continuing disclosure requirements).

UNDERLYING INVESTMENT RATING

The Bonds have received an underlying investment rating of "A2" (Negative Outlook) from Moody's. The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Final Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently.

There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658. The City will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

DEFEASANCE

The Bonds are subject to legal defeasance by the irrevocable deposit of full faith and credit obligations of the United States of America, obligations the timely payment of which are guaranteed by the United States Treasury, or certificates of participation in a trust comprised solely of full faith and credit obligations of the United States of America (collectively, the "Government Obligations") with a bank or trust company acting as escrow agent. Any such deposit must be of sufficient amount that the receipts from the Government Obligations plus any cash on deposit will be sufficient to pay debt service on the Bonds when due or as called for redemption.

Any bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such bonds, shall be deemed to have been paid if (1) in case any such bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined below, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on said bonds on and prior to the applicable redemption date or maturity date thereof.

The term “Federal Obligations” means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

UNDERWRITING

Series 2021A Bonds

Bernardi Securities, Inc., Chicago, Illinois, Robert W. Baird & Co., Inc., Naperville, Illinois, and DA Davidson & Co., Chicago, Illinois (collectively, the “Underwriters”) have agreed to purchase all but not less than all of the Series 2021A Bonds at a price of \$14,600,846.61 (reflecting the par amount of \$12,815,000, plus a reoffering premium of \$1,865,119.25, and less an Underwriters’ Discount of \$79,272.64). It is anticipated that delivery of the Series 2021A Bonds will occur on the date shown on the cover page hereof. The Series 2021A Bonds may be offered and sold to certain dealers (including the Underwriters or other dealers depositing Bonds into investment trusts) at prices or yields other than such public offering prices or yields shown in the Final Official Statement, and such public offering prices or yields may be changed, from time to time, by the Underwriters.

Series 2021B Bonds

The Underwriters have agreed to purchase all but not less than all of the Series 2021B Bonds at a price of \$31,011,628.00 (reflecting the par amount of \$31,180,000, and less an Underwriters’ Discount of \$168,372.00). It is anticipated that delivery of the Series 2021B Bonds will occur on the date shown on the cover page hereof. The Series 2021B Bonds may be offered and sold to certain dealers (including the Underwriters or other dealers depositing Bonds into investment trusts) at prices or yields other than such public offering prices or yields shown in the Final Official Statement, and such public offering prices or yields may be changed, from time to time, by the Underwriters.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in this Final Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Municipal Advisor obligated by the City’s continuing disclosure undertaking.

MISCELLANEOUS

This Final Official Statement is not to be construed as a contract or agreement between or among the City and the purchasers or Bondholders of any of the Series 2021A Bonds or the Series 2021B Bonds. Any statement made in this Final Official Statement involving matters of opinion herein are subject to change without notice and neither the delivery of this Final Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

CERTIFICATION

We have examined this Final Official Statement dated February 24, 2021, for the \$12,815,000 General Obligation Bonds, Series 2021A, and the \$31,180,000 Taxable General Obligation Bonds, Series 2021B, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Final Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

/s/ **SAM CUNNINGHAM**
Mayor
CITY OF WAUKEGAN
Lake County, Illinois

/s/ **TINA M. SMIGIELSKI**
Director of Finance and Administration
CITY OF WAUKEGAN
Lake County, Illinois

APPENDIX A

**CITY OF WAUKEGAN
LAKE COUNTY, ILLINOIS**

SOCIOECONOMIC INFORMATION

SOCIOECONOMIC INFORMATION

Population(1)

	<u>The City</u>	<u>The County</u>	<u>The State</u>
2000.....	87,901	644,356	12,419,293
2010.....	89,078	703,462	12,830,632
2019 Estimate.....	86,262	696,535	12,671,821
% Change 2010-2019.....	(3.16%)	(0.98%)	(1.24%)

Note: (1) Source: U.S. Bureau of the Census including the American Community Survey 2015-2019 estimates.

Following are lists of large employers located in the City of Waukegan, Lake County, Illinois (the “City”) and in the surrounding area.

Major City Employers(1)

<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Lake County	Government	1,718
Southwire Co., LLC	Electronics, Wires and Cables	1,500
Medline Industries, Inc., S P T Div.....	Surgical Equipment Packs and Medical Supplies	850
Vista Medical Center East	Acute Care Hospital and Specialized Health Care Facility.....	838
Lake Behavioral Hospital	Behavioral Care Hospital	800
Jewel-Osco.....	Grocery Store.....	515
Unit School District No. 60.....	Education	500
Bel Resources	Temporary Help Services.....	450
Kiley Development Center.....	Mental Health Facility.....	423
Yaskawa America, Inc.....	Machine Tool Controls	400
Walmart Supercenter.....	Retail Store	350
Cardinal Health, Inc.....	Medical Supplies Distribution Center	340
United Conveyor Corp.....	Corporate Headquarters and Ash Handling Equipment	250
Deublin Co.....	Valves and Pipe Fittings	225
Astronics CSC Corp.....	Electrical Equipment and Supplies.....	200
J.S.T. Corp.....	Connector Sales	200
North Shore Gas Co.....	Natural Gas Utility.....	200
Nosco, Inc.....	Divisional Headquarters and Lithographic Printing and Folding Cartons	200
Visual Pak Co.....	Manufacturing, Packaging, and Assembly	200

Note: (1) Source: The City, the 2020 Illinois Manufacturers Directory and 2021 Illinois Services Directory. The data contained in the chart above do not reflect any impact from the COVID-19 pandemic and how such pandemic may affect local businesses and employers in the area.

Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
North Chicago.....	Great Lakes Training Center	Military.....	11,000(2)
Deerfield	Walgreens Boots Alliance, Inc.....	Drug Stores Corporate Headquarters.....	6,500
Gurnee	Gurnee Mills	Shopping Center	4,800
North Chicago.....	AbbVie, Inc.....	Pharmaceutical Products Headquarters.....	3,400
Deerfield	Walgreen Co.....	Drug Stores Corporate Headquarters.....	2,500
Libertyville.....	Advocate Condell Medical Center	Hospital	2,200
Lake Forest.....	W. W. Grainger, Inc.....	Industrial Machinery Corporate Headquarters.....	2,050
Deerfield	Alera Group, Inc.....	Corporate Headquarters and Risk and Wealth Management Services	1,900
Round Lake	Baxter Healthcare Corp., Medical Products.....	Medical and Hospital Equipment.....	1,900
Grayslake	College Of Lake County, Grayslake Campus	Community College	1,818
Deerfield	Baxter International, Inc.....	Medical and Hospital Equipment.....	1,700
Lake Forest.....	Northwestern Lake Forest Hospital	Hospital	1,600
Lake Forest.....	Pfizer, Inc.....	Divisional Headquarters and Medical Equipment	1,350
Highland Park	Highland Park Hospital	Hospital	1,200
Lincolnshire	HydraForce, Inc.....	Hydraulic Cartridge Valves	1,100
Libertyville.....	Meyer & Sons, Inc.....	Conveying System Components.....	985
Mundelein	Medline Industries, Inc.....	Surgical Equipment and Medical Instruments	900
Lincolnshire	Zebra Technologies Corp.....	Printing	900
Deerfield	Baxter Healthcare Corp.....	Medical and Hospital Equipment.....	800
Deerfield	Essendant Co.....	Corporate Headquarters and Wholesale Office Equipment.....	800
Lake Forest.....	Trustmark Companies	Health and Life Insurance and Benefits Administration	800

Note (1) Source: The 2020 Illinois Manufacturers Directory and 2021 Illinois Services Directory. The data contained in the chart above do not reflect any impact from the COVID-19 pandemic and how such pandemic may affect local businesses and employers in the area.
 (2) Civilian and military personnel.

The following tables show employment by industry and by occupation for the City, Lake County, and the State as reported by the U.S. Census Bureau 2015-2019 American Community Survey 5-year estimated values.

Employment By Industry(I)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	68	0.2%	1,006	0.3%	65,484	1.0%
Construction	2,115	5.1%	17,628	5.0%	333,807	5.3%
Manufacturing	8,250	19.9%	57,300	16.3%	749,476	12.0%
Wholesale Trade	1,767	4.3%	15,471	4.4%	187,923	3.0%
Retail Trade.....	5,088	12.3%	41,747	11.9%	663,163	10.6%
Transportation and Warehousing, and Utilities	2,191	5.3%	14,719	4.2%	409,516	6.6%
Information	558	1.3%	5,837	1.7%	113,822	1.8%
Finance and Insurance, and Real Estate and Rental and Leasing ...	1,352	3.3%	27,060	7.7%	453,306	7.3%
Professional, Scientific, and Management, and Administrative and Waste Management Services	5,993	14.4%	49,701	14.1%	743,209	11.9%
Educational Services and Health Care and Social Assistance	6,617	15.9%	68,325	19.4%	1,441,934	23.1%
Arts, Entertainment and Recreation and Accommodation and Food Services	4,310	10.4%	29,888	8.5%	566,907	9.1%
Other Services, Except Public Administration.....	1,888	4.5%	14,558	4.1%	292,957	4.7%
Public Administration.....	1,314	3.2%	8,686	2.5%	229,358	3.7%
Total	41,511	100.0%	351,926	100.0%	6,250,862	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 to 2019.

Employment By Occupation(I)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts	9,210	22.2%	151,626	43.1%	2,421,993	38.7%
Service	9,578	23.1%	53,029	15.1%	1,073,272	17.2%
Sales and Office	8,272	19.9%	80,795	23.0%	1,366,039	21.9%
Natural Resources, Construction, and Maintenance	3,525	8.5%	21,461	6.1%	451,379	7.2%
Production, Transportation, and Material Moving	10,926	26.3%	45,015	12.8%	938,179	15.0%
Total	41,511	100.0%	351,926	100.0%	6,250,862	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 to 2019.

Annual Average Unemployment Rates(I)

Calendar Year	The City	The County	The State
2011	11.3%	8.8%	9.7%
2012	10.3%	8.1%	9.0%
2013	10.4%	7.9%	9.0%
2014	8.6%	6.4%	7.1%
2015	7.0%	5.3%	6.0%
2016	6.7%	5.2%	5.8%
2017	5.7%	4.4%	5.0%
2018	6.8%	4.4%	5.0%
2019	5.7%	4.1%	4.0%
2020(2)(3).....	6.4%	5.7%	6.5%

- Notes: (1) Source: Illinois Department of Employment Security.
(2) Preliminary rates for the month of November 2020.
(3) The City attributes the increase in unemployment rates to the COVID-19 pandemic. See **"RISK FACTORS – Potential Impact of the Novel Coronavirus 2019"** herein.

Business Licenses Issued

Business Licenses Issued(1)	
Fiscal Year	Number
2011	1,584
2012	1,674
2013	1,525
2014	1,776
2015	1,806
2016	1,830
2017	1,770
2018	1,662
2019	1,613
2020	1,596

Note: (1) Source: the City.

Building Permits

The total value of building permits have averaged \$85,925,598 for the full fiscal years 2016 to 2020, excluding the value of land.

City Building Permits(1) (Excludes the Value of Land)

Fiscal Year	New Residential				Commercial		All Others		Total Value
	Single Family		Multi-Family						
	Units	Value	Number	Value	Number	Value	Number	Value	
2011	5	\$ 911,535	1	\$10,815,878	5	\$11,626,187	2,516	\$ 40,248,388	\$63,601,988
2012	7	705,263	0	0	0	0	3,158	41,781,465	42,486,728
2013	1	195,860	0	0	0	0	2,981	28,690,770	28,886,630
2014	4	718,335	0	0	1	1,959,124	3,167	47,822,761	50,500,220
2015	3	531,930	0	0	3	2,785,500	3,307	129,371,073	132,688,503(2)
2016	3	489,860	0	0	8	29,962,849	3,822	36,111,453	66,564,162
2017	6	1,225,769	0	0	6	22,100,260	3,364	48,613,323	71,939,352
2018	35	7,770,281	0	0	10	46,304,143	3,378	53,433,945	107,508,369
2019	11	1,852,840	0	0	7	10,564,489	3,173	74,964,469	87,381,798
2020	5	582,690	0	0	9	45,063,109	2,493	50,588,508	96,234,307

Notes: (1) Source: the City.
(2) Includes permits for the County's court tower expansion and the College of Lake County's expansion of its Waukegan campus.

Housing

The U.S. Census Bureau American Community Survey 5-year estimated values reported that the median value of the City's owner-occupied homes was \$132,200. This compares to \$265,100 for the County and \$209,100 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2015-2019 American Community Survey.

Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000	504	3.7%	5,016	2.8%	183,977	5.7%
\$50,000 to \$99,999	3,355	24.5%	11,199	6.2%	413,752	12.9%
\$100,000 to \$149,999	4,437	32.4%	21,709	12.1%	451,270	14.1%
\$150,000 to \$199,999	2,877	21.0%	26,528	14.8%	483,037	15.0%
\$200,000 to \$299,999	1,414	10.3%	37,416	20.8%	749,178	23.3%
\$300,000 to \$499,999	724	5.3%	40,105	22.3%	626,125	19.5%
\$500,000 to \$999,999	290	2.1%	31,075	17.3%	245,514	7.6%
\$1,000,000 or more	89	0.7%	6,631	3.7%	59,014	1.8%
Total	13,690	100.0%	179,679	100.0%	3,211,867	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 to 2019.

Mortgage Status(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	8,436	61.6%	122,210	68.0%	2,004,309	62.4%
Housing Units without a Mortgage	<u>5,254</u>	<u>38.4%</u>	<u>57,469</u>	<u>32.0%</u>	<u>1,207,558</u>	<u>37.6%</u>
Total	13,690	100.0%	179,679	100.0%	3,211,867	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 to 2019.

Income

Per Capita Personal Income for the Highest Income Counties in the State(1)

Rank		2015 to 2019
1	Lake County	\$44,287
2	DuPage County	43,982
3	Monroe County	39,988
4	McHenry County	38,047
5	Cook County	35,575
6	Will County	35,259
7	Woodford County	35,104
8	Kane County	34,924
9	Sangamon County	34,548
10	Menard County	34,495
11	Kendall County	34,423
12	Putnam County	34,144

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2015 to 2019.

The following shows the median family income for counties in the Chicago metropolitan area.

Ranking of Median Family Income(1)

County	Family Income	Rank
DuPage County	\$108,865	1
Lake County	105,329	2
Kendall County	99,365	3
McHenry County	97,998	4
Monroe County	97,965	5
Will County	97,733	6
Kane County	90,558	7
Cook County	76,327	21

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2015 to 2019.

The U.S. Census Bureau American Community Survey 5-year estimated values reported that the City had a median family income of \$56,543. This compares to \$108,478 for the County and \$83,279 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2015-2019 American Community Survey.

Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	1,163	5.8%	4,169	2.3%	109,130	3.5%
\$10,000 to \$14,999	546	2.7%	2,511	1.4%	63,897	2.1%
\$15,000 to \$24,999	2,138	10.7%	6,770	3.8%	176,771	5.7%
\$25,000 to \$34,999	2,133	10.7%	8,072	4.5%	207,138	6.7%
\$35,000 to \$49,999	2,903	14.6%	14,374	8.0%	328,081	10.6%
\$50,000 to \$74,999	4,025	20.2%	24,476	13.6%	515,217	16.6%
\$75,000 to \$99,999	2,306	11.6%	21,815	12.1%	441,395	14.2%
\$100,000 to \$149,999	2,896	14.5%	37,446	20.8%	617,199	19.8%
\$150,000 to \$199,999	1,105	5.5%	22,580	12.5%	304,305	9.8%
\$200,000 or more	712	3.6%	37,855	21.0%	346,629	11.1%
Total	19,927	100.0%	180,068	100.0%	3,109,762	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 to 2019.

The U.S. Census Bureau American Community Survey 5-year estimated values reported that the City had a median household income of \$49,803. This compares to \$89,427 for the County and \$65,886 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2015-2019 American Community Survey.

Household Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	2,069	7.0%	9,352	3.8%	302,966	6.3%
\$10,000 to \$14,999	1,106	3.8%	5,974	2.4%	185,043	3.8%
\$15,000 to \$24,999	3,431	11.7%	14,667	6.0%	417,135	8.6%
\$25,000 to \$34,999	3,553	12.1%	15,542	6.3%	405,504	8.4%
\$35,000 to \$49,999	4,615	15.7%	23,733	9.6%	563,757	11.6%
\$50,000 to \$74,999	5,742	19.5%	35,950	14.6%	809,343	16.7%
\$75,000 to \$99,999	3,426	11.6%	30,200	12.3%	622,330	12.8%
\$100,000 to \$149,999	3,452	11.7%	44,543	18.1%	778,079	16.1%
\$150,000 to \$199,999	1,255	4.3%	25,157	10.2%	360,394	7.4%
\$200,000 or more	792	2.7%	41,004	16.7%	401,583	8.3%
Total	29,441	100.0%	246,122	100.0%	4,846,134	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 to 2019.

APPENDIX B

**CITY OF WAUKEGAN
LAKE COUNTY, ILLINOIS**

FISCAL YEAR 2020 AUDITED FINANCIAL STATEMENTS

WAUKEGAN

City of Progress

Illinois

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

MAY 1, 2019 TO APRIL 30, 2020

CITY OF WAUKEGAN, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2020

Prepared by
Finance Department

Tina M. Smigelski, CPA
Director of Finance



Alex Paz Photography

CITY OF WAUKEGAN, ILLINOIS
TABLE OF CONTENTS

INTRODUCTORY SECTION

Principal Officials.....	i
Organizational Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting.....	iii
Letter of Transmittal.....	iv-vii

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT.....	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management's Discussion and Analysis.....	MD&A 1-17

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position.....	4-5
Statement of Activities.....	6-7

Fund Financial Statements

Governmental Funds

Balance Sheet.....	8
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances.....	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	11

CITY OF WAUKEGAN, ILLINOIS
TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Statement of Net Position.....	12-13
Statement of Revenues, Expenses and Changes in Net Position.....	14
Statement of Cash Flows.....	15-16

Fiduciary Funds

Statement of Fiduciary Net Position.....	17
Statement of Changes in Fiduciary Net Position.....	18

Notes to Financial Statements.....	19-86
------------------------------------	-------

Required Supplementary Information

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund.....	87
Garbage Fund.....	88
Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios	
Other Postemployment Benefit Plan.....	89
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	
Police Pension Fund.....	90
Firefighters' Pension Fund.....	91
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	
Illinois Municipal Retirement Fund	
Police Pension Fund.....	93
Firefighters' Pension Fund.....	94
	95

CITY OF WAUKEGAN, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
FINANCIAL SECTION (Continued)	
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Required Supplementary Information (Continued)	
Schedule of Investment Returns	96
Police Pension Fund	97
Firefighters' Pension Fund	98
Notes to Required Supplementary Information	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
MAJOR GOVERNMENTAL FUNDS	
General Fund	
Schedule of Detailed Revenues - Budget and Actual	99-102
Schedule of Detailed Expenditures - Budget and Actual	103-104
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	105
Capital Equipment Replacement Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	106
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	107-110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	111-114
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund	115
Community Development Block Grant Fund	116
Narcotics Forfeiture Fund	117
911 Emergency System Fund	118
Public Safety Grants - Police Fund	119
Public Safety Grants - Fire Fund	120
Home Rehab Assistance Fund	121

CITY OF WAUKEGAN, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
FINANCIAL SECTION (Continued)	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)	
NONMAJOR GOVERNMENTAL FUNDS (Continued)	
Special Revenue Funds (Continued)	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)	
Home Rule Sales Tax Infrastructure Fund	122
Prisoner Review/DUI SB 740 Fund	123
Local Forfeiture Fund	124
Planning and Development Grants Fund	125
Foreign Fire Fund	126
Fire Service Training Fund	127
North Lakefront TIF #7 Fund	128
Downtown TIF #8 Fund	129
South Lakefront TIF #9 Fund	130
McGaw Park TIF #10 Fund	131
Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Street/Sidewalk Rehabilitation Fund	132
MAJOR ENTERPRISE FUNDS	
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Water and Sewer Fund	133
Motor Vehicle Parking Lot Fund	134
INTERNAL SERVICE FUNDS	
Combining Statement of Net Position	135
Combining Statement of Revenues, Expenses and Changes in Net Position	136
Combining Statement of Cash Flows	137
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Employees' Benefit Plan Fund	138
Safety and Risk Management Fund	139

CITY OF WAUKEGAN, ILLINOIS
TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES (Continued)

FIDUCIARY FUNDS

Pension Trust Funds	
Combining Statement of Fiduciary Net Position	140
Combining Statement of Changes in Fiduciary Net Position	141
Schedule of Revenues, Expenditures and	
Changes in Net Position - Budget and Actual	
Police Pension Fund	142
Firefighters' Pension Fund	143

SUPPLEMENTARY FINANCIAL INFORMATION

Consolidated Year End Financial Report	144
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STATISTICAL SECTION

Financial Trends

Net Position by Component	145-146
Change in Net Position	147-150
Program Revenues by Function/Program	151-152
Fund Balances of Governmental Funds	153-154
Changes in Fund Balances of Governmental Funds	155-156
Revenue Capacity	
Property Tax Rates - Direct and Overlapping Governments	157
Principal Property Taxpayers	158
Tax Revenues by Source, Governmental Funds	159
Property Tax Levy Extension by Fund	160-161
Property Tax Levies and Collections	162
Assessed Value and Actual Value of Taxable Property	163
Direct and Overlapping Sales Tax Rates	164
Sales Tax by Category	165
Debt Capacity	
General Bonded Debt by Type of Activity	166
Ratios of Outstanding Debt by Type	167
Direct and Overlapping Governmental Activities Debt	168
Ratio of General Bonded Debt Service to Total General Expenditures	169
Pledged-Revenue Coverage	170

CITY OF WAUKEGAN, ILLINOIS
TABLE OF CONTENTS (Continued)

STATISTICAL SECTION (Continued)

Demographic and Economic Information	
Demographic and Economic Statistics	171
Principal Employers	172
Operating Information	
Full-Time Equivalent Employees	173
Operating Indicators	174
Capital Asset Statistics	175

City of Waukegan
Lake County, Illinois

Samuel D. Cunningham, Jr.

Mayor

Janet E. Kilkelly

City Clerk

Dr. John R. Schwab

City Treasurer

Alderman

1st Ward

Dr. Sylvia Sims Bolton

4th Ward

Dr. Roudell Kirkwood

7th Ward

Felix L. Rivera

2nd Ward

Patrick D. Seger

5th Ward

Edith L. Newsome

8th Ward

Dr. Lynn M. Florian

3rd Ward

Gregory D. Moisio

6th Ward

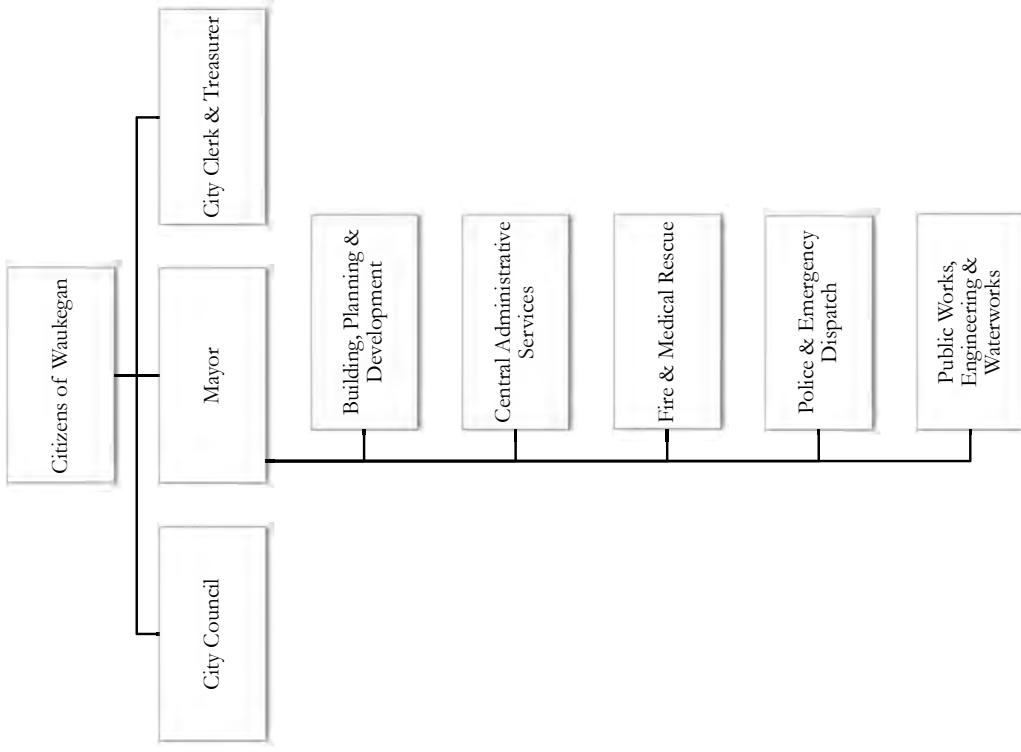
Keith E. Turner

9th Ward

Ann B. Taylor

Tina M. Smigelski, C.P.A., Director of Finance

INTRODUCTORY SECTION



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Waukegan
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2019

Christopher P. Morill
Executive Director/CEO



Transmittal Letter for the Fiscal Year Ended April 30, 2020

November 3, 2020

To the Mayor and Members of the City Council:

Transmittal of the Comprehensive Annual Financial Report

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Waukegan, Illinois for the fiscal year ended April 30, 2020. This letter of transmittal is designed to complement and be read in conjunction with the Management's Discussion and Analysis (MD&A) which begins on page MD&A1).

The Comprehensive Annual Financial Report (CAFR) of the City of Waukegan for the year ended April 30, 2020 is submitted herewith. The CAFR is the management's annual report to its taxpayers, governing board, oversight bodies, investors, and creditors.

The CAFR was prepared generally in accordance with Standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA) of the United States and Canada, the State Comptroller's Office, State of Illinois, and City Ordinances.

City management is responsible for all financial transactions of the City of Waukegan and for the content of this CAFR. We believe the data, as presented, is accurate in all material aspects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City of Waukegan's financial activities have been included.

Management is responsible for its system of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial reports and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

The modified accrual basis of accounting is utilized for general governmental operations such as the General, Special Revenue, and Capital Improvement Funds, while the Enterprise Funds (Water & Sewer and Motor Vehicle Parking) are accounted for on a full accrual basis.

Independent Audit

State statutes require an annual audit by independent certified public accountants. After engaging in a Request for Proposal (RFP) process, the accounting firm of Sikich, LLP was selected for this purpose. Sikich, LLP audited the City's basic financial statements and their opinion is included in this report.

Profile of the City of Waukegan

Historically a commercial port city and more recently an industrial center, the City of Waukegan is the seat of Lake County government and is home to flourishing business, educational, and cultural organizations. Located 45 miles north of Chicago and 60 miles south of Milwaukee, Waukegan has an ethnically diverse population of approximately 90,000, and a labor force of more than 50,000.

The City's key location makes it easily accessible from north or south. I-94, U.S. Route 41, and Illinois Route 131 (Green Bay Road) are located on the western edge of the City providing north/south access to Chicago, Milwaukee, and nearby communities. East/west arterials include Illinois Route 120/Belvidere Road, Illinois Route 132/Grand Avenue, and Washington Street. The Metra passenger rail service provides hourly commuter service to the North Shore and Chicago, as well as Kenosha, Wisconsin, via the Union Pacific rail line. Service to Chicago takes approximately 65 minutes. The Pace Suburban Bus service provides public transportation throughout Waukegan and to surrounding areas.

The City features Lake Michigan recreational and commercial attractions highlighted by the Waukegan Harbor and Marina, the only deep-water harbor between Milwaukee and Lake Calumet. The Waukegan Harbor consists of two recreational marina areas, and commercial harbor access to world markets through the St. Lawrence Seaway, which connects the Great Lakes with the Atlantic Ocean. The area is also a popular fishing spot, both from its shore and piers, as well as from its charter boat fleet. The Waukegan National Airport is categorized by the FAA as a "reliever airport" for Chicago's O'Hare International Airport. The airport handles private, corporate, business, executive, and governmental aircraft that operate in northeast Illinois and southeast Wisconsin, and offers US Customs service for international travel.

The Waukegan Municipal Beach features one mile of sandy beach, along with some of the only remaining natural dunes in the area, allowing for residents and visitors to enjoy both active and passive recreation, such as swimming, sunbathing, volleyball, picnicking, bird watching, and enjoying live music at the Stiner Pavilion band shell. The Waukegan Park District, a separate unit of local government, is a nationally acclaimed park district that owns and operates a fitness and aquatic center, golf courses, a cultural arts center, many playgrounds, and numerous playing fields including a large, multi-field sports complex. The Waukegan Public Library is also nationally acclaimed, receiving the National Medal for Museum and Library Service in 2013.

Waukegan Community Unit School District 60 is the main school district serving the City with enrollment of over 16 thousand students. Cristo Rey Saint Martin College Prep Catholic High School is also located in Waukegan, offering a rigorous college preparatory curriculum integrated with a relevant work-study experience. Higher education in the area is available at Roosevelt University (formerly Robert Morris University) in Waukegan and at DeVry University and Columbia College in nearby Gurnee. The College of Lake County, a comprehensive community college committed to equitable high-quality education, cultural enrichment, and partnerships to advance the diverse communities it serves, is located in nearby Grayslake and has a fast growing Lakeshore Campus located in downtown Waukegan. Rosalind Franklin University of Medicine and Science is in North Chicago, just south of Waukegan. The University Center, located on the College of Lake County's Grayslake campus, offers undergraduate and graduate programs from various higher education institutions including Southern Illinois University and Northeastern Illinois University. Lake Forest College and Lake Forest Graduate School of Management are also located in close proximity. Trinity International University in

Bannockburn and St. Mary of the Lake Seminary in Mundelein are nearby as well. To the north, University of Wisconsin – Parkside, and Carthage College are both located in Kenosha, Wisconsin, just across the state line.

Factors Affecting Financial Condition

The City of Waukegan's property tax base has stabilized and is starting to grow again, having rebounded from the 2007 to 2009 recession. The City's equalized assessed valuation (EAV) reached \$1.2 billion for fiscal year ending April 30, 2020, the fourth consecutive year of growth. The City continues to face the increasing costs of pension funding coupled with the pressures of union personnel wage and benefit expense increases. As with Waukegan's local government peers, the City has been faced with the operational and fiscal effects of the COVID-19 pandemic, the impacts of which continue to evolve today. However, the City mitigates these economic pressures by maintaining a Stabilization Fund to maintain fund balances, dedicating Video Gaming Tax (VGT) revenues to pension obligations, and working with our county, state, and federal agencies to secure CARES and FEMA reimbursements when available for unforeseen expenses incurred related to the pandemic.

Over the past several fiscal years, the City has linked its budgets to forwarding its mission of enhancing quality of life for its citizens and facilitating economic opportunities for the business community, while adhering to core values of transparency, professionalism and collaboration. Millions of dollars have been invested in the City's roadways and water and sewer transmission systems to make the City a more attractive investment for businesses and homebuyers. The City continues to work with the business community, state and federal officials, and private developers in an effort to expand the City's property tax base. The close proximity of both the City of Chicago, IL and the City of Milwaukee, WI adds stability to the City and its businesses, particularly in the hospitality industry.

The City has initiated efforts to target the downtown and waterfront areas for expansive redevelopment, which are long-term development goals, and it continues to work with developers to take advantage of economic growth momentum on the City's north and west borders. Plans to expand the downtown campus for the College of Lake County continue to move forward with groundbreaking fall, 2020, and should be completed during 2022. Bear Development is partnering with the Waukegan Housing Authority for a major redevelopment of Barwell Manor's 120 residential units on the City's far southeast side. Further south, the development of an expanded Innovation and Research Park on the Rosalind Franklin University Campus, located within the Waukegan – North Chicago Enterprise Zone, with a total economic regional impact in excess of \$100 million per year was completed during the fiscal year. On the City's southwest side, the Bridge Point North 225-acre master planned campus reached 100% occupancy with over 1 million square feet of commercial space leased, and it is anticipated that almost 2 million square feet of additional newly-constructed commercial space will be built and leased before the end of 2021. Tenants include Amazon, Medline, Thermoflex and Bolke-Miller Corporation. Also on the City's southwest side, NorthPoint Business Park was able to replace the loss of WMS Gaming, which moved out of state after being acquired by another company, with Astronics, an in-flight entertainment system manufacturer, and Overture Promotions, an advertising and marketing services company. Notably, the City's east-west commercial corridor benefited from the opening of Lake Behavioral Health on the former campus of Vista West Hospital, and the development of two long vacant commercial properties along Belvidere Road into storage and entertainment facilities. Finally, the City has spent the last year updating its Citywide Comprehensive Land Use Plan to ensure that the City's long-term vision

for economic growth is documented and accessible to the public, businesses, and developers. This plan is expected to be presented to the City Council for adoption in late 2020.

In the summer of 2019, the City of Waukegan issued a Request for Proposals for casino development after the State of Illinois adopted legislation designating a casino license for a Waukegan site. The RFP requested that developers identify any site within the City limits where they would propose their development. Each of the proposals identified the City-owned (approximate) 28-acre site at Fountain Square as their chosen development site. Each of the proposals included a preliminary offer for the land, ranging from its current appraised value of \$5.6 million to as much as \$30 million. The exact terms of the real estate transaction have yet to be negotiated, but once a final developer selection is made and the license awarded by the Illinois Gaming Board, the City expects to engage in a real estate transaction for the property that would, at a minimum, make it whole in its obligations for this parcel and place the acreage back on the property tax rolls. It is also anticipated that a casino development will provide new sales and gaming tax revenues, as well as new employment opportunities for residents. Each proposal also included other amenities that would generate food and beverage taxes, and, in some cases, hotel occupancy tax for the City. The State of Illinois Gaming Board has delayed their decision on the license due to COVID-19; however, it is anticipated that a decision should be reached by spring of 2021.

While it is expected that the City will remain fiscally pressured in the foreseeable future, the commitment throughout the City's leadership to initiate long-term planning for City operations and capital investment, as well as economic growth, will allow for fiscal stability over time.

Awards and Acknowledgements

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) to encourage local governments to go beyond minimum reporting requirements and to prepare comprehensive annual financial reports that provide for increased transparency and disclosure. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

We are proud to have received the award for the seven fiscal years ended April 30, 2013 through 2019. Obtaining this award further bolsters the City's efforts to strive toward a more sound financial position and enhanced transparency in our financial reporting to the City's various stakeholders. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

I would like to thank the Mayor and City Council for their commitment to conducting the financial operations of the City in a responsible manner. The preparation of the CAFR on a timely basis was made possible by the dedicated services of the Finance staff. Each member of the Finance Department has my sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Tina M. Smigielski, C.P.A., Director of Finance



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Naperville, IL 60563
630.566.8400

SIKICH.COM

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Waukegan, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waukegan, Illinois (the City) as of and for the year ended April 30, 2020 and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Waukegan Public Library were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waukegan, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

The City adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, which established standards for measuring and recognizing liabilities, deferred outflows of resources, and expenses for asset retirement obligations; and modified certain disclosures in the notes to financial statements. The City also adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying

accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sketch LLP

Naperville, Illinois
November 3, 2020

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

As the financial management of the City of Waukegan (City), we offer readers a discussion and analysis of the City's financial performance that provides an overview of the financial activities and identifies changes in the City's financial position for the years ended April 30, 2020 and April 30, 2019. Please read this analysis in conjunction with the City's financial statements, which begins with the Basic Financial Statements and the Independent Auditors' Report for the fiscal year ended April 30, 2020.

FINANCIAL HIGHLIGHTS

- The City's net position, as a result of operations is \$(110) million for fiscal year ending April 30, 2020, with \$95 million invested in capital assets net of related debt, \$19 million in restricted net position, and a negative balance of \$(223) million in unrestricted net position.
 - Governmental net position is \$(191) million, with \$43 million as a net investment in capital assets, \$17 million in restricted net position, and a negative balance of \$(251) million in unrestricted net position.
 - Business-type activities net position is \$81 million, with a \$51 million net investment in capital assets, \$2 million in restricted net position, and \$28 million in unrestricted net position.
- Total revenues, net transfers and restatements were \$126 million for the fiscal year and expenses totaled \$(143) million resulting in a net position decrease of \$(17) million.
 - During the fiscal year, the City governmental revenues, net transfers and restatements totaled \$109 million, expenses were \$(129) million, resulting in a decrease in net position of \$(20) million.
 - The City's business-type activities revenues, net transfers and restatements were \$17 million and expenses were \$(14) million creating a net position increase of \$3 million.
- The total cost of all City programs was 113% of the revenues.
 - Governmental programs expenses were 118% of revenues, net transfers and restatements.
 - Business-type activities expenses equaled 79% of the revenues, net transfers and restatements.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

- 1) City-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to the private sector. The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City, that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, building and zoning, streets and public works, economic development, and community development. The business-type activities of the City include a water and sewer department as well as a motor vehicle parking system.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate library operation, known as the Waukegan Public Library, for which the City is financially accountable. Financial information on this *component unit* is reported separately from the financial information presented for the primary government itself. In addition, separately issued financial statements are available for the Library.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund (which is combined with the working cash fund for the purposes of this report), and the debt service fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining and individual statements* in this report.

The City adopts an annual appropriated budget for all funds of the City. Budgetary comparison statements have been provided in this report. There were supplemental appropriations during the year.

The basic governmental fund financial statements can be found in this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Waterworks and Sewer operations and for its Motor Vehicle Parking System. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insurance programs in its safety and risk management and employee benefit plan funds. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Waterworks and Sewer Fund and for the Motor Vehicle Parking System, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the aforementioned budgetary comparisons for the General Fund, as well as the City's progress in funding its obligation to provide pension and retiree health insurance benefits to its employees. Required supplementary information can be found in this report.

Combining statements presenting the financial statements of individual non-major funds are presented in this report.

GOVERNMENT-WIDE STATEMENTS & ANALYSIS

Governmental Activities

Governmental activities are combined and reported as one for the purposes of this annual report. The major funds included in the Governmental Funds are the General Fund, Garbage Fund, the Debt Service Fund, and the Capital Equipment Replacement Fund.

The General Fund accounts for the majority of the City's day-to-day operations, and therefore the fund focuses on the near-term inflows and outflows of spendable resources. As the General Fund makes up the majority of the Governmental Activities, accounting for 46% of the total assets, it will be discussed in more detail in the budgetary highlight section.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

The City accounts for repayment of long-term general obligation and special assessment debt in the Debt Service Fund. The Debt Service Fund accounts for 15% of the Governmental Funds' assets. Property Taxes and to a lesser extent, special assessment charges and home-rule sales tax make up the revenue earmarked to meet the annual debt service payments on the City's outstanding bond issues. By monitoring the market and conservatively financing only when needed, the City has a manageable overall debt position and maintains a healthy reserve in the fund in order to meet bond covenants and stave off liquidity issues should they arise.

The City levies a property tax earmarked specifically for the cost of residential garbage and recycling hauling services. The revenues include property taxes, interest earnings, and from time to time reimbursements from the hauler for sale of recyclables. The expenses in this fund are limited to payments to the contractor retained for the pick-up of residential refuse. As of April 30, 2020, the Garbage Funds' assets accounted for 5% of the total Governmental Funds' assets.

The City's Capital Fund is used to record the financial transactions related to the Capital Improvement Plan including the renewal and replacement of infrastructure, buildings, and large vehicles and equipment. Revenues to this fund include bond proceeds, grant monies, and interest income. The fund accounts for 22% of the total Governmental Funds' assets.

All other funds in the Governmental Funds are considered "non-major" funds.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities	Governmental Activities	Increase / (Decrease)
	2020	2019	
Assets:			
Current Assets	110.4	115.0	\$ (4.6)
Restricted Assets	0.6	0.6	0.0
Land Held for Resale	5.5	5.6	(0.0)
Capital Assets Net of Depreciation	104.3	99.8	4.6
Total Assets	220.9	220.9	0.0
Deferred Outflows	65.8	53.3	12.5
Total Assets & Deferred Outflows	\$ 286.7	\$ 274.2	\$ 12.6
Liabilities			
Current Liabilities	7.4	8.7	(1.3)
Unearned Revenue	0.4	0.9	(0.5)
Non-Current Liabilities	426.0	396.3	29.7
Total Liabilities	433.8	405.9	27.9
Deferred Inflows	44.0	39.1	4.9
Total Liabilities & Deferred Inflows	\$ 477.8	\$ 445.0	\$ 32.8
Net Position			
Net Investment in Capital Assets	43.5	50.1	(6.6)
Restricted Net Position	17.2	15.2	2.0
Unrestricted Net Position	(251.8)	(236.1)	(15.7)
Total Net Position	(191.1)	(170.8)	(20.3)
Total Liabilities, Deferred Inflows & Net Position	\$ 286.7	\$ 274.2	\$ 12.6

**Note: numbers may not foot due to rounding.*

Total governmental activities assets and deferred outflows had a combined net increase of \$12.6 million. The City's governmental activities current assets decreased by \$(4.6) million during the fiscal year to \$110.4 million, mostly attributed to the increase of cash from two General Obligation Bonds issued in the summer of 2019 last fiscal year. Specifically, as of April 30, 2019 the Capital Equipment and Street Replacement Funds had a combined cash and investment balance of \$28.3 million, compared to a combined amount of \$15.5 million as of April 30, 2020. Restricted assets remain relatively unchanged, and the City continues to hold a large parcel of land, on the southwest corner

MD&A 6

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

of the City in the Fountain Square subdivision, available for redevelopment. Capital assets, net of depreciation, increased by \$4.6 million to \$104.3 million due to significant reinvestment in the City's governmental assets as a direct result of the availability of bond monies over the past two fiscal years. Deferred outflows increased \$12.5 million to \$65.8 million, and account for additional assets associated with the City's various pension funds and other post-retirement benefit plans.

Total governmental activities liabilities and deferred inflows have increased by a combined \$33 million from the prior fiscal year. Governmental activities current liabilities decreased by \$(1.3) million to \$7.4 million for the fiscal year. Accounts payables accounted for the majority of this decrease, down to \$3.4 million as of April 30, 2020 versus \$4.3 million the year prior. Last fiscal year's payables were considerably impacted by the uptick in capital project spending as well as sales tax rebate obligations unpaid at fiscal year-end due to State of Illinois Department of Revenue report timing. The significant increase non-current liabilities, having increased to \$426.0 million from the prior year's \$396.3 million, is attributed to the addition of long-term bonds which were issued in 2019. Deferred inflows reflects property taxes levied in December 2019 but not collectable until the May 1, 2020 to April 30, 2021 fiscal year as well investment gains in pension funds that have not yet been recognized in the annual pension expense.

Capital assets, net of depreciation total \$43.5 million as of April 30, 2020. While there were many improvements made to roadways and infrastructure during the fiscal year, the depreciation expense of the existing assets outpaced this new investment. Finally, total governmental activities net position declined by \$(20.3) million from the prior fiscal year with the unrestricted net position remaining in a negative balance from the prior year at \$(191.1) million.

MD&A 7

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities		Increase /
	2020	2019	(Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 15.2	\$ 13.5	\$ 1.7
Operating Grants & Contributions	9.2	3.4	5.9
Capital Grants & Contributions	0.1	1.0	(0.9)
General Revenues			
Taxes	68.2	64.1	4.1
Intergovernmental	13.9	11.8	2.0
Investment Income	1.4	0.6	0.9
Miscellaneous	1.3	0.9	0.4
Total Revenues	109.4	95.3	14.1
Expenses:			
General Government	5.1	5.8	(0.6)
Public Safety	97.5	83.0	14.5
Building & Zoning	2.3	2.3	(0.0)
Streets, Bridges & Public Works	10.0	6.3	3.7
Sanitation & Environment	5.6	4.6	1.0
Economic Development	2.6	1.9	0.7
Culture & Recreation	0.0	0.0	0.0
Community Development	0.6	0.8	(0.2)
Interest & Fiscal Charges	5.7	4.3	1.4
Total Expenses	129.5	109.1	20.4
Excess (Deficiency) Before Transfers	(20.1)	(13.8)	
Net Transfers	(0.2)	(0.6)	
Change in Net Position	(20.3)	(14.3)	
Prior Period Adjustment	-	1.2	
Net Position, beginning of year	(170.8)	(157.7)	
Net Position, end of year	\$ (191.1)	\$ (170.8)	

**Note: numbers may not foot due to rounding*

The City's governmental activities revenues increased by \$14.1 million to \$109.4 million, and expenses increased by \$20.4 million versus the prior year to \$129.5 million. The fiscal year ended with a \$(20.1) million deficiency before transfers. After net transfers and prior period adjustments, the City's net position ended the fiscal year at \$(191.1) million.

MD&A 8

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

Charges for service revenues increased by 11%, or \$1.7 million to a total of \$15.2 million for the fiscal year. Annual increases built into the City's Code of Ordinances for licenses including liquor and gaming contributed to this increase, as did growth in fines and charges collected during the fiscal year. These increases offset declines in permit revenue and franchise fees. Operating and capital grants and contributions increased by a combined \$5.9 million to \$9.2 million as certain one-time, non-recurring grants, including CARES and FEMA reimbursements relative to the COVID-19 pandemic, were sought in the current fiscal year. Taxes, the City's largest source of governmental activities revenue, increased by 6%, or \$4.1 million, for a total of \$68.2 million. The majority of this increase is due to a higher property tax levy in the current fiscal year. Property taxes are dedicated to pensions, bonded debt service, refuse collection and library funding and are not used for day-to-day municipal operations. Other taxes which grew slightly from the prior year include sales taxes, but the majority of the growth was in local use tax and utility tax. It is anticipated that the negative COVID-19 impact on these economically sensitive revenues will be realized next fiscal year.

Intergovernmental revenues increased 15% to \$13.9 million, driven by an increase in income taxes, a shared State of Illinois revenue based on population calculations, improved statewide. Again, the City anticipates these revenues to be significantly impacted by the economic malaise caused by COVID-19 next fiscal year which began May 1, 2020. Investment income improved over the prior year as interest rates move upward, and miscellaneous revenue such as donations, sales of scrap (metal, oil), increased compared to the prior year.

General governmental activities expense decreased by 12%, or \$(600) thousand, compared to the prior fiscal year for a total of \$5.1 million due to a reduction in costs across all spending categories and in particular holding vacancies for 60 or more days in order to recoup budgetary savings. Public safety realized a dramatic increase of 15%, or \$14.5 million to \$97.5 million, as substantial increases continue in the employer costs associated with sworn police and fire workers' compensation coverage, liability coverage, and pensions. Building & zoning expenses stayed flat over the prior fiscal year. Streets, bridges and public works grew by 37% to a total of \$10.0 million as a result of capital projects and infrastructure improvements made to aged roadways, sidewalks, and equipment during the fiscal year. The sanitation and environment category is related to the City's participation in certain EPA mandated programs and residential refuse collection program. The total costs during the fiscal year increased by \$1.0 million to \$5.6 million attributed to previously vacant homes becoming reoccupied and being added back to the garbage pick-up routes as well as the costs of fuel and other commodities to support the program. Community development expenses increased to \$2.6 million as new Economic Incentive Agreements were entered into during the fiscal year resulting in sales tax rebate payments for certain developers. Interest and fiscal charges increased \$1.4 million due to the City's issuance of bond issues during the 2019.

After transfers to reimburse for services provided to Enterprise Funds, the net results are a deficiency of \$(20.3) million. The Governmental Activities ended the fiscal year with a \$(191.1) million net position.

MD&A 9

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

Business-Type Activities

Business-type activities are combined and reported as one for the purposes of this annual report. The major funds included in the Business-type Activities Funds are the Water & Sewer Fund and the Motor Vehicle Parking Lot Fund.

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

(in millions)	Business-type Activities	Business-type Activities	Increase / (Decrease)
Assets:	2020	2019	
Current Assets	\$ 38.4	\$ 38.1	\$ 0.3
Restricted Assets	3.0	3.0	0.0
Capital Assets Net of Depreciation	70.1	66.6	3.5
Total Assets	111.5	107.7	3.8
Deferred Outflows	3.2	1.9	1.3
Total Assets and Deferred Outflows	114.6	109.6	5.1
Liabilities			
Current Liabilities	1.7	1.5	0.2
Internal Balances	0.1	-	0.1
Non-Current Liabilities	30.5	30.1	0.4
Total Liabilities	32.3	31.6	0.7
Deferred Inflows	1.0	0.3	0.7
Total Liabilities and Deferred Inflows	33.3	31.8	1.4
Net Position			
Net Investment in Capital Assets	51.4	52.9	(1.5)
Restricted Net Position	2.4	2.4	0.0
Unrestricted Net Position	27.6	22.5	5.1
Total Net Position	81.4	77.7	3.6
Total Liabilities & Net Position	\$ 114.6	\$ 109.6	\$ 5.2

**Note: figures may not foot due to rounding.*

Total business-type assets and deferred outflows increased \$5.1 million to \$114.6 million as of April 30, 2020, driven almost entirely by the increase of capital assets, net of depreciation, linked to the capital improvements undertaken during the fiscal year and the recognition of Water Treatment Plant Asset Retirement Obligations (ARO) in deferred outflows this fiscal year relative to a new accounting pronouncement.

Business-type activities total liabilities and deferred outflows remained relatively unchanged compared to the prior fiscal year. Total business-type activities net position grew by \$3.6 million to \$81.4 million for the fiscal year.

MD&A 10

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

(in millions)	Business-type Activities	Business-type Activities	Increase / (Decrease)
Revenues:	2020	2019	
Program Revenues			
Charges for Services	\$ 15.0	\$ 14.5	\$ 0.5
Operating Grants & Contributions	-	-	-
Capital Grants & Contributions	0.4	2.2	(1.8)
General Revenues			
Sales tax	0.3	0.3	-
Investment Income	1.2	0.2	0.9
Miscellaneous	0.1	0.1	0.0
Total Revenues	17.0	17.3	(0.4)
Expenses:			
Water & Sewer	12.9	10.6	2.3
Motor Vehicle Parking Lot	0.7	0.8	(0.1)
Total Expenses	13.6	11.3	2.2
Excess (Deficiency) Before Transfers	3.4	6.0	
Net Transfers / Prior Period Adj.	0.2	0.6	
Change in Net Position	3.6	6.6	
Net Position, beginning of year	\$ 77.8	\$ 71.2	
Net Position, end of year	\$ 81.4	\$ 77.8	

**Note: figures may not foot due to rounding.*

The City's business-type activities revenues decreased by \$(400) thousand to a total of \$16.9 million for the fiscal year. The decrease is decrease in capital grants, with last fiscal year benefitting from a one-time developer contribution from annexed properties in the City's southwestern commercial corridor. Increases in water and sewer rates and improvement in the interest income earned were higher than the prior year. Sales tax receipts reflect home-rule sales taxes dedicated to the Parking Fund to supplement debt service payments for the system. Water and sewer expenses grew 18% to \$12.9 million due to an uptick in costs associated with personnel, engineering costs, and depreciation. Expenses slightly decreased in the Parking Fund. The change in net position, after transfers and prior period adjustments, increased net position by \$3.6 million to \$81.4 million as of April 30th.

MD&A 11

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

BUDGET HIGHLIGHTS

The City adopts an annual budget on a fund basis consistent with generally accepting accounting principles, but does use cash basis accounting method for annual budgeting. Fiscal year-end adjustments are made to reflect the accrual basis accounting method for actuals.

General Fund

The General Fund is the major fund component of the governmental activities statements.

GENERAL FUND, FISCAL YEAR ENDED APRIL 30, 2020

	Original Budget	Final Budget	Actual	Actual vs. Org. Budget	Variance Actual vs. Final Budget
<i>(in thousands)</i>					
Revenues:					
Property Taxes	\$ 15,731	\$ 15,731	\$ 15,505	-\$ (226)	-\$ (226)
Other Taxes	30,298	30,298	30,046	-\$ (252)	-\$ (252)
Intergovernmental	12,280	12,280	14,106	\$ 1,826	\$ 1,826
Licenses	3,536	3,536	3,118	-\$ (418)	-\$ (418)
Permits	2,247	2,247	2,000	-\$ (247)	-\$ (247)
Franchise Fees	1,100	1,100	944	-\$ (156)	-\$ (156)
Fine & Forfeitures	2,208	2,208	3,372	\$ 1,164	\$ 1,164
Charges for Services	2,871	2,871	3,680	\$ 809	\$ 809
Miscellaneous Revenues	841	841	847	\$ 6	\$ 6
Investment Income	362	362	424	\$ 62	\$ 62
Total Revenues	71,474	71,474	74,042	\$ 2,568	\$ 2,568
Expenditures:					
Central Services	4,088	3,933	3,825	-\$ (263)	-\$ (263)
Public Safety - Police & Comm	36,969	36,709	36,568	-\$ (401)	-\$ (401)
Public Safety - Fire	23,530	23,377	23,316	-\$ (214)	-\$ (214)
Streets, Bridges & Public Works	7,019	7,358	7,331	-\$ (311)	-\$ (311)
Building and Zoning	2,451	2,284	2,264	-\$ (187)	-\$ (187)
Sanitation & Environment	305	263	263	-\$ (42)	-\$ (42)
Economic Development	1,272	1,009	1,065	\$ 207	\$ 207
Capital Outlay	96	77	77	-\$ (19)	-\$ (19)
Debt Service	-	-	-	-	-
Total Expenditures	75,731	75,011	74,709	-\$ (1,022)	-\$ (1,022)
Excess (deficiency) of revenues over expenditures	\$ (4,257)	\$ (3,537)	(\$ 667)	\$ 1%	\$ 302
Net Transfers in / (out)			(167)		
Total Other Financing Sources (Uses)			21		
Excess (deficiency) after Other Financing Sources (Uses)			\$ (812)		

MD&A 12

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

Total General Fund revenues finished 2.6 million over the budget projections for a total of \$74.0 million. As expected, property taxes performed close to budgeted estimates. The City budgets the property tax as filed with the County, and actual collections were - 1% below the levied amount for a total of \$15.5 million. Sales, home rule sales, telecommunications, hotel/motel and food & beverage taxes were under the budget estimates by a combined \$(1.2) million, but were partially off the positive performance versus budget of cannabis, local use, utility, and gaming tax exceeding budget projections by \$928 thousand bringing the category to a total of \$30.0 million, 1% under budget projections. The City's share of State of Illinois income tax and personal property replacement tax as well as state or federal grants account for intergovernmental revenues totaling \$14 million for the fiscal year, resulting in a favorable variance to the budget of 15%, or \$1.8 million.

Licenses and franchise fees missed budget projections, under by 12% to a total of \$3.1 million and 11% for a total of \$2.0 million respectively. In particular vehicle liquor, and gaming licenses performed under budgeted projections due to the April 30th expiration date being extended into the 2020-2021 fiscal year per Mayoral Emergency Order as a COVID-19 accommodation. Permits also fell off in the spring when the City would normally realize a fiscal year end boost, again related to the COVID-19 impact. Franchise fees continue to see declines year after year, as other solutions for television and entertainment present themselves into the market. All other revenue sources outperformed budget projections including fines & forfeitures, charges for services, miscellaneous revenue and investment income. Fines and forfeitures finished over budget projections as the City corrected the recognition of automated traffic enforcement (Red Light Tickets) from being booked on a net basis to a gross basis... Similarly, ambulance fees included in the charges for services exceeded budget expectations due to correcting these revenues being recorded net of the third-party collection service fees to a gross basis. For both the automated traffic and ambulance, the third-party collection fees were recorded as expenditures in the Public Safety expense category. Miscellaneous revenues, including non-recurring reimbursements vary year to year and finished the year within acceptable variances.

General Fund actual expenses came in for a total of \$74.7 million, \$302 thousand under budget. Central Services and Building and Zoning were the departments which performed best versus original budget with 6% and 8% favorable variances respectively. Police and Fire Departments finished within 1% of their original budgets, the only department which finished the fiscal year over its original budget allocation was Public Works, and this was due to higher than anticipated personnel benefit costs and commodities such as fuel. The Economic Development category exceeded budget as new Sales Tax Rebate agreements were approved during the fiscal year which were not known during the budget process. Overall, total expenditures were under original budget by \$1.0 million, driven by holding vacancies until final cash out payments to retirees may be recouped and closely monitoring spending is within procurement rules and budgetary limitations.

MD&A 13

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

The General Fund's fiscal year excess of revenues over expenditures led to a \$(667) thousand deficit before transfers and other financing sources. Once net transfers are taken into account, the General Fund's deficit for the fiscal year is \$(812) thousand, a much improved result over the budget projection of \$(4.3) million deficit.

As part of the fiscal year end audit process, the Stabilization Fund and the General Fund are combined for reporting purposes. The City has a formal Stabilization Fund Policy which requires that at least 8% of General Fund appropriated expenditures be held in the Fund at all times. As of the end of the fiscal year, the Stabilization Fund Balance was 1.4 times the required balance.

Debt Service Fund

The Debt Service Fund is a major fund component of the governmental activities statements. The fund received property tax revenues of \$12.3 million, special assessment revenue of \$214 thousand, investment income of \$39 thousand, and net transfers of \$3.1 million. The total expenditures of principal, interest, and costs of issuance totaled \$15.6 million. The Fund ended the fiscal year with a net increase in fund balance of \$90 thousand to a fund balance of \$3.1 million. This fund balance is fully compliant with bond indentures and other requirements of the bond holders.

Garbage Fund

The Garbage Fund is a major fund component of the governmental activities statements. Revenues, including property taxes and investment income, totaled \$4.5 million and expenses related to the City's residential refuse collection program totaled \$5.3 million resulting in a deficiency of \$(791) thousand. The ending fund balance as of April 30, 2020 for the Garbage Fund is \$626 thousand.

Capital Replacement Fund

The Capital Replacement Fund is a major component of the governmental activities statements. The starting fund balance in the Fund was \$16.3 million due to bond proceeds on hand at the end of the 2018-2019 fiscal year. Investment and miscellaneous income totaled \$1.2 million, and expenses totaled \$5.5 million. After transfers, the fund balance ended the year at \$11.7 million which will be used during the 2020-2021 fiscal year to continue the City's Capital Improvement Plan.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2020 is shown below (net of accumulated depreciation).

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION, APRIL 30				
<i>(in thousands)</i>		2020	2019	Increase / (Decrease)
Governmental Activities				
Land <i>(not depreciated)</i>	\$	6,756	\$ 7,254	\$ (498)
Construction in progress <i>(not depreciated)</i>		-	-	-
Land improvements		2,434	2,129	305
Buildings		24,417	24,729	(312)
Machinery, equipment and vehicles		8,091	6,242	1,849
Infrastructure		62,638	59,397	3,241
Total Net Capital Assets		104,337	99,751	4,586
Business-Type Activities				
Land <i>(not depreciated)</i>	\$	2,634	\$ 2,634	\$ -
Construction in progress <i>(not depreciated)</i>		-	-	-
Land improvements		18	21	(3)
Buildings		20,230	16,203	4,027
Machinery, equipment and vehicles		3,193	3,193	1
Infrastructure		43,984	44,530	(547)
Total Net Capital Assets		70,060	66,582	3,478
Grand Total	\$	174,396	\$ 166,333	\$ 8,063

The City's total capital assets, net of accumulated depreciation, increased by \$8.1 million from last fiscal year to the current fiscal year for a total of \$174.4 million. Significant additions took place during the year including improvements to the City's Water Treatment Plant and the reconstruction of roads, sidewalks, water mains, sewer mains, and storm water mains. More detailed information about capital assets can be found in Notes to Financial Statements 5 CAPITAL ASSETS of the basic financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

DEBT ADMINISTRATION

The City's outstanding governmental general obligation debt as of April 30, 2020 is as follows:

2012A G.O. Refunding Bonds	\$8,060,000
2012B G.O. TIF Bonds	825,000
2015A G.O. (Sales Tax) Bonds	5,975,000
2015B G.O. Refunding Bonds	5,760,000
2016A G.O. (Sales Tax) Bonds	5,495,000
2017A G.O. Bonds	7,130,000
2018A G.O. (Sales Tax) Bonds	13,750,000
2018B G.O. Bonds	21,110,000
2018D G.O. Judgement Bonds	7,895,000
Capital Leases	1,460,589
Total	<u>\$77,460,589</u>

The total reflects an increase of \$11.0 million in principal general obligation bonded debt and capital leases outstanding from the prior year.

The City's outstanding business-type revenue debt as of April 30, 2020 is as follows:

2010D Water and Sewer Utility Revenue Bonds	1,175,000
2012C Water and Sewer Utility Revenue Bonds	6,025,000
2014A Parking Fees and Sales Tax Refunding Revenue Bonds	1,570,000
2018C Water and Sewer Utility Revenue Bonds	15,105,000
Total	<u>\$23,875,000</u>

The total reflects an increase of \$1.4 million in principal business-type revenue bonded debt outstanding from the prior year.

The City's outstanding special assessment debt as of April 30, 2020 is as follows:

2005 Special Assessment Improvement Revenue Bonds	1,559,000
Total	<u>\$ 1,559,000</u>

MD&A 16

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2020

As no new special assessment bonds were issued during the fiscal year, a decline of \$111 thousand in principal outstanding was realized.

The City also has a \$40 million TIF note issued to a developer, unchanged from the prior year. This note is secured solely from 90% of the tax incremental revenue collected only in TIF District #10 (McGaw Park). The incentive expires in 2038, and in the event future tax increments are not sufficient to pay the all or any of the note balance, the note terminates with no further liability to the City.

More detailed information on long term general obligation and business-type activities revenue debt can be found in Notes to Financial Statements 7 LONG-TERM OBLIGATIONS of the basic financial statements.

FUTURE EVENTS

The City of Waukegan issued a \$19,675,000 First Lien Water and Sewer System Revenue Bonds scheduled to close in early October. This bond issue refunded the outstanding 2010D and 2012C First Lien Water and Sewer System Revenue Bonds to lower interest rates without extending the life of the bond issues, and incorporated \$15,000,000 in new money proceeds to continue with improvement and expansion of the City's water treatment and distribution system.

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant impact on the City's financial position (net position) or results of operations (revenues, expense, and other changes in net position).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, investors and creditors with a general knowledge of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or request for additional financial information should be directed to the City's Director of Finance via email finance@waukeganil.gov or via US Mail 100 N. Martin Luther King Jr. Ave., Waukegan, IL 60085.

MD&A 17

CITY OF WAUKEGAN, ILLINOIS
STATEMENT OF NET POSITION

April 30, 2020

BASIC FINANCIAL STATEMENTS

	Primary Government		Component Unit	
	Governmental Activities	Business-Type Activities	Waukegan Public Library	
ASSETS				
Cash and investments	\$ 58,024,418	\$ 36,648,404	\$ 94,672,822	\$ 2,297,121
Receivables (net of allowance where applicable)		-		
Taxes receivable	38,152,675	-	38,152,675	4,378,381
Other taxes	6,567,260		6,567,260	-
Intergovernmental	4,505,143	375,000	4,880,143	111,348
Accounts	2,072,646	1,381,627	3,454,273	142,519
Special assessments	679,122	-	679,122	-
Prepaid items	375,047	-	375,047	77,861
Inventories	50,213	-	50,213	-
Restricted assets				
Cash and investments	585,598	2,990,583	3,576,181	-
Land held for resale	5,535,000	-	5,535,000	-
Capital assets				
Depreciable	6,756,489	2,634,397	9,390,886	198,682
Nondepreciable	97,580,400	67,425,158	165,005,558	4,262,441
Depreciable, net of accumulated depreciation				
Total assets	220,884,011	111,455,169	332,339,180	11,468,553
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	1,357,585	30,361	1,387,946	-
Pension related amounts	63,606,540	391,197	63,997,737	336,530
OPEB related amounts	877,886	106,496	984,382	9,853
Asset retirement obligation items	-	2,665,325	2,665,325	-
Total deferred outflows of resources	65,842,011	3,193,379	69,035,390	346,383
Total assets and deferred outflows of resources	286,726,022	114,648,548	401,374,570	11,814,736
LIABILITIES				
Accounts payable	3,441,341	1,140,277	4,581,618	16,905
Accrued payroll	1,857,990	122,002	1,979,992	112,575
Other liabilities	956,415	144,677	1,101,092	128,658
Interest payable	1,121,614	315,946	1,437,560	32,199
Internal balances	(120,742)	120,742	-	-
Due to fiduciary funds	151,322	-	151,322	-
Unearned revenue	422,625	-	422,625	111,348
Noncurrent liabilities				
Due within one year	18,353,754	1,992,046	20,345,800	242,684
Due in more than one year	407,627,206	28,465,665	436,092,971	3,123,844
Total liabilities	433,811,625	32,301,355	466,112,980	3,768,213
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	38,152,675	-	38,152,675	4,378,381
Pension related amounts	5,201,899	875,449	6,077,348	753,112
OPEB related amounts	682,296	82,769	765,065	-
Total deferred inflows of resources	44,036,870	958,218	44,995,088	5,131,493
Total liabilities and deferred inflows of resources	477,848,495	33,259,573	511,108,068	8,899,706

(This statement is continued on the following page.)

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2020

	Primary Government		Component Unit
	Governmental Activities	Business-Type Activities	Waukegan Public Library
NET POSITION			
Net investment in capital assets	\$ 43,486,826	\$ 51,354,171	\$ 94,840,997
Restricted for:			
TIF development	1,014,684	-	1,014,684
Public safety	3,833,999	-	3,833,999
Debt service	2,624,909	2,389,529	5,014,438
Cemetery care	61,785	-	61,785
Highway and streets	8,808,489	-	8,808,489
Housing rehabilitation	189,213	-	189,213
Sanitation	625,685	-	625,685
Library	-	-	-
Unrestricted (deficit)	(251,768,063)	27,645,275	(224,122,788)
TOTAL NET POSITION (DEFICIT)	\$ (191,122,473)	\$ 81,388,975	\$ (109,733,498)

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT				
Governmental Activities	\$ 5,133,302	\$ 4,232,476	\$ 44,455	\$ -
General government	97,448,553	8,312,969	4,936,135	20,881
Public safety	2,264,402	2,571,916	-	-
Building and zoning	10,028,938	137,200	3,456,549	76,815
Streets, bridges and public works	5,597,695	-	-	-
Sanitation and environment	2,580,832	-	-	-
Economic development	27,878	-	-	-
Culture and recreation	599,086	-	793,269	-
Community development	5,624,679	-	-	-
Interest and fiscal charges	-	-	-	-
Total governmental activities	129,455,365	15,254,561	9,230,408	97,696
Business-Type Activities	12,864,136	14,434,939	-	375,000
Water and sewer	671,867	589,249	-	-
Motor vehicle parking lot	-	-	-	-
Total business-type activities	13,536,003	15,024,188	-	375,000
TOTAL PRIMARY GOVERNMENT	\$ 142,991,368	\$ 30,278,749	\$ 9,230,408	\$ 472,696
COMPONENT UNIT				
Waukegan Public Library	\$ 4,809,631	\$ 50,738	\$ 594,314	\$ -

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2020

	General	Garbage	Debt Service	Capital Equipment Replacement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 20,748,954	\$ 1,038,849	\$ 2,515,958	\$ 12,131,450	\$ 17,066,912	\$ 53,502,123
Receivables (net)	15,867,358	4,811,243	12,417,490	-	5,056,584	38,152,675
Property taxes	5,889,474	-	-	-	677,786	6,567,260
Due from other funds	4,236,252	-	-	-	268,891	4,505,143
Inter governmental	1,801,656	-	-	-	270,990	2,072,646
Accounts	-	-	679,122	-	-	679,122
Special assessment receivable	923,532	-	12,641	-	184,806	1,120,979
Due from other funds	36,973	-	-	-	12,641	49,614
Prepaid items	-	-	-	-	58,213	58,213
Inventories	-	-	585,598	-	502,13	86,731
Restricted cash and investments	-	-	-	-	-	-
TOTAL ASSETS	\$ 49,504,199	\$ 5,850,092	\$ 16,210,809	\$ 12,131,450	\$ 23,588,823	\$ 107,285,373
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 708,878	\$ 413,164	\$ 30,108	\$ 404,010	\$ 792,531	\$ 2,348,691
Accrued payroll	1,800,184	-	-	-	21,499	1,821,683
Other current liabilities	8,800	-	-	-	671,000	679,800
Deposits	276,615	-	-	-	-	276,615
Unearned revenues	422,625	-	-	-	-	422,625
Due to other funds	711,640	-	-	-	224,729	936,369
Due to fiduciary funds	151,322	-	-	-	-	151,322
Total liabilities	4,080,064	413,164	30,108	404,010	1,709,759	6,637,105
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for future periods	15,867,358	4,811,243	12,417,490	-	5,056,584	38,152,675
Unavailable revenue	4,206,005	-	679,122	-	-	4,885,127
Total deferred inflows of resources	20,073,363	4,811,243	13,096,612	-	5,056,584	43,037,802
FUND BALANCES						
Nonspendable	36,973	-	-	-	62,854	99,827
Restricted	6,000,880	625,685	2,624,909	9,882,859	16,300,596	29,444,929
Committed	-	-	459,180	1,844,581	494,792	2,798,553
Assigned	19,312,919	-	-	-	(41,762)	19,271,157
Unassigned	25,390,772	625,685	3,084,089	11,727,440	16,872,480	57,610,466
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 49,504,199	\$ 5,850,092	\$ 16,210,809	\$ 12,131,450	\$ 23,588,823	\$ 107,285,373

See accompanying notes to financial statements.

Net (Expense) Revenue and Change in Net Position				
Primary Government		Component Unit		
Governmental	Business-Type	Total	Waukegan	Public Library
Activities	Activities			
\$ (856,371) \$ - \$ (856,371) \$ -				
(84,278,568) - (84,278,568) -				
307,514 - 307,514 -				
(6,358,374) - (6,358,374) -				
(5,597,695) - (5,597,695) -				
(2,580,832) - (2,580,832) -				
(27,878) - (27,878) -				
194,183 - 194,183 -				
(5,674,679) - (5,674,679) -				
(104,872,700) - (104,872,700) -				
- 1,945,803 1,945,803 -				
- (82,618) (82,618) -				
- 1,863,185 1,863,185 -				
(104,872,700) 1,863,185 (103,009,515) -				
- - - (4,164,579)				
General Revenues				
Taxes				
Property	34,721,621 - 34,721,621 4,179,364			
Sales	19,061,030 313,008 19,374,038 -			
Telecommunications	1,787,323 - 1,787,323 -			
Local use	3,183,807 - 3,183,807 -			
Utility	4,997,358 - 4,997,358 -			
Other	4,459,105 - 4,459,105 -			
Intergovernmental	9,654,658 - 9,654,658 -			
Income taxes	4,202,034 - 4,202,034 -			
Personal property replacement tax	1,150,269 2,600,132 12,464			
Investment income	1,449,863 - 1,449,863 -			
Miscellaneous	1,292,445 103,984 1,396,429 27,614			
Transfers in (out)	(211,426) 211,426 - 78,109			
Total	84,597,818 1,778,687 86,376,505 4,297,551			
CHANGE IN NET POSITION	(20,274,882) 3,641,872 (16,633,010) 1,32,972			
NET POSITION (DEFICIT), MAY 1	(170,847,591) 77,747,103 (93,100,488) 2,692,058			
Prior period adjustment	- - - 90,000			
NET POSITION (DEFICIT), MAY 1 (RESTATED)	(170,847,591) 77,747,103 (93,100,488) 2,782,058			
NET POSITION (DEFICIT), APRIL 30	\$ (191,122,473) \$ 81,388,975 \$ (109,733,498) \$ 2,915,030			

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

April 30, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 57,610,466

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds 104,336,889

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements

4,885,127

Land purchased for resale in the governmental funds is not a financial resource and, therefore, is not reported in the funds 5,535,000

Internal service funds are reported in the statement of net position as governmental activities 1,094,726

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds balance sheet 63,606,540

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds balance sheet (5,201,899)

Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds balance sheet 877,886

Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds balance sheet (682,296)

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds (424,542,497)

A deferred charge on refunding represents a consumption of net assets that applies to a future period and, therefore, is not reported in the funds

1,357,585

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (191,122,473)

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2020

	General	Garbage	Debt Service	Capital Equipment Replacement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 15,504,863	\$ 4,477,889	\$ 12,337,724	\$ -	\$ 2,401,146	\$ 34,721,622
Other taxes	30,046,160	-	-	-	3,228,840	33,275,000
Intergovernmental	14,106,445	-	-	-	4,872,347	18,978,792
Licenses	3,118,253	-	-	-	-	3,118,253
Permits	2,000,274	-	-	-	-	2,000,274
Franchise fees	944,322	-	-	-	944,322	-
Fines and forfeitures	3,571,511	-	-	-	314,125	3,685,636
Special assessments	-	-	213,624	-	-	213,624
Charges for services	3,679,995	-	-	-	1,293,125	4,973,120
Miscellaneous	846,793	-	-	750,000	207,308	1,804,101
Investment income	425,684	65,784	38,600	451,757	470,038	1,449,863
Total revenues	74,042,300	4,543,673	12,589,948	1,201,757	12,786,929	105,164,607
EXPENDITURES						
Current						
Central services	3,824,934	-	-	-	-	3,824,934
Public safety - police and communication services	36,567,948	-	-	-	1,732,574	38,300,522
Public safety - fire services	23,316,368	-	-	-	90,752	23,407,120
Streets, bridges and public works	7,330,714	-	-	-	770,617	8,101,331
Building and zoning	2,264,402	-	-	-	-	2,264,402
Sanitation and environment	262,988	5,334,707	-	-	-	5,597,695
Economic development	1,065,286	-	-	-	407,130	1,472,416
Community development	-	-	-	-	591,586	591,586
Capital outlay	77,228	-	-	5,512,745	8,490,173	14,080,146
Debt service	-	-	10,937,618	-	290,433	11,228,051
Principal	-	-	4,639,231	-	1,661,555	6,300,786
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	74,709,868	5,334,707	15,576,849	5,512,745	14,034,820	115,168,989
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(667,568)	(791,034)	(2,986,901)	(4,310,988)	(1,247,891)	(10,004,382)
OTHER FINANCING SOURCES (USES)						
Transfers in	112,000	-	3,076,525	-	35,000	3,223,525
Transfers (out)	(278,620)	-	-	(220,000)	(3,076,525)	(3,575,145)
Sale of capital assets	21,297	-	-	-	-	21,297
Total other financing sources (uses)	(145,323)	-	3,076,525	(220,000)	(3,041,525)	(330,323)
NET CHANGE IN FUND BALANCES	(812,891)	(791,034)	89,624	(4,530,988)	(4,289,416)	(10,334,705)
FUND BALANCES, MAY 1	26,163,663	1,416,719	2,994,465	16,238,428	21,111,896	67,945,171
FUND BALANCES, APRIL 30	\$ 25,350,772	\$ 625,685	\$ 3,084,089	\$ 11,727,440	\$ 16,822,480	\$ 57,610,466

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

\$ (10,334,705)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements
Contributions of capital assets are reported on the government-wide financial statements
Depreciation is reported in the government-wide financial statements
Net book value of assets retired (net of internal service fund transactions)
Adjustment to value of land held for resale

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements
Change in deferred inflows of resources

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position
Principal repaid

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense
Amortization of debt premium

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Compensated absences
Net pension liability
Total other postemployment benefits liability
Accrued interest on debt
Amortization of deferred charge on refunding
Deferred outflows and deferred inflows of resources related to pensions
Deferred outflows and deferred inflows related to OPEB
Environmental cleanup liability

Internal service funds are used by management to change self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (20,274,882)

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2020

	Business-Type Activities			Governmental Activities	
	Water and Sewer	Motor Vehicle Parking Lot	Total	Internal	Service Funds
CURRENT ASSETS					
Cash and cash equivalents	\$ 36,073,615	\$ 574,789	\$ 36,648,404	\$	4,522,295
Receivables (net)					
Accounts	1,298,625	83,002	1,381,627		-
Intergovernmental	375,000	-	375,000		-
Due from other funds	58,883	2,677	61,560		744,722
Prepaid items	-	-	-		325,433
Inventories	-	-	-		-
Total current assets	37,806,123	660,468	38,466,591		5,592,450
NONCURRENT ASSETS					
Restricted assets					
Restricted cash	2,389,529	601,054	2,990,583		-
Capital assets (net of accumulated depreciation)	1,368,953	1,265,444	2,634,397		-
Capital assets not being depreciated	61,520,572	5,904,586	67,425,158		-
Capital assets, being depreciated					
Total noncurrent assets	65,279,054	7,771,084	73,050,138		-
Total assets	103,085,177	8,431,552	111,516,729		5,592,450
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges	-	30,361	30,361		-
Pension related amounts	371,469	19,728	391,197		-
OPEB related amounts	106,496	-	106,496		-
Asset retirement obligation items	2,665,325	-	2,665,325		-
Total deferred outflows of resources	3,143,290	50,089	3,193,379		-
Total assets and deferred outflows of resources	106,228,467	8,481,641	114,710,108		5,592,450

(This statement is continued on the following page.)

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

April 30, 2020

	Business-Type Activities			Governmental Activities	
	Water and Sewer	Motor Vehicle Parking Lot	Total	Internal	Service Funds
CURRENT LIABILITIES					
Accounts payable	\$ 1,137,934	\$ 2,343	\$ 1,140,277	\$ 1,092,650	
Accrued salaries	113,778	8,224	122,002	36,307	
Interest payable	295,163	20,783	315,946	-	
Deposits	144,677	-	144,677	-	
Due to other funds	179,361	2,941	182,302	808,590	
Claims payable - current	393,954	-	393,954	1,877,817	
Current portion of long-term debt	1,107,067	491,025	1,598,092	26,430	
Total current liabilities	3,371,934	525,316	3,897,250	3,841,794	
LONG-TERM LIABILITIES					
Claims payable	133,466	-	133,466	616,285	
Noncurrent portion of long-term debt	22,251,413	1,170,876	23,422,289	39,645	
Net pension liability	828,895	44,021	872,916	-	
Total OPEB liability	1,326,494	-	1,326,494	-	
Asset retirement obligation	2,710,500	-	2,710,500	-	
Total long-term liabilities	27,250,768	1,214,897	28,465,665	655,930	
Total liabilities	30,622,702	1,740,213	32,362,915	4,497,724	
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	831,300	44,149	875,449	-	
OPEB related amounts	82,769	-	82,769	-	
Total deferred inflows of resources	914,069	44,149	958,218	-	
Total liabilities and deferred inflows of resources	31,536,771	1,784,362	33,321,133	4,497,724	
NET POSITION					
Net investment in capital assets	45,791,581	5,562,590	51,354,171	-	
Restricted for debt service	2,389,529	-	2,389,529	-	
Unrestricted	26,510,586	1,134,689	27,645,275	1,094,726	
TOTAL NET POSITION	\$ 74,691,696	\$ 6,697,279	\$ 81,388,975	\$ 1,094,726	

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended April 30, 2020

	Business-Type Activities			Governmental Activities	
	Water and Sewer	Motor Vehicle Parking Lot	Total	Internal	Service Funds
OPERATING REVENUES					
Charges for services	\$ 13,954,830	\$ 589,249	\$ 14,544,079	\$ 13,830,738	
Fines and forfeitures	357,820	-	357,820	-	
Permits	122,289	-	122,289	-	
Miscellaneous	10,868	84,225	95,093	206,313	
Total operating revenues	14,445,807	673,474	15,119,281	14,037,051	
OPERATING EXPENSES					
Personnel services	4,045,956	171,628	4,217,584	425,395	
Personnel benefits	1,925,639	88,031	2,013,670	102,258	
Contractual services	2,296,698	53,888	2,350,586	2,398,233	
Commodities	276,639	3,601	280,240	155	
Claims and judgments	-	-	-	4,468,939	
Insurance premiums	-	-	-	7,644,315	
Depreciation and amortization	2,655,249	216,633	2,871,882	-	
Professional services	387,460	-	387,460	-	
Total operating expenses	11,587,641	533,781	12,121,422	15,039,295	
OPERATING INCOME (LOSS)	2,858,166	139,693	2,997,859	(1,002,244)	
NON-OPERATING REVENUES (EXPENSES)					
Investment income	1,136,073	14,196	1,150,269	129,142	
Intergovernmental	375,000	-	375,000	-	
Other miscellaneous revenue	8,891	-	8,891	-	
Loss from disposal of capital assets	(402,816)	(33,945)	(436,761)	-	
Home rule sales tax	-	313,008	313,008	-	
Interest and fiscal charges	(873,679)	(104,141)	(977,820)	-	
Total non-operating revenues (expenses)	243,469	189,118	432,587	129,142	
NET INCOME (LOSS) BEFORE TRANSFERS	3,101,635	328,811	3,430,446	(873,102)	
TRANSFERS					
Transfers in	-	220,169	220,169	140,363	
Transfers (out)	(8,743)	-	(8,743)	(169)	
Total transfers	(8,743)	220,169	211,426	140,194	
CHANGE IN NET POSITION	3,092,892	548,980	3,641,872	(732,908)	
NET POSITION, MAY 1	71,598,804	6,148,299	77,747,103	1,827,634	
NET POSITION, APRIL 30	\$ 74,691,696	\$ 6,697,279	\$ 81,388,975	\$ 1,094,726	

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2020

	Business-Type Activities			Governmental Activities	
	Water and Sewer	Motor Vehicle Parking Lot	Total	Internal	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 14,464,117	\$ 981,732	\$ 15,445,849	\$ 803,870	
Receipts from (payment for) interfund services provided	(1,852,945)	(46,968)	(1,899,913)	13,578,760	
Paid to suppliers for goods and services	(278,190)	(117,118)	(395,308)	(14,002,267)	
Paid to employees for services	(5,227,330)	(241,505)	(5,468,835)	-	
Net cash from operating activities	7,105,652	576,141	7,681,793	380,363	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers	(8,743)	220,169	211,426	140,194	
Interfund borrowings	127,495	187	127,682	-	
Net cash from noncapital financing activities	118,752	220,356	339,108	140,194	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(925,000)	(470,000)	(1,395,000)	-	
Interest paid	(953,187)	(117,656)	(1,070,843)	-	
Acquisition and construction of capital assets	(6,674,549)	(66,777)	(6,741,326)	-	
Net cash from capital and related financing activities	(8,552,736)	(654,433)	(9,207,169)	-	
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	1,136,073	14,196	1,150,269	129,142	
Net cash from investing activities	1,136,073	14,196	1,150,269	129,142	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(192,259)	156,260	(35,999)	649,699	
CASH AND CASH EQUIVALENTS, MAY 1	36,265,874	418,529	36,684,403	3,872,596	
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 36,073,615	\$ 574,789	\$ 36,648,404	\$ 4,522,295	

(This statement is continued on the following page.)

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2020

	Business-Type Activities			Governmental Activities	
	Water and Sewer	Motor Vehicle Parking Lot	Total	Internal	Service Funds
TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 2,858,166	\$ 139,693	\$ 2,997,859	\$ (1,002,244)	
Non-operating revenue	-	313,008	313,008	-	
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation and amortization	2,655,249	216,633	2,871,882	-	
Changes in assets and liabilities					
Accounts receivable	24,594	(4,750)	19,844	-	
Prepaid items	769	-	769	(17,792)	
Inventory	59,787	-	59,787	-	
Accounts payable	330,611	(106,597)	224,014	867,586	
Accrued salaries	33,646	2,286	35,932	3,326	
Compensated absences	53,095	890	53,985	6,558	
Claims payable	438,495	-	438,495	187,234	
Customer deposits	(6,284)	-	(6,284)	-	
Interfund receivables/payables	-	-	-	335,695	
Other postemployment benefits	562,304	-	562,304	-	
OPEB deferred outflows and deferred inflows	(47,757)	-	(47,757)	-	
Pension related deferrals and liabilities	142,977	14,978	157,955	-	
NET CASH FROM OPERATING ACTIVITIES	\$ 7,105,652	\$ 576,141	\$ 7,681,793	\$ 380,363	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments - statement of net position	\$ 36,073,615	\$ 574,789	\$ 36,648,404	\$ 4,522,295	
Restricted cash and investments - statement of net position	2,389,529	601,054	2,990,583	-	
Total cash and investments	38,463,144	1,175,843	39,638,987	4,522,295	
Less noncash equivalents	(2,389,529)	(601,054)	(2,990,583)	-	
CASH AND CASH EQUIVALENTS	\$ 36,073,615	\$ 574,789	\$ 36,648,404	\$ 4,522,295	
NONCASH TRANSACTIONS					
None	\$ -	\$ -	\$ -	\$ -	

See accompanying notes to financial statements.

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION

April 30, 2020

	Pension Trusts
ASSETS	
Cash and cash equivalents	\$ 1,697,172
Investments	
Money markets	1,686,584
State and local obligations	2,561,742
U.S. Government and agency obligations	20,313,445
Mutual funds	93,517,903
Corporate bonds	39,621,286
Certificates of deposit	45,249
Annuities	23,629,949
Accrued interest	459,788
Prepaid items	13,544
Due from City	151,322
Total assets	<u>183,697,984</u>
LIABILITIES	
Accounts payable	<u>31,746</u>
Total liabilities	<u>31,746</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 183,666,238</u>

See accompanying notes to financial statements.

- 17 -

CITY OF WAUKEGAN, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended April 30, 2020

	Pension Trusts
ADDITIONS	
Contributions	
Employer	\$ 15,429,675
Plan members	<u>2,737,876</u>
Total contributions	<u>18,167,551</u>
Investment income	
Interest and dividends	4,218,649
Net depreciation in fair value of investments	<u>(4,168,725)</u>
Total investment income	<u>49,924</u>
Less investment expense	<u>(222,154)</u>
Net investment income	<u>(172,230)</u>
Total additions	<u>17,995,321</u>
DEDUCTIONS	
Benefits	16,174,723
Contractual services	170,239
Administrative	<u>92,949</u>
Total deductions	<u>16,437,911</u>
NET INCREASE	<u>1,557,410</u>
NET POSITION RESTRICTED FOR BENEFITS	
May 1	<u>182,108,828</u>
April 30	<u>\$ 183,666,238</u>

See accompanying notes to financial statements.

- 18 -

CITY OF WAUKEGAN, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2020

NOTE

	<u>Page</u>
1. Summary of Significant Accounting Policies	20
a. Reporting Entity	23
b. Fund Accounting	23
c. Government-Wide and Fund Financial Statements	26
d. Measurement Focus, Basis of Accounting and Financial Statement Presentation	27
e. Use of Estimates	28
f. Deposits and Investments	28
g. Receivables	29
h. Inventories	29
i. Prepaid Items/Expenses	29
j. Restricted Assets	29
k. Capital Assets	30
l. Deferred Outflows/Inflows of Resources	31
m. Compensated Absences	31
n. Long-Term Obligations	31
o. Equity Classification	33
2. Deposits and Investments	35
3. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	36
4. Receivables	37
5. Capital Assets	39
6. Interfund Receivables/Payables and Transfers	41
7. Long-Term Obligations	47
8. Lease Disclosures	48
9. Pollution Remediation Obligations	48
10. Fund Balances	49
11. Risk Management	50
12. Commitments and Contingencies	51
13. Employees' Retirement System	79
14. Other Postemployment Benefits	82
15. Waukegan Public Library	86
16. Tax Increment Financing District	86
17. Subsequent Events	86

CITY OF WAUKEGAN, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waukegan, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Reporting Entity

The City was incorporated in 1859. The City is a home rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. The City is governed by a Mayor and a nine-member City Council, each elected to four-year terms of office. Also elected are the City Treasurer and City Clerk. The Mayor heads the administration of the City and with the consent of the City Council appoints the various department heads.

The City is considered to be a primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statement No. 14 and 34*, since its council is separately elected and fiscally independent. In accordance with these pronouncements, the basic financial statements include all funds for which the City is financially accountable.

The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Waukegan Public Library

The government-wide financial statements include the Waukegan Public Library (the Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the Mayor with the approval of the City Council. The Library's budget and tax levy is subject to approval by the City Council. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended April 30, 2020. Separately issued financial statements of the Library may be obtained from the Library's office.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Fiduciary Component Units

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership and two fire employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the FPERS.

Related Organization

Housing Authority

The City's Mayor and Council are also responsible for appointing and approving the members of the Board of the Waukegan Housing Authority (the Authority). However, the City's accountability for the Authority does not extend beyond making the appointments. The Authority's operating, capital and debt service expenditures are financed entirely from federal grants and rentals. The City has no involvement in the determination of the Authority's budget and rental rates and no obligation for the Authority's outstanding debts, if any.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

The City uses funds to report on its financial position and changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the City not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The City utilizes pension trust funds to account for the fiduciary component units.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Garbage Fund accounts for the financial resources that are restricted for providing solid waste collection services.

The Debt Service Fund accounts for the financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TIF or enterprise debt.

The Capital Equipment Replacement Fund accounts for the financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the replacement of capital equipment.

The City reports the following major enterprise funds:

The Water and Sewer Fund accounts for the operations of the water and sewerage operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. Government-Wide and Fund Financial Statements (Continued)

The City reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor Fuel Tax	Home Rule Sales Tax Infrastructure
Community Development Block Grant	Prison Review/DUI SB 740
Narcotics Forfeiture	Local Forfeiture
911 Emergency System	North Lakefront TIF #7
Public Safety Grants - Police	Downtown TIF #8
Public Safety Grants - Fire	South Lakefront TIF #9
Foreign Fire	McGraw Park TIF #10
Fire Service Training	Planning and Development Grants
Home Rehab Assistance	

Capital Projects Funds - used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Street and Sidewalk Rehabilitation

Permanent Fund - used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Cemetery Trust

The City reports the following nonmajor enterprise funds:

Motor Vehicle Parking Lot Fund

Additionally, the City reports the following fund types:

Internal Service Funds - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Employee Benefit Plan
Safety and Risk Management
Information Technology

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. Government-Wide and Fund Financial Statements (Continued)

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund.

- d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Those revenues susceptible to accrual are property taxes, sales taxes and telecommunication taxes, utility taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The City reports unearned revenue and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the City before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability and deferred inflows of resource for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

- e. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- f. Deposits and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents.

Investments

Investments with a maturity less than one year when purchased are stated at cost or amortized cost. Investments with a maturity of one year or greater when purchased are reported at fair value. All investments of the pension trust funds are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- g. Receivables

Property taxes for levy year 2019 attaches as an enforceable lien on January 1, 2019, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2020 tax levy, which attached as an enforceable lien on the property as of January 1, 2020, has not been recorded as a receivable as of April 30, 2020, as the tax has not yet been levied by the City and will not be levied until December 2020 and, therefore, the levy is not measurable at April 30, 2020.

Tax bills for the levy year are prepared by Lake County and issued on or about June 1, and are payable in two installments, on or about July 1 and September 1, or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2019 property tax levy is recognized as a receivable and deferred inflows of resources in fiscal 2020, net the allowance for uncollectible. As the taxes become available to finance the period intended to finance, they are recognized as revenues. At April 30, 2020, the property taxes receivable and unearned revenue consisted of the estimated amount collectible from the 2019 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 0.49% (\$183,629) of outstanding property taxes at April 30, 2020. The City also shows water and sewer receivables net of allowance for uncollectibles. The allowance is equal to 19.18% (\$200,304) of outstanding water and sewer receivables at April 30, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Receivables (Continued)

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

h. Inventories

Inventories are valued at average cost on a first-in/first-out (FIFO) method using the purchases method of accounting.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses on the consumption method.

j. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

k. Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$50,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at estimated acquisition value at the date of donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Assets	Years
Land improvements	10-20
Buildings	45
Building improvements	15-20
Machinery and equipment	6-25
Fleet	12-20
Infrastructure	15-60

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at April 30, 2020, are determined on the basis of current salary rates and include salary related payments.

n. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as any gains/losses on refunding are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

o. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Equity Classifications (Continued)

Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund balances are displayed as follows:

Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

Restricted - Consists of fund balances with constraints place on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.

Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City has adopted a financial policy authorizing the City Council to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.

Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Equity Classifications (Continued)

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Under Resolution #12-R-67, the City Council formally established a Stabilization Fund beginning with the fiscal year 2012 budget. The Stabilization Fund contained a committed balance within the General Fund and is included in each annual budget. The Stabilization Fund can only be used to make loans to other funds or for other limited purposes approved by the City Council. Additions to the Stabilization Fund are required when the fund balance declines below 8% of the General Fund's annual appropriated expenditures. The balance in the account at year end was \$6,000,880. In addition, enabling legislation adopted by the City restricts a portion of the home-rule sales tax to infrastructure purposes. The balance in this account at year end was \$4,369,736.

Proprietary fund equity is classified as the same as in the government-wide statements.

Fiduciary fund equity is classified as restricted for the Police and Firefighters' Pension Funds on the statement of fiduciary net position. Various restrictions apply, including authorizing and spending trust income, and the City believes it is in compliance with all significant restrictions.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, some cash and investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

In accordance with the City's investment policy, the City's monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

2. DEPOSITS AND INVESTMENTS (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance, evidenced by a written collateral agreement with the collateral held by an agent of the City in the City's name.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and non-interest-bearing). In addition, if deposits are held at an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

At April 30, 2020, one bank had pledged various government securities in a single institution collateral pool and one bank pledged a letter of credit to cover the City and the Library's uninsured deposits.

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The Library follows the City's investment policy.

The City's investment policy seeks to ensure preservation of capital in the City's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

The City's money market mutual fund and The Illinois Funds are rated AAA.

The City's investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer or maturity.

Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent separate from where the investment was purchased. The City's investment policies require all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. The Illinois Funds and the money market mutual funds are not subject to custodial credit risk.

Additionally, the City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City held no investments subject to fair value measurement at April 30, 2020.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities or deferred inflows of resources. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, as well as deferred inflows and deferred outflows of resources, are reported in the statement of net position.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (Continued)

Long-term debt	\$	117,559,000
Compensated absences		7,574,586
Capital leases		1,460,589
Environmental cleanup liabilities		1,938,761
Other postemployment benefits liabilities		11,535,326
Net pension liability - police		161,564,451
Net pension liability - firefighters		112,197,327
IMRF net pension liability		3,955,715
Accrued interest		1,121,614
Unamortized debt discount and premium		5,635,128

COMBINED ADJUSTMENT FOR LONG-TERM LIABILITIES

\$ 424,542,497

4. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Garbage Fund	Debt Service Fund	Internal Service	Nonmajor Funds	Totals
RECEIVABLES						
Taxes	\$ 15,944,263	\$ 4,835,007	\$ 12,478,824	\$ -	\$ 5,056,584	\$ 38,314,678
Sales tax	3,599,755	-	-	-	677,786	4,277,541
Utility	727,177	-	-	-	-	727,177
Local use	801,292	-	-	-	-	801,292
Telecom	433,737	-	-	-	-	433,737
Hotel/motel	63,916	-	-	-	-	63,916
Food/beverage	112,276	-	-	-	-	112,276
Gaming	151,322	-	-	-	-	151,322
Accounts	2,212,283	-	-	-	270,990	2,483,273
Motor fuel tax	-	-	-	-	268,891	268,891
Grants	4,236,252	-	-	-	-	4,236,252
Special assessment	-	-	679,122	-	-	679,122
Gross receivables	28,282,273	4,835,000	13,157,946	-	6,274,251	52,549,477
Less: allowance for uncollectibles	(487,533)	(23,764)	(61,334)	-	-	(572,631)
NET TOTAL RECEIVABLES	\$ 27,794,740	\$ 4,811,243	\$ 13,096,612	\$ -	\$ 6,274,251	\$ 51,976,846

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RECEIVABLES (Continued)

All of the receivables are expected to be collected within one year, other than the special assessments in the Debt Service Fund.

Revenues of the Water and Sewer Fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water and sewer billing	\$ 200,304
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Governmental funds report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ -	\$ 38,152,675
Vehicle licenses	422,625	-
Grant revenues	-	4,206,005
Special assessment	-	679,122
TOTAL UNEARNED/UNAVAILABLE REVENUE FOR GOVERNMENTAL FUNDS	\$ 422,625	\$ 43,037,802

5. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 was as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 7,254,350	\$ 2,139	\$ 500,000	\$ 6,756,489
Total capital assets not being depreciated	7,254,350	2,139	500,000	6,756,489
Capital assets being depreciated				
Land improvements	2,834,324	375,444	-	3,209,769
Buildings	47,821,078	1,344,997	1,006,041	48,160,033
Machinery, equipment and fleet	20,110,618	2,507,249	148,308	22,469,559
Infrastructure	215,434,176	9,040,793	6,898,020	217,576,949
Total capital assets being depreciated	286,200,196	13,268,483	8,052,369	291,416,310

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Beginning Balances	Additions	Deletions	Ending Balances
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Land improvements	\$ 705,267	\$ 70,333	\$ -	\$ 775,600
Buildings	23,092,016	1,379,399	727,956	23,743,459
Machinery, equipment and fleet	13,868,805	657,756	148,308	14,378,253
Infrastructure	156,037,038	4,072,592	5,171,032	154,938,598
Total accumulated depreciation	193,703,126	6,180,080	6,047,296	193,835,910
Total capital assets being depreciated, net	92,497,070	7,088,403	2,005,073	97,580,400
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 99,751,420	\$ 7,090,542	\$ 2,505,073	\$ 104,336,889

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 1,133,283
Public safety	663,073
Streets, bridges and public works, which includes the depreciation of infrastructure	3,937,833
Culture and recreation	27,878
Economic development	418,013

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES

\$ 6,180,080

	Beginning Balances	Additions	Deletions	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,634,397	\$ -	\$ -	\$ 2,634,397
Total capital assets not being depreciated	2,634,397	-	-	2,634,397
Capital assets being depreciated				
Land improvements	64,374	-	-	64,374
Buildings and improvements	24,291,159	5,083,413	465,510	28,909,062
Machinery, equipment and fleet	7,246,290	268,529	-	7,514,819
Infrastructure	88,243,694	1,389,384	1,001,073	88,632,005
Total capital assets being depreciated	119,845,517	6,741,326	1,466,583	125,120,260

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Beginning Balances	Additions	Deletions	Ending Balances
BUSINESS-TYPE ACTIVITIES				
(Continued)				
Less accumulated depreciation for				
Land improvements	\$ 43,454	\$ 3,219	\$ -	\$ 46,673
Buildings and improvements	8,087,773	968,164	377,172	8,678,765
Machinery, equipment and fleet	4,053,645	267,677	-	4,321,322
Infrastructure	43,713,345	1,587,647	652,650	44,648,342
Total accumulated depreciation	55,898,217	2,826,707	1,029,822	57,695,102
Total capital assets being depreciated, net	63,947,300	3,914,619	436,761	67,425,158
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 66,581,697	\$ 3,914,619	\$ 436,761	\$ 70,059,555
Depreciation expense was charged to functions/programs of the business-type activities as follows:				
BUSINESS-TYPE ACTIVITIES				
Water and sewer				\$ 2,610,074
Motor vehicle parking				216,633
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES				\$ 2,826,707

6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

a. Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

	Receivable Fund	Payable Fund	Amount
General			
General		Nonmajor Governmental	\$ 175,762
General		Water and Sewer	740
Debt Service		Internal Service	747,030
Internal Service		Nonmajor Governmental	12,641
		Nonmajor Governmental	36,326

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

a. Interfund Receivables/Payables (Continued)

	Receivable Fund	Payable Fund	Amount
Nonmajor Governmental		General	\$ 184,806
Water and Sewer		Internal Service	58,883
Motor Vehicle Parking Lot		Internal Service	2,677
Total fund financial statements			1,215,865
Less fund eliminations			1,095,123
TOTAL INTERNAL BALANCES - GOVERNMENT-WIDE STATEMENT OF NET POSITION			\$ 120,742
Governmental activities		Business-type activities	\$ 120,742
TOTAL GOVERNMENT-WIDE FINANCIAL STATEMENTS			\$ 120,742

All amounts are due within one year.

The principal purpose of these interfunds is to cover temporary cash overdrafts. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

b. Transfers

Interfund transfers during the year ended April 30, 2020 consisted of the following:

	Transfer In	Transfer Out
General	\$ 112,000	\$ 278,620
Debt Service	3,076,525	-
Nonmajor Governmental	35,000	3,296,525
Internal Service	140,363	169
Water and Sewer	-	8,743
Motor Vehicle Parking Lot	220,169	-
TOTAL	\$ 3,584,057	\$ 3,584,057

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

b. Transfers (Continued)

The purposes of significant interfund transfers are as follows:

- General Fund transfers in of \$112,000 and transfers out of \$278,620 are mostly related to interfund subsidies between funds for cash flow purposes.
- Debt Service Fund transfers in of \$3,076,525 from Nonmajor Governmental Special Revenues Funds of Tax Increment Financing (TIF) and Home Rule Sales Tax monies specifically earmarked for the repayment of long-term debt.
- Other Nonmajor Governmental Fund transfers relate to subsidies to other funds.

7. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2020 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due Within Once Year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable					
General obligation debt	\$ 86,660,000	\$ -	\$ 10,660,000	\$ 76,000,000	\$ 12,260,000
Special assessment B-Bonds	1,670,000	-	111,000	1,559,000	116,000
TIF notes payable	40,000,000	-	-	40,000,000	-
Add (subtract) deferred amounts for (Discounts) premiums	6,304,646	-	669,518	5,635,128	-
Total bonds and notes payable	134,634,646	-	11,440,518	123,194,128	12,376,000

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due Within Once Year
GOVERNMENTAL ACTIVITIES (Continued)					
Other liabilities					
Compensated absences - governmental funds	\$ 6,461,271	\$ 3,697,824	\$ 2,584,509	\$ 7,574,586	\$ 3,029,834
Compensated absences - internal service funds	-	66,075	-	66,075	26,430
Capital leases	1,957,883	-	497,294	1,460,589	443,134
Environmental cleanup liabilities	2,156,142	-	217,381	1,938,761	-
Total OPEB liability	11,554,231	181,095	-	11,535,326	600,539
Net pension liability - police firefighters'	131,986,508	29,577,943	-	161,564,451	-
Net pension liability	93,718,108	18,479,219	-	112,197,327	-
IMRF net pension liability	11,734,145	-	7,778,430	3,955,715	-
Claims payable	2,306,868	955,420	768,186	2,494,102	1,877,817
Total other liabilities	261,675,156	52,957,576	11,845,800	302,786,932	\$ 977,754
TOTAL GOVERNMENTAL ACTIVITIES	\$ 396,309,802	\$ 52,957,576	\$ 23,286,318	\$ 425,981,060	\$ 18,353,754
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable					
Revenue bonds	\$ 25,270,000	\$ -	\$ 1,395,000	\$ 23,875,000	\$ 1,435,000
Add (subtract) deferred amounts for (Discounts) premiums	763,768	6,868	59,069	711,567	-
Total bonds and notes payable	26,033,768	6,868	1,454,069	24,586,567	1,435,000
Other liabilities					
Vested compensated absences	306,978	130,730	76,745	360,963	90,241
Claims payable	88,925	468,107	29,612	527,420	393,954
Total OPEB liability	837,041	562,304	-	1,399,345	72,851
Net pension liability	2,805,328	-	1,932,412	872,916	-
Asset retirement obligation	2,710,500	-	-	2,710,500	-
Total other liabilities	6,748,772	1,161,141	2,038,769	5,871,144	557,046
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 32,782,540	\$ 1,168,009	\$ 3,492,838	\$ 30,457,711	\$ 1,992,046

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

The City is a home rule municipality, there is no legal debt limit. Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin and allows the state General Assembly to set certain debt limits home rule units. To date, the General Assembly has set no limits for home rule municipalities.

Estimated payments of compensated absences, other postemployment benefits obligation and net pension liabilities are not included in the debt service requirement schedules. The compensated absences liability, other postemployment benefits obligation and net pension liabilities attributable to governmental activities will be liquidated primarily by the General Fund. The capital leases will be paid from the General Fund and the 911 Emergency System Fund and the environmental remediation liability will be paid for from the Environment and Risk Management Fund.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the Debt Service Fund.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2020
2012A G.O. Bonds	July 19, 2012	2023	3.00%-5.00%	\$ 23,490,000	\$ 8,060,000
2012B G.O. Bonds	April 17, 2012	2023	2.75%-4.51%	1,675,000	825,000
2015A G.O. Bonds	May 4, 2015	2033	2.00%-5.00%	7,005,000	5,975,000
2015B G.O. Refunding Bonds	December 7, 2015	2024	1.00%-3.54%	14,050,000	5,760,000
2016A G.O. Bonds	June 9, 2016	2029	2.00%-4.00%	6,850,000	5,495,000
	September 27, 2017				
2017A G.O. Bonds	June 6, 2018	2030	2.65%-4.00%	7,130,000	7,130,000
2018A G.O. Bonds	June 6, 2018	2036	3.00%-5.00%	14,860,000	13,750,000
2018B G.O. Bonds	June 6, 2018	2033	3.00%-5.00%	21,410,000	21,110,000
	September 12, 2018				
2018D G.O. Bonds		2028	4.00%-5.00%	7,895,000	7,895,000
TOTAL GOVERNMENTAL ACTIVITIES - GENERAL OBLIGATION DEBT					<u>\$ 76,000,000</u>

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

General Obligation Debt (Continued)

Debt service requirements to maturity are as follows:

Fiscal Year Ending April 30,	Governmental Activities General Obligation Debt	
	Principal	Interest
2021	\$ 12,260,000	\$ 3,089,352
2022	8,470,000	2,850,034
2023	7,345,000	2,523,576
2024	3,760,000	2,205,318
2025	3,210,000	2,063,688
2026-2030	21,365,000	7,664,225
2031-2035	16,320,000	2,935,500
2036-2040	3,270,000	247,250
TOTAL	<u>\$ 76,000,000</u>	<u>\$ 23,578,943</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the Motor Vehicle Parking System and the Water and Sewer Utility.

The City has pledged future Motor Vehicle Parking System revenues, net of specified operating expenses, to repay \$5.3 million in parking fees and sales tax revenue bonds issued in 2014. Proceeds from the bonds provided financing for the parking garage. The bonds are payable solely from Motor Vehicle Parking System of the City and the City's portion of the parking fee revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require 53% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,690,350. Principal and interest paid for the current year and total customer gross revenues were \$546,450 and \$589,249, respectively.

The City has pledged future Water and Sewer Utility revenues, net of specified operating expenses, to repay \$1.8 million in water and sewer system improvements revenue bonds issued in 2010, \$8.2 million issued in 2013 and \$15.6 million issued in 2019. Proceeds from the bonds provided financing for the water and sewer systems. The bonds are payable solely from water and sewer revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require 6% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$31,293,220. Principal and interest paid for the current year and total customer gross revenues were \$1,835,688 and \$14,450,056, respectively.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

TIF Notes

The City has issued a TIF note to a developer, a direct placement of debt, in the amount of \$40,000,000 for qualifying redevelopment costs incurred by the developer. The TIF note is payable to the developer and is secured solely from 90% of the tax increments collected from a specific portion of the development in TIF No. 10. The incentive expires in 2038 and carries an interest rate of 5.50%. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the incentive, the incentive terminates with no further liability to the City. There is no debt service to maturity for the note.

Revenue debt payable at April 30, 2020, consists of the following:

Business-Type Activities

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2020
<u>Water and Sewer Utility</u>					

2010D Revenue Bonds	September 7, 2010	2031	3.00%-5.00%	\$ 1,825,000	\$ 1,175,000
2012C Revenue Bonds	October 15, 2012	2032	2.00%-3.25%	8,180,000	6,025,000
2018C Revenue Bonds	June 19, 2018	2038	3.00%-5.00%	15,615,000	15,105,000

Total Water and Sewer Utility

22,305,000

Motor Vehicle Parking
Lot Fund

2014A Parking Fees and Sales Tax Revenue Bonds	April 2, 2014	2024	2.00%-5.00%	5,275,000	1,570,000
Total Motor Vehicle Parking Lot Fund					1,570,000
TOTAL BUSINESS-TYPE ACTIVITIES REVENUE DEBT					<u>\$ 23,875,000</u>

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

TIF Notes (Continued)

Debt service requirements to maturity are as follows:

Fiscal Year Ending April 30,	Business-Type Activities Revenue Debt	
	Principal	Interest
2021	\$ 1,435,000	\$ 947,838
2022	1,485,000	896,788
2023	1,550,000	840,438
2024	1,100,000	786,863
2025	1,100,000	740,238
2026-2030	6,395,000	2,948,363
2031-2035	6,560,000	1,525,896
2036-2040	4,250,000	422,150
TOTAL	<u>\$ 23,875,000</u>	<u>\$ 9,108,574</u>

Special Assessment B-Bonds

B-Bonds are payable only from special assessments levied on affected properties.

Special assessment B-Bonds at April 30, 2020 consists of the following:

Governmental Activities

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2020
<u>Special Assessment B-Bonds</u>					
Special Assessment Improvement Bond, Series 2005	June 1, 2005	2030	6.125%	\$ 3,695,000	\$ 1,559,000
TOTAL GOVERNMENTAL ACTIVITIES - SPECIAL ASSESSMENT B-BONDS					<u>\$ 1,559,000</u>

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

Special Assessment B-Bonds (Continued)

Debt service requirements to maturity are as follows:

Fiscal Year Ending April 30,	Governmental Activities Special Assessment B-Bonds	
	Principal	Interest
2021	\$ 116,000	\$ 95,489
2022	124,000	88,384
2023	132,000	80,789
2024	140,000	72,704
2025	149,000	64,129
2026-2030	898,000	171,621
TOTAL	\$ 1,559,000	\$ 573,116

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water intake pipes at the end of their estimated useful lives in accordance with the Illinois Environmental Protection Agency requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the intake pipes are 60 years. The ARO at April 30, 2020 is \$2,710,500.

8. LEASE DISCLOSURES

In 2004-2017, the City acquired capital assets through lease/purchase agreements. The gross amount of these assets under capital leases is \$1,460,589, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of April 30, 2020 are as follows:

Fiscal Year Ending April 30,	Governmental Activities	
	Principal	Interest
2021	\$ 443,134	\$ 39,171
2022	300,664	24,780
2023	182,296	18,152
2024	187,525	12,923
2025	190,684	9,768
2026-2030	156,286	5,794
TOTAL	\$ 1,460,589	\$ 110,588

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. POLLUTION REMEDIATION OBLIGATIONS

At year end April 30, 2017, the City was obligated to address the future pollution cleanup activities due to obligations under judicial consent decrees, or to federal or state laws and regulations. The City's obligation originated to address the pollution remediation because the government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs. Examples of expected future remediation activity costs include legal services, site investigation and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the cash flows expected to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of April 30, 2020, the principal obligation and net liability was \$1,938,761 for the City's share of the remaining costs of post-closure operation and maintenance required under a CERCLA Consent Decree addressing the closed Yeoman Creek Landfill. The City will recognize these liabilities and related expenses as an operating expense in the government-wide financial statements only when such costs become measurable. Because of this, the liability is subject to change as the City becomes aware of new information which may affect its estimate. Only when actual outlays are made are they recognized in the governmental fund financial statements as expenditures. This will also reduce the amount of the liability on the government-wide financial statements. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

10. FUND BALANCES

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2020, include the following:

	General Fund	Garbage Fund	Debt Service Fund	Capital Equipment Replacement Fund	Nonmajor Funds	Totals
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 50,213	\$ 50,213
Inventories	-	-	-	-	12,641	49,614
Prepaid items	36,973	-	-	-	-	-
Restricted for						
Sanitation	-	625,685	-	-	-	625,685
Highways and streets	-	-	-	-	-	-
Capital assets	-	-	-	9,882,859	-	11,206,915
Public safety - police	-	-	-	-	-	-
Public safety -	-	-	-	-	2,163,299	2,163,299
911 communication	-	-	-	-	-	-
Public safety - fire	-	-	-	-	1,434,402	1,434,402
Housing rehabilitation	-	-	-	-	236,298	236,298
TIF development	-	-	-	-	189,213	189,213
Debt service	-	-	2,624,909	-	1,014,684	1,014,684
Cemetery	-	-	-	-	61,785	61,785

10. FUND BALANCES (Continued)

Governmental Funds (Continued)

	General Fund	Garbage Fund	Debt Service Fund	Capital Equipment Replacement Fund	Nonmajor Funds	Totals
FUND BALANCES (Continued)						
Committed to Stabilization	\$ 6,000,880	\$ -	\$ -	\$ -	\$ -	\$ 6,000,880
Assigned to Highways and streets	-	-	-	-	494,792	494,792
Capital assets	-	-	-	1,844,581	-	1,844,581
Debt service	-	-	459,180	-	-	459,180
Unassigned	19,312,919	-	-	-	(41,762)	19,271,157
TOTAL FUND BALANCES	\$ 25,350,772	\$ 625,685	\$ 3,084,089	\$ 11,727,440	\$ 16,822,480	\$ 57,610,466

The Local Forfeiture Fund reported a deficit fund balance of \$41,762.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The City purchases commercial insurance to provide coverage for losses from theft of, damage to or destructions of assets, errors and omissions and health care of its employees. However, other risks, such as torts and workers' compensation are accounted for and financed by the City in an internal service fund.

a. Self-Insurance

For workers' compensation claims, the uninsured risk of loss is \$750,000 per incident for police, fire and EMT employees, \$1,000,000 per incident for USL&H employees and \$700,000 per incident for all other employees. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

For crime claims, the uninsured risk of loss is \$10,000 per incident, while pollution has an uninsured risk of loss of \$25,000 per event, commercial auto liability has a \$50,000 deductible and property has a \$50,000 deductible. All other coverages have an uninsured risk of loss of \$250,000 per incident. There is an aggregate stop loss of \$20 million combined for General Liability, Liquor Liability, Employee Benefit Plan Administration Liability, Law Enforcement Liability, Public Entity Management Liability and Auto Liability. There is an additional \$10 million in excess liability coverage for total coverage of \$30 million per occurrence and \$30 million in the aggregate. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have exceeded the commercial coverage in the past three years.

11. RISK MANAGEMENT (Continued)

a. Self-Insurance (Continued)

All funds of the City participate in the risk management program. Amounts payable to the risk management fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other non-incremental costs to the claims liability.

b. Claims Liability

	Prior Year	Current Year
Unpaid claims - beginning of year	\$ 12,883,873	\$ 2,395,793
Current year claims and changes in estimates	2,680,501	7,370,206
Claim payments	(13,168,581)	(6,744,478)
UNPAID CLAIMS - END OF YEAR	\$ 2,395,793	\$ 3,021,521

12. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time-to-time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

12. COMMITMENTS AND CONTINGENCIES (Continued)

The City has active construction projects as of April 30, 2020. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

13. EMPLOYEES' RETIREMENT SYSTEM

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

The table below is a summary for all pension plans as of and for the year ended April 30, 2020:

	IMRF	Police Pension	Firefighters' Pension	Total
Net pension liability	\$ 4,828,631	\$ 161,564,451	\$ 112,197,327	\$ 278,590,409
Deferred outflows of resources	2,163,951	33,567,444	28,266,342	63,997,737
Deferred inflows of resources	4,842,643	592,009	642,696	6,077,348
Pension expense	2,962,130	26,015,635	17,530,170	46,507,935

a. Plan Description

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Police Pension Plan and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Administration (Continued)

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2019 (plan measurement date), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	366
Inactive employees entitled to but not yet receiving benefits	176
Active employees	243

TOTAL

785

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last ten years), for each year of credited service up to 15 years and 2% for each year thereafter.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last ten years, capped at \$106,800), for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after ten years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after ten years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The City's and the Library's actuarially determined contribution rate for the fiscal year ended April 30, 2020 was 12.77% of covered payroll.

The City and the Library also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Investment rate of return	7.25%
Inflation	2.50%
Salary increases	3.35% to 14.25%
Asset valuation method	Fair value

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability (Continued)

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City and the Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)				
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability	
<u>Illinois Municipal Retirement Fund</u> (Continued)				
<i>Changes in the Net Pension Liability</i>				
City				
BALANCES AT JANUARY 1, 2019	\$ 99,561,998	\$ 85,022,525	\$ 14,539,473	
Changes for the period				
Service cost	1,330,420	-	1,330,420	
Interest	7,162,956	-	7,162,956	
Difference between expected and actual experience	(265,776)	-	(265,776)	
Changes in assumptions	-	-	-	
Employer contributions	-	1,376,213	(1,376,213)	
Employee contributions	-	632,254	(632,254)	
Net investment income	-	16,477,308	(16,477,308)	
Benefit payments and refunds	(6,173,079)	(6,173,079)	-	
Administrative expense	-	-	-	
Other (net transfer)	-	(547,333)	547,333	
Net changes	2,054,521	11,765,363	(9,710,842)	
BALANCES AT DECEMBER 31, 2019	\$ 101,616,519	\$ 96,787,888	\$ 4,828,631	

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)				
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability	
<u>Illinois Municipal Retirement Fund</u> (Continued)				
<i>Changes in the Net Pension Liability</i> (Continued)				
Library				
BALANCES AT JANUARY 1, 2019	\$ 17,400,240	\$ 14,965,366	\$ 2,434,874	
Changes for the period				
Service cost	206,902	-	206,902	
Interest	1,113,959	-	1,113,959	
Difference between expected and actual experience	(41,333)	-	(41,333)	
Changes in assumptions	-	-	-	
Employer contributions	-	387,767	(387,767)	
Employee contributions	-	98,326	(98,326)	
Net investment income	-	2,562,495	(2,562,495)	
Benefit payments and refunds	(960,016)	(960,016)	-	
Administrative expense	-	-	-	
Other (net transfer)	-	(85,119)	85,119	
Net changes	319,512	2,003,453	(1,683,941)	
BALANCES AT DECEMBER 31, 2019	\$ 17,719,752	\$ 16,968,819	\$ 750,933	

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Continued)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2019	\$ 116,962,238	\$ 99,987,891	\$ 16,974,347
Changes for the period			
Service cost	1,537,322	-	1,537,322
Interest	8,276,915	-	8,276,915
Difference between expected and actual experience	(307,109)	-	(307,109)
Changes in assumptions	-	-	-
Employer contributions	-	1,763,980	(1,763,980)
Employee contributions	-	730,580	(730,580)
Net investment income	-	19,039,803	(19,039,803)
Benefit payments and refunds	(7,133,095)	(7,133,095)	-
Administrative expense	-	-	-
Other (net transfer)	-	(632,452)	632,452
Net changes	2,374,033	13,768,816	(11,394,783)
BALANCES AT DECEMBER 31, 2019	\$ 119,336,271	\$ 113,756,707	\$ 5,579,564

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2020, the City recognized pension expense of \$2,962,130 and the Library recognized pension expense of \$386,509.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

At April 30, 2020, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 500,197	\$ 184,285	\$ 315,912
Changes in assumption	1,058,336	357,633	700,703
Net difference between projected and actual earnings on pension plan investments	-	4,300,725	(4,300,725)
Contributions after measurement date	605,418	-	605,418
TOTAL	\$ 2,163,951	\$ 4,842,643	\$(2,678,692)
Library			
Difference between expected and actual experience	\$ 77,789	\$ 28,659	\$ 49,130
Changes in assumption	164,589	55,618	108,971
Net difference between projected and actual earnings on pension plan investments	-	668,835	(668,835)
Contributions after measurement date	94,152	-	94,152
TOTAL	\$ 336,530	\$ 753,112	\$(416,582)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of

Resources (Continued)

Total	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
	\$ 577,986	\$ 212,944	\$ 365,042
Difference between expected and actual experience	1,222,925	413,251	809,674
Changes in assumption			
Net difference between projected and actual earnings on pension plan investments	-	4,969,560	(4,969,560)
Contributions after measurement date	699,570	-	699,570
TOTAL	\$ 2,500,481	\$ 5,595,755	\$ (3,095,274)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability (asset) for the year ending April 30, 2021. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$3,794,844) will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	City	Library	Total
2021	\$ (457,236)	\$ (71,108)	\$ (528,344)
2022	(1,126,724)	(175,224)	(1,301,948)
2023	373,684	58,114	431,798
2024	(2,073,834)	(322,516)	(2,396,350)
2025	-	-	-
TOTAL	\$ (3,284,110)	\$ (510,734)	\$ (3,794,844)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City and the Library calculated using the discount rate of 7.25% as well as what the City's and the Library's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset) (City)	\$ 17,355,774	\$ 4,828,631	\$ (5,521,670)
Net pension liability (asset) (Library)	2,699,112	750,933	(858,711)
Net pension liability (asset) (Total)	\$ 20,054,886	\$ 5,579,564	\$ (6,380,381)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a.	Plan Descriptions (Continued)
	<u>Police Pension Plan</u> (Continued)
	<i>Plan Membership</i>

At April 30, 2020, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	148
Inactive plan members entitled to but not yet receiving benefits	32
Active plan members	143
TOTAL	323

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtained by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a.	Plan Descriptions (Continued)
	<u>Police Pension Plan</u> (Continued)
	<i>Benefits Provided</i> (Continued)

The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2020, the City's contribution was 59.66% of covered payroll.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, insured credit union shares, repurchase agreements, commercial paper rates within the three highest classifications by at least two standard rating services, The Illinois Funds, mutual funds, equity securities, corporate debt securities and variable annuities.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.70%
Domestic equities	30.00%	7.60%
International equities	18.00%	7.80%
Emerging markets	4.50%	8.30%
Real estate	12.50%	5.60%

The long-term expected real rates of return are net of a 2.50% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation are listed in the table above.

Investment Valuations

All investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Police Pension Plan (Continued)

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy does not require pledging of collateral for bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	Greater than 10	
State and local obligations	\$ 1,543,420	\$ 538,641	\$ 390,828	\$ 81,518	\$ 532,433	
U.S. Treasury obligations	9,490,304	893,558	3,874,191	4,471,392	251,163	
U.S. agency obligations	4,046,128	1,947	983,405	1,850,433	1,210,343	
Corporate bonds	22,060,282	2,291,531	11,991,687	7,286,931	490,133	
TOTAL	\$ 37,140,134	\$ 3,725,677	\$ 17,240,111	\$ 13,690,274	\$ 2,484,072	

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Police Pension Plan (Continued)

Interest Rate Risk (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

The Fund has the following recurring fair value measurements as of April 30, 2020: the U.S. Treasuries and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs) and the U.S. agencies, corporate bonds, state and local bonds and annuity contracts are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and corporate/state and local government bonds rated within the four highest ratings categories at the time of purchase by a national rating agency. The agency securities are rated AA+ by Standard and Poor's. The state and local obligations are rated from A to AAA by Standard and Poor's. The corporate bonds are rates from BBB- to AAA by Standard and Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Interest rate	6.50%
Discount rate	5.43%
Inflation	2.50%
Salary increases	11.75% to 4.00%
Cost of living adjustments	3.00%
Asset valuation method	Fair value

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected generationally with scale MP2019 using Healthy Annuitant and Blue Collar adjustments. The other non-economic actuarial assumptions used in the April 30, 2020 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability for the Police Pension Plan was 5.43%, a decrease of 0.52% from the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Police Pension Plan's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 6.50% was blended with the G.O. Bond index of 2.90% to arrive at the 5.43% that was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2019	\$ 237,019,861	\$ 105,033,353	\$ 131,986,508
Changes for the period			
Service cost	5,288,560	-	5,288,560
Interest	13,808,758	-	13,808,758
Benefit changes	188,465	-	188,465
Difference between expected and actual experience	1,647,430	-	1,647,430
Changes in assumptions	19,129,298	-	19,129,298
Employer contributions	-	8,911,429	(8,911,429)
Employee contributions	-	1,654,107	(1,654,107)
Net investment income	-	(80,968)	80,968
Benefit payments and refunds	(9,119,789)	(9,119,789)	-
Administrative expense	(153,872)	(153,872)	-
Net changes	30,788,850	1,210,907	29,577,943
BALANCES AT APRIL 30, 2020	\$ 267,808,711	\$ 106,244,260	\$ 161,564,451

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to the discount rate and mortality rates. In addition, there were changes in benefit terms required under PA-101-0610 (SB 1300).

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2020, the City recognized police pension expense of \$26,015,635.

At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,174,462	\$ 592,009
Changes in assumption	25,447,720	-
Net difference between projected and actual earnings on pension plan investments	4,945,262	-
TOTAL	\$ 33,567,444	\$ 592,009

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

Year Ending April 30,	
2021	\$ 10,397,413
2022	10,106,266
2023	7,208,678
2024	5,263,078
2025	-
TOTAL	\$ 32,975,435

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 5.43% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.43%) or 1 percentage point higher (6.43%) than the current rate:

	1% Decrease (4.43%)	Current Discount Rate (5.43%)	1% Increase (6.43%)
Net pension liability	\$ 206,963,768	\$ 161,564,451	\$ 125,425,773

Firefighters' Pension Plan

Plan Administration

Firefighter sworn personnel are covered by the Firefighters' Pension Plan, a single-employer defined benefit pension plan sponsored by the City. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund.

The financial statements of the Firefighters' Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan Membership

At April 30, 2020, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	125
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	115
TOTAL	244

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of (1) the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or (2) the average monthly salary obtained during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3% compounded annually. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the preceding calendar year.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Firefighters' Pension Plan (Continued)

Contributions

Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended April 30, 2020, the City's contribution was 57.70% of covered payroll.

Investment Policy

Permitted Deposits and Investments - Statutes and the Firefighter's Pension Fund's (the Fund) investment policy authorize the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, insured credit union shares, repurchase agreements, commercial paper rates within the three highest classifications by at least two standard rating services, The Illinois Funds, mutual funds, equity securities, corporate debt securities and variable annuities.

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.70%
Domestic equities	30.00%	7.60%
International equities	18.00%	7.80%
Emerging markets equities	4.50%	8.30%
Real estate	12.50%	5.60%

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation are listed in the table above.

Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy does not require pledging of collateral for bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)
Firefighters' Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	Greater than 10	
State and local obligations	\$ 1,018,322	\$ -	\$ 448,491	\$ 181,514	\$ 388,317	
U.S. Treasury obligations	6,206,620	1,261,495	3,360,695	1,584,430	-	
U.S. agency obligations	570,393	68,839	44,204	294,555	162,795	
Corporate bonds	17,561,004	713,392	9,088,537	6,560,550	1,198,525	
Negotiable CDs	45,249	45,249	-	-	-	
TOTAL	\$ 25,401,588	\$ 2,088,975	\$ 12,941,927	\$ 8,621,049	\$ 1,749,637	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

The Fund has the following recurring fair value measurements as of April 30, 2020: the U.S. Treasuries and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs) and the U.S. agencies, corporate bonds and state and local bonds, negotiable CDs and annuity contracts are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and state and local obligations rated within the four highest ratings categories at the time of purchase by a national rating agency. The agency securities are rated Aaa by Moody's. The state and local obligations are rated from A+ to AAA by Standard and Poor's. The corporate bonds are rates from BBB- to AAAA by Standard and Poor's. The negotiable CDs are not rated.

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)
Firefighters' Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Interest rate	6.50%
Discount rate	5.54%
Inflation	2.50%
Salary increases	13.00% to 4.00%
Cost of living adjustments	3.00%
Asset valuation method	Fair value
Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected generationally with scale MP2019 using Healthy Annuitant and Blue Collar adjustments.	

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.54%, a decrease of 0.33% from the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Firefighters' Pension Plan's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 6.50% was blended with the G.O. Bond index of 2.92% to arrive at the 5.54% that was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2019	\$ 170,793,583	\$ 77,075,475	\$ 93,718,108
Changes for the period			
Service cost	4,081,082	-	4,081,082
Interest	9,801,266	-	9,801,266
Benefit changes	158,428	-	158,428
Difference between expected and actual experience	2,498,346	-	2,498,346
Changes in assumptions	9,450,850	-	9,450,850
Employer contributions	-	6,518,246	(6,518,246)
Employee contributions	-	1,083,769	(1,083,769)
Net investment income	-	(91,262)	91,262
Benefit payments and refunds	(7,054,934)	(7,054,934)	-
Administrative expense	(109,316)	(109,316)	-
Net changes	18,825,722	346,503	18,479,219
BALANCES AT APRIL 30, 2020	\$ 189,619,305	\$ 77,421,978	\$ 112,197,327

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

- a. Plan Description (Continued)

Firefighters' Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to the discount rate and mortality rates. Changes in plan benefits were required under PA-101-0610 (SB 1300).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2020, the City recognized firefighters' pension expense of \$17,530,170.

At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,540,395	\$ 642,696
Changes in assumption	22,575,328	-
Net difference between projected and actual earnings on pension plan investments	3,150,619	-
TOTAL	\$ 28,266,342	\$ 642,696

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the firefighters' pension will be recognized in pension expense as follows:

Year Ending April 30,	
2021	\$ 8,763,829
2022	6,812,657
2023	6,311,130
2024	4,377,089
2025	1,358,941
Thereafter	-
TOTAL	\$ 27,623,646

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

a. Plan Description (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 5.54% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.54%) or 1 percentage point higher (6.54%) than the current rate:

	1% Decrease (4.54%)	Current Discount Rate (5.54%)	1% Increase (6.54%)
Net pension liability	\$ 142,983,812	\$ 112,197,327	\$ 87,515,661

b. Pension Segment Information

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 742,404	\$ 954,768	\$ 1,697,172
Investments			
Money markets	451,164	1,235,420	1,686,584
State and local obligations	1,543,420	1,018,322	2,561,742
U.S. Government and agency obligations	13,536,432	6,777,013	20,313,445
Mutual funds	54,217,541	39,300,362	93,517,903
Corporate bonds	22,060,282	17,561,004	39,621,286
Certificates of deposit	-	45,249	45,249
Annuities	13,361,158	10,268,791	23,629,949
Receivables			
Accrued interest	271,299	188,489	459,788
Due from City	75,661	75,661	151,322
Prepaid items	7,601	5,943	13,544
Total assets	106,266,962	77,431,022	183,697,984
LIABILITIES			
Accounts payable	22,702	9,044	31,746
Total liabilities	22,702	9,044	31,746
NET POSITION RESTRICTED FOR PENSIONS	\$ 106,244,260	\$ 77,421,978	\$ 183,666,238

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEES' RETIREMENT SYSTEM (Continued)

b. Pension Segment Information (Continued)

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 8,911,429	\$ 6,518,246	\$ 15,429,675
Plan member	1,654,107	1,083,769	2,737,876
Total contributions	10,565,536	7,602,015	18,167,551
Investment income			
Interest and dividends	2,441,314	1,777,335	4,218,649
Net depreciation in the fair value of investments	(2,405,012)	(1,763,713)	(4,168,725)
Total investment income	36,302	13,622	49,924
Less investment expense	(117,270)	(104,884)	(222,154)
Net investment income	(80,968)	(91,262)	(172,230)
Total additions	10,484,568	7,510,753	17,995,321
DEDUCTIONS			
Administration	44,453	48,496	92,949
Contractual services	109,419	60,820	170,239
Benefits	9,119,789	7,054,934	16,174,723
Total deductions	9,273,661	7,164,250	16,437,911
NET CHANGE IN NET POSITION	1,210,907	346,503	1,557,410
NET POSITION, MAY 1	105,033,353	77,075,475	182,108,828
NET POSITION, APRIL 30	\$ 106,244,260	\$ 77,421,978	\$ 183,666,238

14. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees and their spouses through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts, except for the Public Safety Employees Benefit Act (PSEBA) enacted by the state which provides lifetime benefits for public safety employees injured in the line of duty. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental activities and business-type activities and enterprise funds.

b. Benefits Provided

The City provides postemployment health care benefits to its retirees and their spouses. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans unless a PSEBA. Elected officials are eligible for benefits if they qualify for retirement through IMRF.

The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

c. Membership

At April 30, 2019 (most recent data available), membership consisted of:

Retirees and beneficiaries currently receiving benefits	63
Terminated employees entitled to benefits but not yet receiving them	-
Active vested employees	332
Active nonvested employees	-
TOTAL	395
Participating Employers	1

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation performed as of April 30, 2019, rolled forward to April 30, 2020, using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2019
Measurement date	April 30, 2020
Actuarial cost method	Entry-age normal
Inflation	2.50%
Discount rate	2.92%
Healthcare cost trend rates	7.50% to an ultimate trend rate of 4.50%
Asset valuation method	N/A
Mortality rates	SOA RPH-2018 Total Dataset Headcount- Weighted Mortality fully generational with Scale MP-2018

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20-year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at April 30, 2020.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT MAY 1, 2019	\$ 12,191,272
Changes for the period	
Service cost	366,564
Interest	463,300
Changes in assumptions	942,023
Difference between expected and actual experience	(355,098)
Benefit payments	(673,390)
Other changes	-
Net changes	743,399
BALANCES AT APRIL 30, 2020	\$ 12,934,671

There were changes in assumptions related to the discount rate in 2020.

g. Rate Sensitivity

The following is a sensitive analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 2.92% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.92%) or 1 percentage point higher (3.92%) than the current rate:

	1% Decrease (1.92%)	Current Discount Rate (2.92%)	1% Increase (3.92%)
Total OPEB liability	\$ 14,126,685	\$ 12,934,671	\$ 11,859,040
The table below presents the total OPEB liability of the City calculated using the healthcare rate of 7.50% to 4.50% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (6.50% to 3.50%) or 1 percentage point higher (8.50% to 5.50%) than the current rate:			
	1% Decrease (6.50% to 3.50%)	Current Healthcare Rate (7.50% to 4.50%)	1% Increase (8.50% to 5.50%)
Total OPEB liability	\$ 11,532,940	\$ 12,934,671	\$ 14,558,369

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2020, the City recognized OPEB expense of \$854,189. At April 30, 2020, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	\$ 984,382	\$ -
Differences between expected and actual experience	-	765,065
TOTAL	\$ 984,382	\$ 765,035

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending April 30,	
2021	\$ 24,325
2022	24,325
2023	24,325
2024	24,325
2025	24,325
Thereafter	97,692
TOTAL	\$ 219,317

15. WAUKEGAN PUBLIC LIBRARY

This report contains the Waukegan Public Library (the Library), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. WAUKEGAN PUBLIC LIBRARY (Continued)

a. Basis of Accounting/Measurement Focus

The Library follows the accrual basis of accounting and the flow of economic resources measurement focus at the government-wide level and the modified accrual basis of accounting and the current financial resources measurement focus for its governmental funds.

b. Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned to the Library. To guard against credit risk for deposits with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral held by an independent third party in the name of the Library.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library does not have any investments exposed to custodial credit risk.

c. Capital Assets

	Beginning Balances, Restated	Additions	Deletions	Ending Balances	Useful Lives (Years)
Land	\$ 71,486	\$ -	\$ -	\$ 71,486	
Construction in progress	90,000	-	90,000	-	
Artwork	-	127,196	-	127,196	
Buildings and improvements	8,859,662	16,154	-	8,875,816	5-40
Furniture and equipment	2,243,823	10,795	-	2,254,618	5-20
Less accumulated depreciation	(6,528,085)	(339,908)	-	(6,867,993)	
TOTAL	\$ 4,736,886	\$ (185,763)	\$ 90,000	\$ 4,461,123	

CITY OF WAUKEGAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. WAUKEGAN PUBLIC LIBRARY (Continued)

d. Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2020 was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 2,535,000	\$ -	\$ 190,000	\$ 2,345,000	\$ 195,000
Capital leases	59,531	-	11,536	47,995	12,170
Compensated absences	97,303	48,941	24,326	121,918	30,480
Net pension liability	2,434,874	-	1,683,941	750,933	-
Total OPEB liability	82,206	18,476	-	100,682	5,034
TOTAL	\$ 5,208,914	\$ 67,417	\$ 1,909,803	\$ 3,366,528	\$ 242,684

2010 General Obligation Debt Certificates

The 2010 general obligation debt certificates is a direct obligation and pledges the full faith and credit of the Library. The debt certificates were issued to finance construction of a new roof of the Library's existing building. Library debt certificates currently outstanding are as follows:

Purpose	Interest Rates	Original Indebtedness	Carrying Amount
Series 2010 General Obligation Debt Certificates dated September 30, 2012 are due in annual installments through January 1, 2030.	2.00% - 4.38%	\$ 4,000,000	\$ 2,345,000
TOTAL			\$ 2,345,000

Debt service requirements to maturity are as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2021	\$ 195,000	\$ 96,863	\$ 291,863
2022	205,000	89,063	294,063
2023	210,000	80,863	290,863
2024	220,000	72,463	292,463
2025	230,000	63,663	293,663
2026-2030	1,285,000	170,610	1,455,610
TOTAL	\$ 2,345,000	\$ 573,525	\$ 2,918,525

15. WAUKEGAN PUBLIC LIBRARY (Continued)

d. Long-Term Obligations (Continued)

2010 General Obligation Debt Certificates (Continued)

The annual debt service on the notes will be met through a portion of the Library's share of the City's annual property tax levy. Compensated absences, the net pension liability and the total OPEB liability will be liquidated out of the General Fund.

Capital Lease

In October 31, 2018, the Library entered into a lease agreement as lessee for financing the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At April 30, 2020, \$63,241 of amounts included in capital assets were acquired via this capital lease. The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2020 are as follows:

Fiscal Year Ending April 30,	Principal	Interest	Total
2021	\$ 12,170	\$ 2,277	\$ 14,447
2022	12,839	1,608	14,447
2023	13,544	903	14,447
2024	9,442	191	9,633
TOTAL	\$ 47,995	\$ 4,979	\$ 52,974

e. Employee Retirement System

The Library contributes to IMRF an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois through the City. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

The employees of the Library are pooled with the employees of City for purposes of actuarial valuation.

16. TAX INCREMENT FINANCING DISTRICT

The City has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the City and its surrounding areas. As part of the redevelopment plans, the City has made significant improvements to utilities, public parking, intersections and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly and demolition/clearance.

Construction and development in the RPA's were the responsibility of developers and are substantially complete. To entice development of the areas, the City created tax increment financing (TIF) districts to finance public improvements made within the RPA's.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

17. SUBSEQUENT EVENTS

On September 15, 2020, the City issued \$19,675,000 First Lien Water and Sewer System Revenue Bonds, Series 2020 refunding 2010D and 2012C bonds.

CITY OF WAUKEGAN, ILLINOIS

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 15,731,000	\$ 15,731,000	\$ 15,504,863	\$ (226,137)
Other taxes	30,298,000	30,298,000	30,046,160	(251,840)
Intergovernmental	12,280,000	12,280,000	14,106,445	1,826,445
Licenses	3,536,000	3,536,000	3,118,253	(417,747)
Permits	2,247,000	2,247,000	2,000,274	(246,726)
Franchise fees	1,100,000	1,100,000	944,322	(155,678)
Fines and forfeitures	2,208,000	2,208,000	3,371,511	1,163,511
Charges for services	2,871,000	2,871,000	3,679,995	808,995
Miscellaneous	841,000	841,000	846,793	5,793
Investment income	362,000	362,000	423,684	61,684
Total revenues	71,474,000	71,474,000	74,042,300	2,568,300
EXPENDITURES				
Current				
Central services	4,088,300	3,933,381	3,824,934	(108,447)
Public safety - police and communication services	36,968,600	36,709,491	36,567,948	(141,543)
Public safety - fire services	23,530,100	23,377,175	23,316,368	(60,807)
Streets, bridges and public works	7,019,400	7,357,787	7,330,714	(27,073)
Building and zoning	2,451,400	2,284,424	2,264,402	(20,022)
Sanitation and environment	305,000	262,988	262,988	-
Economic development	1,272,200	1,008,616	1,065,286	56,670
Capital outlay	96,000	77,288	77,228	(60)
Total expenditures	75,731,000	75,011,150	74,709,868	(301,282)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,257,000)	(3,537,150)	(667,568)	2,869,582
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	112,000	112,000
Transfers (out)	-	-	(278,620)	(278,620)
Sale of capital assets	-	-	21,297	21,297
Total other financing sources (uses)	-	-	(145,323)	(145,323)
NET CHANGE IN FUND BALANCE	\$ (4,257,000)	\$ (3,537,150)	(812,891)	\$ 2,724,259
FUND BALANCE, MAY 1			<u>26,163,663</u>	
FUND BALANCE, APRIL 30			<u>\$ 25,350,772</u>	

(See independent auditor's report.)

CITY OF WAUKEGAN, ILLINOIS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GARBAGE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property taxes	\$ 4,500,000	\$ 4,500,000	\$ 4,477,889	\$ (22,111)
Investment income	25,000	25,000	65,784	40,784
Miscellaneous	25,000	25,000	-	(25,000)
Total revenues	4,550,000	4,550,000	4,543,673	(6,327)
EXPENDITURES				
Sanitation and environment				
Contractual services	4,550,000	5,334,707	5,334,707	-
Total expenditures	4,550,000	5,334,707	5,334,707	-
NET CHANGE IN FUND BALANCE	\$ -	\$ (784,707)	(791,034)	\$ (6,327)
FUND BALANCE, MAY 1			1,416,719	
FUND BALANCE, APRIL 30			<u>\$ 625,685</u>	

(See independent auditor's report.)

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Two Fiscal Years

MEASUREMENT DATE, APRIL 30,	2019	2020
TOTAL OPEB LIABILITY		
Service cost	\$ 412,676	\$ 366,564
Interest	493,728	463,300
Changes in assumptions	213,482	942,023
Difference between expected and actual experience	(605,806)	(355,098)
Benefit payments	(686,539)	(673,390)
Net change in total OPEB liability	(172,459)	743,399
Total OPEB liability - beginning	12,363,731	12,191,272
TOTAL OPEB LIABILITY - ENDING	<u>\$ 12,191,272</u>	<u>\$ 12,934,671</u>
Covered payroll	\$ 28,691,354	\$ 24,655,261
Employer's total OPEB liability as a percentage of covered payroll	42.49%	52.46%

There was a change in assumptions related to the discount rate in 2020 and 2019.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF WAUKEGAN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 2,068,148	\$ 2,061,496	\$ 1,695,145	\$ 1,694,725	\$ 1,670,091
Contributions in relation to the actuarially determined contribution	(2,075,508)	(2,061,496)	(1,695,145)	(1,694,725)	(1,670,091)
CONTRIBUTION DEFICIENCY (Excess)	\$ (7,360)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,253,259	\$ 14,537,126	\$ 14,897,085	\$ 15,026,657	\$ 13,076,580
Contributions as a percentage of covered payroll	14.56%	14.18%	11.38%	11.28%	12.77%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually and postretirement benefit increases of 2.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**CITY OF WAUKEGAN, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 5,661,011	\$ 6,629,144	\$ 6,906,176	\$ 6,497,393	\$ 7,536,269	\$ 7,568,821	\$ 10,066,578	\$ 7,999,753	\$ 8,266,015	\$ 8,334,639
Contributions in relation to the actuarially determined contribution	3,566,939	5,670,179	5,561,347	5,694,120	7,092,819	6,286,274	6,460,711	8,506,939	8,789,380	8,911,429
CONTRIBUTION DEFICIENCY (Excess)	\$ 2,094,082	\$ 958,965	\$ 1,344,829	\$ 803,273	\$ 443,450	\$ 1,282,547	\$ 3,605,867	\$ (507,186)	\$ (523,365)	\$ (576,790)
Covered payroll	\$ 12,094,598	\$ 11,369,401	\$ 12,414,144	\$ 13,484,483	\$ 12,191,761	\$ 13,555,896	\$ 13,890,484	\$ 13,740,438	\$ 14,199,362	\$ 14,937,660
Contributions as a percentage of covered payroll	29.49%	49.87%	44.80%	42.23%	58.18%	46.37%	46.51%	61.91%	61.90%	59.66%

Notes to Required Supplementary Information

The plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and No. 27.

Valuation date: Actuarially determined contributions are calculated as of April 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	90% Level percentage of payroll, closed
Actuarial amortization period	15 years
Investment rate of return	5-year smoothed market
Inflation	3%
Salary increases	Graded by age (11.75% to 4.00%)
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Actuarial mortality	2010 Standard Ultimate Mortality Table
Mortality	Mortality rates were based on the RP-2014 RCA
	Mortality table projected generationally with Scale MP2019

(See independent auditor's report.)

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYERS
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 1,540,023	\$ 1,561,739	\$ 1,560,283	\$ 1,442,259	\$ 1,537,322
Interest	7,457,841	7,647,840	7,955,435	8,055,161	8,276,915
Differences between expected and actual experience	(772,988)	853,589	1,816,757	944,136	(307,109)
Changes of assumptions	122,608	(249,509)	(3,616,753)	3,117,171	-
Benefit payments, including refunds of member contributions	(5,531,773)	(5,854,033)	(6,099,065)	(6,554,999)	(7,133,095)
Net change in total pension liability	2,815,711	3,959,626	1,616,657	7,003,728	2,374,033
Total pension liability - beginning	101,566,516	104,382,227	108,341,853	109,958,510	116,962,238
TOTAL PENSION LIABILITY - ENDING	\$ 104,382,227	\$ 108,341,853	\$ 109,958,510	\$ 116,962,238	\$ 119,336,271
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 2,075,508	\$ 2,104,976	\$ 1,992,197	\$ 2,088,417	\$ 1,763,980
Contributions - employee	641,380	695,920	765,742	753,160	730,580
Net investment income	461,466	6,294,678	17,146,908	(6,212,855)	19,039,803
Benefit payments, including refunds of member contributions	(5,531,773)	(5,854,033)	(6,099,065)	(6,554,999)	(7,133,095)
Other (net transfer)	660,826	844,778	(1,401,095)	1,414,875	(632,452)
Net change in plan fiduciary net position	(1,692,793)	4,086,319	12,404,687	(8,511,102)	13,768,816
Plan fiduciary net position - beginning	93,700,780	92,007,987	96,094,306	108,498,993	99,987,891
PLAN FIDUCIARY NET POSITION - ENDING	\$ 92,007,987	\$ 96,094,306	\$ 108,498,993	\$ 99,987,891	\$ 113,756,707
EMPLOYER'S NET PENSION LIABILITY					
Plan fiduciary net position	\$ 12,374,240	\$ 12,247,547	\$ 1,459,517	\$ 16,974,347	\$ 5,579,564
as a percentage of the total pension liability	88.10%	88.70%	98.70%	85.50%	95.30%
Covered payroll	\$ 14,253,259	\$ 14,537,126	\$ 14,691,710	\$ 15,069,799	\$ 15,018,415
Employer's net pension liability as a percentage of covered payroll	86.80%	84.30%	9.90%	112.60%	37.20%
Notes to Required Supplementary Information					
In 2018, there were changes in assumptions related to the discount rate.					
The discount rate assumption was changed from 7.48% to 7.50% in 2016.					
Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.					

(See independent auditor's report.)

- 93 -

CITY OF WAUKEGAN, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS PENSION FUND

Last Ten Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 5,661,011	\$ 6,623,144	\$ 6,906,176	\$ 6,497,393	\$ 5,691,760	\$ 5,267,276	\$ 6,944,954	\$ 5,429,432	\$ 5,714,741	\$ 5,930,365
Contributions in relation to the actuarially determined contribution	3,566,929	5,670,179	5,561,347	5,694,120	4,900,036	4,401,230	4,522,475	5,951,000	6,246,677	6,511,246
CONTRIBUTION DEFICIENCY (Excess)	\$ -2,094,082	\$ 958,965	\$ 1,344,829	\$ 803,273	\$ 191,724	\$ 866,046	\$ 2,422,479	\$ (521,568)	\$ (531,936)	\$ (587,881)
Covered payroll	\$ 12,094,598	\$ 11,369,401	\$ 12,414,144	\$ 13,484,483	\$ 10,133,393	\$ 10,270,208	\$ 10,425,917	\$ 10,542,310	\$ 10,740,896	\$ 11,296,389
Contributions as a percentage of covered payroll	29.49%	49.87%	44.89%	42.23%	48.36%	42.85%	43.38%	56.45%	58.16%	57.70%
Notes to Required Supplementary Information										
The plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and No. 27.										
Valuation date: Actuarially determined contributions are calculated as of April 30 of the current fiscal year.										
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entrapage normal									
Amortization method	90%, Level percentage of payroll, closed									
Asset valuation method	5-year smoothed market									
Inflation	3%									
Salary increases	Graded by age (13% to 4%)									
Retirement age	60 years of age or pension plan investment expense, including inflation									
Mortality	50% to 65%									
	Mortality table projected generationally with Scale MP2019									

(See independent auditor's report.)

- 92 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYERS
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Six Fiscal Years

MEASUREMENT DATE: APRIL 30,	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY						
Service cost	\$ 3,094,780	\$ 3,469,307	\$ 4,315,238	\$ 4,228,515	\$ 4,679,976	\$ 5,288,560
Interest	10,778,912	10,714,859	12,947,255	12,500,803	12,976,924	13,808,758
Benefit changes	-	-	-	-	-	188,465
Differences between expected and actual experience	1,907,051	1,768,282	(1,999,250)	(371,247)	3,065,323	1,647,430
Changes of assumptions	-	23,870,577	663,463	14,574,013	5,433,010	19,129,298
Pension plan administrative expense	-	(238,281)	(258,769)	(112,711)	(133,528)	(153,872)
Benefit payments, including refunds of member contributions	(6,741,890)	(7,088,523)	(7,500,666)	(8,102,763)	(8,391,573)	(9,119,789)
Net change in total pension liability	8,638,853	32,496,221	7,267,271	22,717,210	17,650,132	30,788,850
Total pension liability - beginning	148,270,174	156,909,027	189,405,248	196,672,519	219,389,729	237,019,861
TOTAL PENSION LIABILITY - ENDING	\$ 156,909,027	\$ 189,405,248	\$ 196,672,519	\$ 219,389,729	\$ 237,019,861	\$ 267,808,711
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 7,092,839	\$ 6,286,274	\$ 6,460,711	\$ 8,506,239	\$ 8,789,380	\$ 8,911,429
Contributions - employee	1,399,835	1,470,091	1,385,451	1,345,205	1,545,205	1,654,107
Net investment income	5,339,746	186,595	8,309,318	7,097,566	5,562,943	(80,968)
Benefit payments, including refunds of member contributions	(6,741,893)	(7,088,523)	(7,500,666)	(8,102,763)	(8,391,573)	(9,119,789)
Administration	(239,965)	(238,281)	(258,769)	(112,709)	(133,528)	(153,872)
Net change in plan fiduciary net position	6,850,582	616,156	8,399,813	8,774,484	7,372,427	1,210,907
Plan fiduciary net position - beginning	73,019,891	79,870,473	80,486,629	88,886,442	97,660,926	105,033,353
PLAN FIDUCIARY NET POSITION - ENDING	\$ 79,870,473	\$ 80,486,629	\$ 88,886,442	\$ 97,660,926	\$ 105,033,353	\$ 106,244,260
EMPLOYER'S NET PENSION LIABILITY						
Plan fiduciary net position as a percentage of the total pension liability	50.90%	42.50%	45.20%	44.50%	44.30%	39.70%
Covered payroll	\$ 12,291,761	\$ 13,555,896	\$ 13,890,484	\$ 13,740,438	\$ 14,199,362	\$ 14,937,060
Employer's net pension liability as a percentage of covered payroll	626.70%	803.50%	776.00%	885.90%	929.50%	1081.60%

Notes to Required Supplementary Information

In 2020, changes in assumptions were made related to the discount rate and mortality rates. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

In 2019, changes in assumptions were made related to projected salary increases, mortality rates and the discount rate.

Changes of assumptions: For fiscal year 2018, the discount rate decreased from 6.50% in fiscal year 2017 to 6.04%. For fiscal year 2017, the inflation rate increased to 3.00% from 2.50% in 2016.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

- 94 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYERS
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND

Last Six Fiscal Years

MEASUREMENT DATE: APRIL 30,	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY						
Service cost	\$ 2,552,986	\$ 2,897,890	\$ 3,351,361	\$ 3,241,977	\$ 3,777,805	\$ 4,081,082
Interest	7,500,681	7,519,878	8,471,836	8,873,559	9,208,582	9,801,266
Benefit changes	-	-	-	-	-	158,428
Differences between expected and actual experience	(1,375,617)	1,455,705	324,674	170,667	(994,878)	2,498,346
Changes of assumptions	-	17,144,227	574,028	1,009,812	1,012,243	1,083,769
Pension plan administrative expense	-	(192,576)	(215,341)	(86,772)	(81,487)	(109,316)
Benefit payments, including refunds of member contributions	(5,317,565)	(5,697,676)	(6,100,761)	(6,406,481)	(6,689,669)	(7,054,934)
Net change in total pension liability	3,360,485	23,127,448	6,341,954	17,373,686	13,437,424	18,825,722
Total pension liability - beginning	107,152,586	110,513,071	133,640,519	139,982,473	157,256,159	170,793,583
TOTAL PENSION LIABILITY - ENDING	\$ 110,513,071	\$ 133,640,519	\$ 139,982,473	\$ 157,356,159	\$ 170,793,583	\$ 189,619,305
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 4,900,036	\$ 4,401,280	\$ 4,522,475	\$ 5,951,000	\$ 6,246,677	\$ 6,518,246
Contributions - employee	962,482	1,006,352	974,028	1,009,812	1,012,243	1,083,769
Net investment income	4,303,762	88,450	6,134,888	5,368,183	4,801,032	(91,262)
Benefit payments, including refunds of member contributions	(5,317,564)	(5,697,676)	(6,100,761)	(6,406,481)	(6,689,669)	(7,054,934)
Administration	(165,925)	(192,576)	(215,341)	(86,775)	(81,487)	(109,316)
Net change in plan fiduciary net position	4,682,791	(394,170)	5,315,289	5,826,739	5,288,796	346,503
Plan fiduciary net position - beginning	56,356,030	61,038,821	60,644,651	65,959,940	71,786,679	77,075,475
PLAN FIDUCIARY NET POSITION - ENDING	\$ 61,038,821	\$ 60,644,651	\$ 65,959,940	\$ 71,786,679	\$ 77,075,475	\$ 77,421,978
EMPLOYER'S NET PENSION LIABILITY						
Plan fiduciary net position as a percentage of the total pension liability	55.20%	45.40%	47.10%	45.60%	45.10%	40.80%
Covered payroll	\$ 10,133,393	\$ 10,270,208	\$ 10,425,917	\$ 10,542,310	\$ 10,740,896	\$ 11,296,389
Employer's net pension liability as a percentage of covered payroll	488.20%	710.80%	710.00%	811.70%	872.50%	993.20%

Notes to Required Supplementary Information

In 2020, changes in assumptions were made related to the discount rate and mortality rates. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

In 2019, changes in assumptions were made related to projected salary increases, mortality rates and the discount rate.

Changes of assumptions: The investment rate of return used in the measurement dated April 30, 2018 changed to 5.99% from 6.50% used in the prior valuation. For fiscal year 2017, the inflation rate increased to 3.00% from 2.50% in 2016.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

- 95 -

CITY OF WAUKEGAN, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	7.35%	0.10%	10.30%	8.00%	5.74%	0.03%
Notes to Required Supplementary Information						
Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.						

(See independent auditor's report.)
- 96 -

CITY OF WAUKEGAN, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	7.67%	0.10%	10.20%	8.30%	6.97%	0.01%
Notes to Required Supplementary Information						
Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.						

(See independent auditor's report.)
- 97 -

CITY OF WAUKEGAN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2020

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the cemetery trust fund, a permanent fund. The budget is as amended by the City Council. All annual appropriations lapse at fiscal year end.

Prior to April 30, the City's Director of Finance and Administrative Services submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to July 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year.

The City is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the City Council. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function and department. The City's Director of Finance and the Mayor is authorized to transfer budget amounts between departments within any fund; however, the City Council must approve revisions that alter the total expenditures of any fund.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF WAUKEGAN, ILLINOIS
SCHEDULE OF DETAILED REVENUES--BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
MAJOR GOVERNMENTAL FUNDS				
PROPERTY TAXES				
Pension	\$ 15,231,000	\$ 15,231,000	\$ 15,156,163	\$ (74,837)
Road and bridges	500,000	500,000	348,700	(151,300)
Total property taxes	15,731,000	15,731,000	15,504,863	(226,137)
OTHER TAXES				
Sales	10,000,000	10,000,000	9,961,845	(38,155)
Home rule sales	6,500,000	6,500,000	5,997,758	(502,242)
Cannabis excise tax	-	-	14,577	14,577
Local use	2,600,000	2,600,000	3,183,807	583,807
Utility taxes	4,800,000	4,800,000	4,997,358	197,358
Telecommunication taxes	2,100,000	2,100,000	1,787,323	(312,677)
Hotel/motel	1,600,000	1,600,000	1,308,906	(291,094)
Food and beverage tax	1,600,000	1,600,000	1,566,241	(33,759)
Gaming tax revenue	1,000,000	1,000,000	1,124,870	124,870
Municipal auto rental	25,000	25,000	27,527	2,527
Waukegan housing authority tax	73,000	73,000	75,948	2,948
Total other taxes	30,298,000	30,298,000	30,046,160	(251,840)
INTERGOVERNMENTAL				
Income tax	8,500,000	8,500,000	9,654,658	1,154,658
Personal property replacement tax	3,700,000	3,700,000	4,202,034	502,034
State route highway maintenance	80,000	80,000	115,514	35,514
Federal grants	-	-	26,485	26,485
State grants	-	-	107,754	107,754
Total intergovernmental	12,280,000	12,280,000	14,106,445	1,826,445
LICENSES				
Vehicle	1,400,000	1,400,000	1,181,515	(218,485)
Liquor	400,000	400,000	619,423	219,423
Determined by square feet	600,000	600,000	347,393	(252,607)
Gaming machines	400,000	400,000	279,040	(120,960)
Amusement devices	20,000	20,000	13,900	(6,100)
Animal	-	-	6,064	6,064
Juke box	-	-	3,800	3,800
Bakery	-	-	15	15
Restaurant	-	-	150	150
Tobacco dealer	36,000	36,000	24,900	(11,100)
Vending machine	27,000	27,000	21,233	(5,767)
Bicycle	-	-	170	170
Contractor's registration	70,000	70,000	93,202	23,202
Pawn shop	15,000	15,000	9,000	(6,000)
Rental property	500,000	500,000	461,321	(38,679)
Currency exchange	-	-	200	200
Laundry	-	-	100	100
Sales door to door	6,000	6,000	450	(5,550)

(This schedule is continued on the following pages.)

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
LICENSES (Continued)				
Billiard per table	\$ 2,000	\$ 2,000	\$ 1,365	\$ (635)
Public transportation	5,000	5,000	6,680	1,680
Day care	30,000	30,000	18,300	(11,700)
Business flat fee	25,000	25,000	26,625	1,625
Raffle ordinance	-	-	975	975
Business general	-	-	2,432	2,432
Total licenses	3,536,000	3,536,000	3,118,253	(417,747)
PERMITS				
Building	1,500,000	1,500,000	1,341,052	(158,948)
Electrical	200,000	200,000	188,624	(11,376)
Plumbing	150,000	150,000	155,463	5,463
Heating (HVAC)	150,000	150,000	136,527	(13,473)
Occupancy/residential	75,000	75,000	24,350	(50,650)
Signs	30,000	30,000	22,122	(7,878)
Demolition	20,000	20,000	11,106	(8,894)
Food handlers	-	-	10	10
City drivers	2,000	2,000	1,000	(1,000)
Fire protection construction work	20,000	20,000	32,166	12,166
Elevator	50,000	50,000	16,317	(33,683)
Roadway damage	30,000	30,000	35,630	5,630
Hazardous materials	20,000	20,000	15,600	(4,400)
Small cell antenna	-	-	1,300	1,300
Solar	-	-	19,007	19,007
Total permits	2,247,000	2,247,000	2,000,274	(246,726)
FRANCHISE FEES				
Cable television	800,000	800,000	841,929	41,929
Off-track betting	160,000	160,000	92,393	(67,607)
Video service	140,000	140,000	10,000	(130,000)
Total franchise fees	1,100,000	1,100,000	944,322	(155,678)
FINE AND FORFEITURES				
Lake County circuit court	400,000	400,000	265,247	(134,753)
Adult materials	-	-	995	995
Parking	600,000	600,000	393,858	(206,142)
Court ordered	-	-	2,631	2,631
Seizures	165,000	165,000	123,511	(41,489)
Code enforcement	65,000	65,000	24,320	(40,680)
Automated traffic enforcement	750,000	750,000	2,322,502	1,572,502
E-Citation fines	4,000	4,000	-	(4,000)
Arrest fines	-	-	31,166	31,166
Municipal prosecution fees	36,000	36,000	24,880	(11,120)
Pace shelter advertising income	20,000	20,000	-	(20,000)
Unit school district police security	63,000	63,000	78,317	15,317

(This schedule is continued on the following pages.)

- 100 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
FINE AND FORFEITURES (Continued)				
Waukegan housing authority security	\$ 55,000	\$ 55,000	\$ 54,084	\$ (916)
Community policing	50,000	50,000	50,000	-
Total fine and forfeitures	2,208,000	2,208,000	3,371,511	1,163,511
CHARGES FOR SERVICES				
Subpoena	-	-	693	693
Board up service	-	-	19,450	19,450
Plans and specifications review	250,000	250,000	437,502	187,502
Weed cutting	-	-	1,516	1,516
Debris removal	-	-	650	650
Conservation	-	-	325	325
Fire recovery	90,000	90,000	88,153	(1,847)
Fire reports	-	-	340	340
Amulance service	1,600,000	1,600,000	2,292,134	692,134
Vital statistics	40,000	40,000	41,164	1,164
Scoop vendors	-	-	9,675	9,675
False fire alarm	25,000	25,000	18,045	(6,955)
False burglar alarm	55,000	55,000	22,153	(32,847)
Burglar alarm	135,000	135,000	130,067	(4,933)
Fire alarm	400,000	400,000	390,201	(9,799)
Photo copy	18,000	18,000	34,079	16,079
Bid packages	-	-	2,788	2,788
Elevator inspection	60,000	60,000	20,850	(39,150)
Amulance inspection	-	-	140	140
Taxi inspections	2,000	2,000	688	(1,312)
Zoning subdivision annexation	-	-	1,700	1,700
Zoning letters	-	-	2,950	2,950
Grave openings/lots	-	-	3,075	3,075
Street openings	13,000	13,000	10,625	(2,375)
Vacations of land	-	-	300	300
Planned unit development	-	-	1,000	1,000
Inspection	-	-	14,684	14,684
HAZMAT removal	-	-	100	100
License fee - fire department	6,000	6,000	8,450	2,450
Garage demolition	-	-	110	110
Finger print - liquor license	2,000	2,000	1,534	(466)
Finger print - walk-ins	2,000	2,000	1,755	(245)
Rental re-inspection fee	1,000	1,000	225	(775)
Job applications fire and police	7,000	7,000	-	(7,000)
Rental unit inspection	1,000	1,000	-	(1,000)
Employee wage lien	60,000	60,000	1,728	(58,272)
Annual sign fee	-	-	653	653
Sign variance	2,000	2,000	650	(1,350)
Conditional use permit	7,000	7,000	2,000	(5,000)
Walk thru inspection	20,000	20,000	56,181	36,181
Vacant structure register	50,000	50,000	11,800	(38,200)
NSF check processing	-	-	510	510

(This schedule is continued on the following page.)

- 101 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
CHARGES FOR SERVICES (Continued)				
License fee business license	\$ -	\$ -	\$ 7,282	\$ 7,282
Rental license	5,000	5,000	(8)	(5,008)
Police registration	-	-	3,890	3,890
Cellular telecommunication/tower	20,000	20,000	19,388	(612)
GIS mapping	-	-	600	600
Business registration	-	-	200	200
Total charges for services	2,871,000	2,871,000	3,679,995	808,995
MISCELLANEOUS REVENUES				
Pull tabs	5,000	5,000	930	(4,070)
Rental income	16,000	16,000	5,742	(10,258)
Donations	50,000	50,000	28,275	(21,725)
Recyclables	30,000	30,000	14,417	(15,583)
Sale of gas and oil	140,000	140,000	125,325	(14,675)
Reimbursements	63,000	63,000	40,993	(22,007)
Sale of labor and materials	3,000	3,000	3,250	250
Sale of code books	-	-	100	100
Sale of miscellaneous items	6,000	6,000	17	(5,983)
Restitution payments	-	-	600	600
Special police duty events	430,000	430,000	405,538	(24,462)
Liens	6,000	6,000	10,375	4,375
Special events	14,000	14,000	890	(13,110)
Beach parking	62,000	62,000	53,292	(8,708)
Miscellaneous revenue	-	-	135,460	135,460
Evidence technician revenue	-	-	769	769
Penalties	16,000	16,000	20,820	4,820
Total miscellaneous revenues	841,000	841,000	846,793	5,793
INVESTMENT INCOME				
Investment income	362,000	362,000	423,684	61,684
TOTAL REVENUES	\$ 71,474,000	\$ 71,474,000	\$ 74,042,300	\$ 2,568,300

(See independent auditor's report.)

- 102 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
CENTRAL SERVICES				
Personnel services	\$ 1,153,300	\$ 1,212,957	\$ 1,156,383	\$ (56,574)
Personnel benefits	1,094,300	1,075,704	1,038,095	(37,609)
Contractual services	1,792,000	1,580,785	1,566,524	(14,261)
Commodities	48,500	63,795	63,792	(3)
Other	-	140	140	-
Total central services	4,088,300	3,953,381	3,824,934	(108,447)
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	19,423,200	19,579,735	19,582,577	2,842
Personnel benefits	6,273,200	5,272,045	5,057,898	(214,147)
Contractual services	1,463,500	2,404,872	2,435,754	30,882
Commodities	613,700	567,960	580,289	12,329
Pension contributions	9,195,000	8,884,879	8,911,430	26,551
Capital outlay	10,000	15,076	15,018	(58)
Total public safety - police and communication services	36,978,600	36,724,567	36,582,966	(141,601)
PUBLIC SAFETY - FIRE SERVICES				
Personnel services	12,768,100	12,856,937	12,841,364	4,427
Personnel benefits	2,774,600	2,728,746	2,618,722	(110,024)
Contractual services	817,900	901,691	919,931	18,240
Commodities	379,500	418,105	418,105	-
Pension contributions	6,790,000	6,491,696	6,518,246	26,550
Capital outlay	-	5,420	5,420	-
Total public safety - fire services	23,530,100	23,382,595	23,321,788	(60,807)
STREETS, BRIDGES AND PUBLIC WORKS				
Personnel services	3,312,800	3,340,173	3,340,174	1
Personnel benefits	1,716,300	2,093,741	2,059,066	(34,675)
Contractual services	996,800	868,158	875,760	7,602
Commodities	993,500	1,055,715	1,055,714	(1)
Capital outlay	86,000	56,792	56,790	(2)
Total streets, bridges and public works	7,105,400	7,414,579	7,387,504	(27,075)
BUILDING AND ZONING				
Personnel services	1,650,300	1,686,723	1,685,834	(889)
Personnel benefits	574,100	539,283	517,871	(21,412)
Contractual services	227,000	56,982	59,262	2,280
Commodities	-	1,436	1,435	(1)
Total building and zoning	2,451,400	2,284,424	2,264,402	(20,022)

(This schedule is continued on the following page.)

- 103 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
SANITATION AND ENVIRONMENT				
Contractual services	\$ 305,000	\$ 262,988	\$ 262,988	\$ -
ECONOMIC DEVELOPMENT				
Personnel services	96,000	22,200	79,453	57,253
Personnel benefits	15,000	12,087	12,086	(1)
Contractual services	1,133,700	946,614	946,156	(458)
Commodities	2,500	452	452	-
Capital outlay	25,000	27,263	27,139	(124)
Total economic development	1,272,200	1,008,616	1,065,286	56,670
TOTAL EXPENDITURES	\$ 75,731,000	\$ 75,011,150	\$ 74,709,868	\$ (301,282)

(See independent auditor's report.)
- 104 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 12,287,000	\$ 12,287,000	\$ 12,337,724	\$ 50,724
Special assessments	220,000	220,000	213,624	(6,376)
Investment income	-	-	38,600	38,600
Total revenues	12,507,000	12,507,000	12,589,948	82,948
EXPENDITURES				
Debt service				
Principal	10,936,000	10,974,205	10,937,618	(36,587)
Interest and fiscal charges	4,646,000	4,607,796	4,639,231	31,435
Total expenditures	15,582,000	15,582,001	15,576,849	(5,152)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,075,000)	(3,075,001)	(2,986,901)	88,100
OTHER FINANCING SOURCES (USES)				
Transfers in	3,075,000	3,075,000	3,076,525	1,525
Total other financing sources (uses)	3,075,000	3,075,000	3,076,525	1,525
NET CHANGE IN FUND BALANCE	\$ -	\$ (1)	89,624	\$ 89,625
FUND BALANCE, MAY 1			2,994,465	
FUND BALANCE, APRIL 30			\$ 3,084,089	

(See independent auditor's report.)
- 105 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL EQUIPMENT REPLACEMENT FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Investment income	\$ -	\$ -	\$ 451,757	\$ 451,757
Miscellaneous	-	-	750,000	750,000
Total revenues	-	-	1,201,757	1,201,757
EXPENDITURES				
Equipment replacement	12,563,000	12,563,000	5,512,745	(7,050,255)
Capital outlay	12,563,000	12,563,000	5,512,745	(7,050,255)
Total expenditures	(12,563,000)	(12,563,000)	(4,310,988)	8,252,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(220,000)	(220,000)	(220,000)	-
Total other financing sources (uses)	(220,000)	(220,000)	(220,000)	-
NET CHANGE IN FUND BALANCE	\$ (12,783,000)	\$ (12,783,000)	(4,530,988)	\$ 8,252,012
FUND BALANCE, MAY 1			16,258,428	
FUND BALANCE, APRIL 30			\$ 11,727,440	

NONMAJOR GOVERNMENTAL FUNDS

CITY OF WAUKEGAN, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2020

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
Cash and cash equivalents	\$ 4,211,965	\$ 46,408	\$ 1,253,916	\$ 1,416,758
Receivables (net)	-	-	-	-
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental	268,891	-	-	-
Accounts	1,256	17,846	37,353	133,727
Due from other funds	-	58,221	-	-
Prepaid items	12,641	-	-	-
Inventories	50,213	-	-	-
TOTAL ASSETS	\$ 4,544,966	\$ 122,475	\$ 1,291,269	\$ 1,550,485
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 30,718	\$ 63,770	\$ 26,667	\$ 69,811
Accrued salaries	-	7,542	132	13,825
Other current liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	12,641	-	-	32,447
Total liabilities	43,359	71,312	26,799	116,083
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	43,359	71,312	26,799	116,083
FUND BALANCES				
Nonspendable	62,854	-	-	-
Restricted	4,438,753	51,163	1,264,470	1,434,402
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	4,501,607	51,163	1,264,470	1,434,402
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,544,966	\$ 122,475	\$ 1,291,269	\$ 1,550,485

	Special Revenue					
	Public Safety Grants - Police	Public Safety Grants - Fire	Home Rehab Assistance	Home Role Sales Tax Infrastructure	Prisoner Review/DUI SB 740	Local Forfeiture
\$ 575,565	\$ 553	\$ 49,066	\$ 3,691,950	\$ 323,264	\$ 609,668	
-	-	-	-	-	-	-
-	-	-	-	677,786	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	30,735
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 575,565	\$ 553	\$ 49,066	\$ 4,369,736	\$ 323,264	\$ 640,403	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	7,286
-	-	-	-	-	-	-
-	-	-	-	-	-	671,000
-	-	-	-	-	-	-
-	-	-	-	-	-	3,879
-	-	-	-	-	-	682,165
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	682,165
575,565	553	49,066	4,369,736	323,264	-	-
-	-	-	-	-	-	(41,762)
575,565	553	49,066	4,369,736	323,264	(41,762)	
\$ 575,565	\$ 553	\$ 49,066	\$ 4,369,736	\$ 323,264	\$ 640,403	

CITY OF WAUKEGAN, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2020

	Special Revenue			
	Planning and Development Grants	Foreign Fire	Fire Service Training	North Lakewood TIF #7
Cash and cash equivalents	\$ 64,699	\$ 213,873	\$ 21,872	\$ 225,672
Receivables (net)	-	-	-	94,038
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental	-	-	-	-
Accounts	50,073	-	-	-
Due from other funds	18,055	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 132,827	\$ 213,873	\$ 21,872	\$ 319,710
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 19,081	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-
Other current liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	24,762	-	-	-
Total liabilities	43,843	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	-	-	-	94,038
Total deferred inflows of resources	-	-	-	94,038
Total liabilities and deferred inflows of resources	43,843	-	-	94,038
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	88,984	213,873	21,872	225,672
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	88,984	213,873	21,872	225,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 132,827	\$ 213,873	\$ 21,872	\$ 319,710

	Special Revenue			Capital Projects			Total Nonmajor Governmental Funds
	Downtown TIF #8	Lakefront TIF #9	McGaw Park TIF #10	Street/Sidewalk Rehabilitation	Cemetery Trust		
\$ 522,842	\$ 122,344	\$ 298,222	\$ 3,356,490	\$ 61,785	\$ 17,066,912		
501,267	106,834	4,354,445	-	-	5,056,584		
-	-	-	-	-	677,786		
-	-	-	-	-	268,891		
-	-	-	-	-	270,990		
-	-	-	-	108,530	-		
-	-	-	-	-	184,806		
-	-	-	-	-	12,641		
-	-	-	-	-	502,213		
\$ 1,024,109	\$ 229,178	\$ 4,652,667	\$ 3,465,020	\$ 61,785	\$ 23,588,823		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
\$ -	\$ -	\$ 3,396	\$ 571,802	\$ -	\$ 792,531		
-	-	-	-	-	21,499		
-	-	-	-	-	671,000		
-	-	-	-	-	-		
-	-	151,000	-	-	224,729		
-	-	154,396	571,802	-	1,709,759		
501,267	106,834	4,354,445	-	-	5,056,584		
501,267	106,834	4,354,445	-	-	5,056,584		
501,267	106,834	4,508,841	571,802	-	6,766,343		
522,842	122,344	143,826	2,398,426	61,785	16,306,596		
-	-	-	494,792	-	494,792		
-	-	-	-	-	(41,762)		
522,842	122,344	143,826	2,893,218	61,785	16,822,480		
\$ 1,024,109	\$ 229,178	\$ 4,652,667	\$ 3,465,020	\$ 61,785	\$ 23,588,823		

(See independent auditor's report.)
- 110 -

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

	Special Revenue				911
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	Emergency System	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Other taxes	-	-	-	-	-
Intergovernmental	3,287,126	519,623	286,043	5,254	5,254
Fines and forfeitures	-	-	249,825	-	-
Charges for services	-	-	-	-	-
Miscellaneous	1,022	68,854	-	-	1,192,169
Investment income	55,123	-	37,089	-	35,386
Total revenues	3,343,271	588,477	572,957	-	1,232,809
EXPENDITURES					
Current					
Public safety - police and communication services	-	-	185,237	-	1,407,032
Public safety - fire services	-	-	-	-	-
Streets, bridges and public works	770,617	-	-	-	-
Sanitation and environment	-	-	-	-	-
Economic development	-	-	-	-	-
Community development	-	588,477	-	-	-
Capital outlay	63,843	-	428,578	-	74,598
Principal	-	-	-	-	290,433
Interest and fiscal charges	-	-	-	-	22,060
Total expenditures	834,460	588,477	613,815	-	1,794,123
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,508,811	-	(40,858)	-	(561,314)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Bonds issued, at par	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	2,508,811	-	(40,858)	-	(561,314)
FUND BALANCES (DEFICIT), MAY 1	1,992,796	51,163	1,305,328	-	1,995,716
FUND BALANCES (DEFICIT), APRIL 30	\$ 4,501,607	\$ 51,163	\$ 1,264,470	\$ 1,434,402	\$ 1,434,402

Special Revenue									
Public Safety			Home Rehab			Home Rule		Prisoner	
Grants - Police	Public Safety Grants - Fire	Home Assistance	Rehab	Sales Tax	Infrastructure	Review/DUI	Local Forfeiture		
\$	\$	\$	\$	\$	\$	\$	\$		
-	-	-	-	-	-	-	-		
20,881	409,091	10,818	-	-	3,101,427	-	11,145	59,537	
11,317	-	-	-	-	-	-	52,983	-	
-	13,000	-	-	-	-	-	-	15,077	
15,418	-	-	-	-	40,763	-	-	17,469	
47,616	422,091	10,818	3,142,190	64,128	92,083				
32,027	-	-	-	-	-	-	-	108,278	
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
-	553,000	3,109	-	-	-	-	17,044	9,326	
-	7,500	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
32,027	553,000	10,609	-	17,044	117,604				
15,589	(130,909)	209	3,142,190	47,084	(25,521)				
-	35,000	-	-	-	-	-	-	-	
-	-	-	(3,076,525)	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	35,000	-	(3,076,525)	-	-	-	-	-	
15,589	(95,909)	209	65,665	47,084	(25,521)				
559,976	96,462	48,857	4,304,071	276,180	(16,241)				
\$ 575,565	\$ 553	\$ 49,066	\$ 4,369,736	\$ 323,264	\$ (41,762)				

CITY OF WAUKEGAN, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2020

	Special Revenue			
	Planning and Development Grants	Foreign Fire	Fire Service Training	North Lakewood TIF #7
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 95,706
Other taxes	-	127,413	-	-
Intergovernmental	262,829	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	69,907	-	31,049	-
Miscellaneous	-	-	-	-
Investment income	-	41	-	-
Total revenues	332,736	127,454	31,049	95,706
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	-	-
Public safety - fire services	-	75,560	15,192	-
Streets, bridges and public works	-	-	-	-
Sanitation and environment	-	-	-	-
Economic development	309,899	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	309,899	75,560	15,192	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22,837	51,894	15,857	95,706
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bonds issued, at par	-	-	-	-
Premium on bonds issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	22,837	51,894	15,857	95,706
FUND BALANCES (DEFICIT), MAY 1	66,147	161,979	6,015	129,966
FUND BALANCES (DEFICIT), APRIL 30	\$ 88,984	\$ 213,873	\$ 21,872	\$ 225,672

	Special Revenue				Permanent		Total Nonmajor Governmental Funds
	Downtown TIF #8	South Lakewood TIF #9	McGaw Park TIF #10	Street/ Sidewalk Rehabilitation	Cemetery Trust		
\$	439,244	\$ 53,281	\$ 1,812,915	\$ -	\$ -	\$ 2,401,146	
-	-	-	-	-	-	3,228,840	
-	-	-	-	-	-	4,872,347	
-	-	-	-	-	-	314,125	
-	-	-	-	-	-	1,293,125	
-	-	-	-	108,530	825	207,308	
-	-	-	11,247	256,929	573	470,038	
439,244	53,281	1,824,162	365,459	1,398	12,786,929		
-	-	-	-	-	-	1,732,574	
-	-	-	-	-	-	90,752	
-	-	-	-	-	-	770,617	
-	-	-	-	-	-	-	
71,355	-	25,876	-	-	-	407,130	
-	-	-	-	-	-	591,586	
-	4,101	-	7,332,183	-	-	8,490,173	
-	-	-	-	-	-	290,433	
-	-	1,639,495	-	-	-	1,661,555	
71,355	4,101	1,665,371	7,332,183	-	14,034,820		
367,889	49,180	158,791	(6,966,724)	1,398	(1,247,891)		
-	-	-	-	-	-	35,000	
-	-	-	-	-	-	(3,076,525)	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	(3,041,525)	
367,889	49,180	158,791	(6,966,724)	1,398	(4,289,416)		
154,953	73,164	(14,965)	9,859,942	60,387	21,111,896		
\$ 522,842	\$ 122,344	\$ 143,826	\$ 2,893,218	\$ 61,785	\$ 16,822,480		

(See independent auditor's report.)
- 114 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Federal grants	\$ 268,000	\$ 268,000	\$ -	\$ (268,000)
Motor fuel tax	2,525,000	2,525,000	3,287,126	762,126
Investment income	25,000	25,000	55,123	30,123
Miscellaneous revenue	-	-	1,022	1,022
Total revenues	2,818,000	2,818,000	3,343,271	525,271
EXPENDITURES				
Streets, bridges and public works				
Contractual services	100,000	100,000	626	(99,374)
Commodities	1,035,000	1,196,000	769,991	(426,009)
Capital outlay	1,683,000	1,522,000	63,843	(1,458,157)
Total expenditures	2,818,000	2,818,000	834,460	(1,983,540)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	2,508,811	\$ 2,508,811
FUND BALANCE, MAY 1			1,992,796	
FUND BALANCE, APRIL 30			<u>\$ 4,501,607</u>	

(See independent auditor's report.)
- 115 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Intergovernmental	\$ 1,324,000	\$ 1,324,000	\$ 519,623	\$ (804,377)
Miscellaneous	-	-	68,854	68,854
Liens	-	-	-	-
Total revenues	1,324,000	1,324,000	588,477	(735,523)
EXPENDITURES				
Community development				
Personnel services	61,000	72,905	3,653	(69,252)
Personnel benefits	178,000	173,677	168,559	(5,118)
Contractual services	105,000	88,151	36,482	(51,669)
Commodities	760,000	459,946	379,783	(80,163)
Capital outlay	220,000	138,479	-	(138,479)
Total expenditures	1,324,000	933,158	588,477	(344,681)
NET CHANGE IN FUND BALANCE	\$ -	\$ 390,842	-	\$ (390,842)
FUND BALANCE, MAY 1			51,163	
FUND BALANCE, APRIL 30			<u>\$ 51,163</u>	

(See independent auditor's report.)
- 116 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NARCOTICS FORFEITURE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Federal grants	\$ 60,000	\$ 60,000	\$ 286,043	\$ 226,043
Fines and forfeitures				
Customs/border patrol	50,000	50,000	249,825	199,825
Investment Income	-	-	37,089	37,089
Total revenues	110,000	110,000	572,957	462,957
EXPENDITURES				
Public safety - police and communication service				
Personnel services	50,000	50,000	43,979	(6,021)
Personnel benefits	120,000	182,327	137,263	(45,064)
Commodities	115,000	59,673	3,995	(55,678)
Capital outlay	210,000	591,000	428,578	(162,422)
Total expenditures	495,000	883,000	613,815	(269,185)
NET CHANGE IN FUND BALANCE	\$ (385,000)	\$ (773,000)	(40,858)	\$ 732,142
FUND BALANCE, MAY 1			1,305,328	
FUND BALANCE, APRIL 30			<u>\$ 1,264,470</u>	

(See independent auditor's report.)
- 117 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
911 EMERGENCY SYSTEM FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Charges for services				
911 emergency surcharge	\$ 1,500,000	\$ 1,500,000	\$ 1,192,169	\$ (307,831)
Intergovernmental	-	-	5,254	5,254
Investment Income	15,000	15,000	35,386	20,386
Total revenues	1,515,000	1,515,000	1,232,809	(282,191)
EXPENDITURES				
Public safety - police and communication services				
Personnel services	386,000	386,000	349,796	(36,204)
Personnel benefits	141,000	86,968	56,874	(30,094)
Contractual services	1,020,000	966,959	966,604	(355)
Commodities	3,000	33,758	33,758	-
Capital outlay	41,000	54,820	74,598	19,778
Debt service				
Principal	250,000	290,433	290,433	-
Interest and fiscal charges	-	22,060	22,060	-
Total expenditures	1,841,000	1,840,998	1,794,123	(46,875)
NET CHANGE IN FUND BALANCE	\$ (326,000)	\$ (325,998)	(561,314)	\$ (235,316)
FUND BALANCE, MAY 1			1,995,716	
FUND BALANCE, APRIL 30			<u>\$ 1,434,402</u>	

(See independent auditor's report.)
- 118 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY GRANTS - POLICE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Federal grants	\$ 28,000	\$ 28,000	\$ 20,881	\$ (7,119)
Fines and forfeitures	-	-	11,317	11,317
E-citations	500	500	15,418	14,918
Investment income				
Total revenues	28,500	28,500	47,616	19,116
EXPENDITURES				
Public safety - police and communication services				
Personnel services	28,500	32,027	32,027	-
Total expenditures	28,500	32,027	32,027	-
NET CHANGE IN FUND BALANCE	\$ -	\$ (3,527)	15,589	\$ 19,116
FUND BALANCE, MAY 1			559,976	
FUND BALANCE, APRIL 30			\$ 575,565	

(See independent auditor's report.)
- 119 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY GRANTS - FIRE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Federal grants	\$ 624,000	\$ 624,000	\$ 409,091	\$ (214,909)
Miscellaneous	-	-	13,000	13,000
Total revenues	624,000	624,000	422,091	(201,909)
EXPENDITURES				
Capital outlay				
Total expenditures	686,000	686,000	553,000	(133,000)
Total expenditures	686,000	686,000	553,000	(133,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(62,000)	(62,000)	(130,909)	(68,909)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Total other financing sources (uses)	62,000	62,000	35,000	(27,000)
Total other financing sources (uses)	62,000	62,000	35,000	(27,000)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(95,909)	\$ (95,909)
FUND BALANCE, MAY 1			96,462	
FUND BALANCE, APRIL 30			\$ 553	

(See independent auditor's report.)
- 120 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOME REHAB ASSISTANCE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Federal grants	\$ 408,000	\$ 408,000	\$ 10,818	\$ (397,182)
	<u>408,000</u>	<u>408,000</u>	<u>10,818</u>	<u>(397,182)</u>
Total revenues				
EXPENDITURES				
Community development				
Contractual services	408,000	3,109	3,109	-
Capital outlay	-	7,500	7,500	-
	<u>408,000</u>	<u>10,609</u>	<u>10,609</u>	<u>-</u>
Total expenditures				
NET CHANGE IN FUND BALANCE	\$ -	\$ 397,391	209	\$ (397,182)
FUND BALANCE, MAY 1			<u>48,857</u>	
FUND BALANCE, APRIL 30			<u>\$ 49,066</u>	

(See independent auditor's report.)
- 121 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOME RULE SALES TAX INFRASTRUCTURE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Home rule sales	\$ 3,075,000	\$ 3,075,000	\$ 3,101,427	\$ 26,427
Investment income	-	-	40,763	40,763
	<u>3,075,000</u>	<u>3,075,000</u>	<u>3,142,190</u>	<u>67,190</u>
Total revenues				
EXPENDITURES				
None	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,075,000	3,075,000	3,142,190	67,190
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(3,075,000)	(3,075,000)	(3,076,525)	(1,525)
	<u>(3,075,000)</u>	<u>(3,075,000)</u>	<u>(3,076,525)</u>	<u>(1,525)</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCE	\$ -	\$ -	65,665	\$ 65,665
FUND BALANCE, MAY 1			<u>4,304,071</u>	
FUND BALANCE, APRIL 30			<u>\$ 4,369,736</u>	

(See independent auditor's report.)
- 122 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PRISONER REVIEW/DUI SB 740 FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Fines and forfeitures				
Prison review agency	\$ 25,000	\$ 25,000	\$ 22,898	\$ (2,102)
Late payment/penalties	25,000	25,000	30,085	5,085
Intergovernmental	-	-	11,145	11,145
Total revenues	50,000	50,000	64,128	14,128
EXPENDITURES				
Public safety - police and communication services				
None	-	-	-	-
Capital outlay	50,000	50,000	17,044	(32,956)
Total expenditures	50,000	50,000	17,044	(32,956)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	47,084	\$ 47,084
FUND BALANCE, MAY 1			276,180	
FUND BALANCE, APRIL 30			<u>\$ 323,264</u>	

(See independent auditor's report.)
- 123 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL FORFEITURE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Federal grants	\$ 5,000	\$ 5,000	\$ 19,103	\$ 14,103
State grants	-	-	38,971	38,971
Other	5,000	5,000	1,463	(3,537)
Miscellaneous revenue	-	-	15,077	15,077
Investment income	25,000	25,000	17,469	(7,531)
Total revenues	35,000	35,000	92,083	57,083
EXPENDITURES				
Public safety				
Contractual services	62,000	62,000	57,867	(4,133)
Commodities	46,000	46,000	50,411	4,411
Capital outlay	15,000	15,000	9,326	(5,674)
Total expenditures	123,000	123,000	117,604	(5,396)
NET CHANGE IN FUND BALANCE	\$ (88,000)	\$ (88,000)	(25,521)	\$ 62,479
FUND BALANCE (DEFICIT), MAY 1			(16,241)	
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ (41,762)</u>	

(See independent auditor's report.)
- 124 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PLANNING AND DEVELOPMENT GRANTS FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
State grants	\$ 561,000	\$ 561,000	\$ 244,774	\$ (316,226)
Federal grants	455,000	455,000	-	(455,000)
Other	-	-	18,055	18,055
Charges for services	-	-	69,907	69,907
Total revenues	1,016,000	1,016,000	332,736	(683,264)
EXPENDITURES				
Economic development				
Commodities	1,136,000	399,139	309,899	(89,240)
Total expenditures	1,136,000	399,139	309,899	(89,240)
NET CHANGE IN FUND BALANCE	\$ (120,000)	\$ 616,861	22,837	\$ (594,024)
FUND BALANCE, MAY 1			66,147	
FUND BALANCE, APRIL 30			<u>\$ 88,984</u>	

(See independent auditor's report.)
- 125 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOREIGN FIRE FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Other taxes				
Foreign fire insurance tax	\$ 150,000	\$ 150,000	\$ 127,413	\$ (22,587)
Investment income	-	-	41	41
Total revenues	150,000	150,000	127,454	(22,546)
EXPENDITURES				
Public safety				
Public safety - fire services	350,000	350,000	75,560	(274,440)
Total expenditures	350,000	350,000	75,560	(274,440)
NET CHANGE IN FUND BALANCE	\$ (200,000)	\$ (200,000)	51,894	\$ 251,894
FUND BALANCE, MAY 1			161,979	
FUND BALANCE, APRIL 30			<u>\$ 213,873</u>	

(See independent auditor's report.)
- 126 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE SERVICE TRAINING FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Charges for services				
Tuition - fire training class	\$ 65,000	\$ 65,000	\$ 31,049	\$ (33,951)
Total revenues	65,000	65,000	31,049	(33,951)
EXPENDITURES				
Public safety - fire services				
Contractual services	20,000	49,495	10,724	(38,771)
Commodities	45,000	15,505	4,468	(11,037)
Total expenditures	65,000	65,000	15,192	(49,808)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	15,857	15,857
FUND BALANCE, MAY 1			6,015	
FUND BALANCE, APRIL 30			\$ 21,872	

(See independent auditor's report.)
- 127 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NORTH LAKEFRONT TIF #7 FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property taxes	\$ 61,000	\$ 61,000	\$ 95,706	\$ 34,706
Total revenues	61,000	61,000	95,706	34,706
EXPENDITURES				
None	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 61,000	\$ 61,000	95,706	34,706
FUND BALANCE, MAY 1			129,966	
FUND BALANCE, APRIL 30			\$ 225,672	

(See independent auditor's report.)
- 128 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN TIF #8 FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property taxes	\$ 281,000	\$ 281,000	\$ 439,244	\$ 158,244
Total revenues	281,000	281,000	439,244	158,244
EXPENDITURES				
Economic development				
Commodities	121,000	59,289	59,289	-
Contractual services	160,000	12,100	12,066	(34)
Total expenditures	281,000	71,389	71,355	(34)
NET CHANGE IN FUND BALANCE	\$ -	\$ 209,611	367,889	\$ 158,278
FUND BALANCE, MAY 1			154,953	
FUND BALANCE, APRIL 30			\$ 522,842	

(See independent auditor's report.)
- 129 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOUTH LAKEFRONT TIF #9 FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property taxes	\$ 50,000	\$ 50,000	\$ 53,281	\$ 3,281
Total revenues	50,000	50,000	53,281	3,281
EXPENDITURES				
Economic development				
Contractual services	50,000	4,101	4,101	-
Total expenditures	50,000	4,101	4,101	-
NET CHANGE IN FUND BALANCE	\$ -	\$ 45,899	49,180	\$ 3,281
FUND BALANCE, MAY 1			73,164	
FUND BALANCE, APRIL 30			\$ 122,344	

(See independent auditor's report.)
- 130 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MCGAW PARK TIF #10 FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,812,915	\$ 812,915
Investment income	-	-	11,247	11,247
Total revenues	1,000,000	1,000,000	1,824,162	824,162
EXPENDITURES				
Economic development				
Contractual services	50,000	25,876	25,876	-
Debt service				
Interest	950,000	1,639,495	1,639,495	-
Total expenditures	1,000,000	1,665,371	1,665,371	-
NET CHANGE IN FUND BALANCE	\$ -	\$ (665,371)	158,791	\$ 824,162
FUND BALANCE (DEFICIT), MAY 1			(14,965)	
FUND BALANCE, APRIL 30			<u>\$ 143,826</u>	

(See independent auditor's report.)
- 131 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET/SIDEWALK REHABILITATION FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental	\$ 792,000	\$ 792,000	\$ -	\$ (792,000)
Investment income	-	-	256,929	256,929
Miscellaneous	-	-	108,530	108,530
Total revenues	792,000	792,000	365,459	(426,541)
EXPENDITURES				
Streets, bridges and public works				
Capital outlay	9,383,000	9,383,000	7,332,183	(2,050,817)
Total expenditures	9,383,000	9,383,000	7,332,183	(2,050,817)
NET CHANGE IN FUND BALANCE	<u>\$ (8,591,000)</u>	<u>\$ (8,591,000)</u>	(6,966,724)	<u>\$ 1,624,276</u>
FUND BALANCE, MAY 1			9,859,942	
FUND BALANCE, APRIL 30			<u>\$ 2,893,218</u>	

(See independent auditor's report.)
- 132 -

CITY OF WAUKEGAN, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for services	\$ 15,375,000	\$ 15,375,000	\$ 13,954,830	\$ (1,420,170)
Fines and forfeitures	405,000	405,000	357,820	(47,180)
Permits	95,000	95,000	122,289	27,289
Miscellaneous	7,000	7,000	10,868	3,868
Total operating revenues	15,882,000	15,882,000	14,445,807	(1,436,193)
OPERATING EXPENSES				
Personnel services	4,295,000	4,160,977	4,045,956	(115,021)
Personnel benefits	1,581,000	2,072,099	1,925,639	(146,460)
Contractual services	13,310,000	12,400,818	2,296,698	(10,104,120)
Commodities	687,000	607,962	276,639	(331,323)
Professional services	407,000	714,621	387,460	(327,161)
Capital outlay	3,140,000	2,545,670	6,674,549	4,128,879
Total operating expenses	23,420,000	22,502,147	15,806,941	(6,895,206)
OPERATING INCOME (LOSS)	(7,538,000)	(6,620,147)	(1,161,134)	5,459,013
NON-OPERATING REVENUES (EXPENSES)				
Investment income	100,000	100,000	1,136,073	1,036,073
Intergovernmental	-	-	375,000	375,000
Miscellaneous	-	(200)	8,891	9,091
Loss on disposal of capital assets	-	-	(402,816)	(402,816)
Interest and fiscal charges	(917,000)	(917,300)	(873,679)	43,621
Total non-operating revenues (expenses)	(817,000)	(817,500)	243,469	1,060,969
INCOME (LOSS) BEFORE TRANSFERS	(8,355,000)	(7,437,647)	(917,665)	6,519,982
TRANSFERS				
Transfers (out)	-	-	(8,743)	(8,743)
Total transfers	-	-	(8,743)	(8,743)
ADJUSTMENTS TO GAAP BASIS				
Depreciation	-	-	(2,655,249)	(2,655,249)
Capital assets capitalized	-	-	6,674,549	6,674,549
Total adjustments to GAAP basis	-	-	4,019,300	4,019,300
CHANGE IN NET POSITION	\$ (8,355,000)	\$ (7,437,647)	3,092,892	\$ 10,530,539
NET POSITION, MAY 1			71,598,804	
NET POSITION, APRIL 30			\$ 74,691,696	

(See independent auditor's report.)
- 133 -

CITY OF WAUKEGAN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
MOTOR VEHICLE PARKING LOT FUND**

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for services	\$ 625,000	\$ 625,000	\$ 589,249	\$ (35,751)
Miscellaneous	106,000	106,000	84,225	(21,775)
Total operating revenues	731,000	731,000	673,474	(57,526)
OPERATING EXPENSES				
Personnel services	160,000	179,447	171,628	(7,819)
Personnel benefits	63,000	92,215	88,031	(4,184)
Contractual services	619,000	576,372	120,665	(455,707)
Commodities	51,000	39,590	3,601	(35,989)
Total operating expenses	893,000	887,624	383,925	(503,699)
OPERATING INCOME (LOSS)	(162,000)	(156,624)	289,549	446,173
NON-OPERATING REVENUES (EXPENSES)				
Investment income	10,000	10,000	14,196	4,196
Home rule sales tax	487,000	487,000	313,008	(173,992)
Principal payments	(470,000)	(455,022)	(470,000)	(14,978)
Interest and fiscal charges	(85,000)	(105,353)	(104,141)	1,212
Loss on disposal of capital assets	-	-	(33,945)	(33,945)
Total non-operating revenues (expenses)	(58,000)	(63,375)	(280,882)	(217,507)
INCOME (LOSS) BEFORE TRANSFERS	(220,000)	(219,999)	8,667	228,666
TRANSFERS				
Transfers in	220,000	220,000	220,169	169
Total transfers	220,000	220,000	220,169	169
ADJUSTMENTS TO GAAP BASIS				
Principal payments	-	-	470,000	470,000
Depreciation	-	-	(216,633)	(216,633)
Capital assets capitalized	-	-	66,777	66,777
Total adjustments to GAAP basis	-	-	320,144	320,144
CHANGE IN NET POSITION	\$ -	\$ 1	548,980	\$ 548,979
NET POSITION, MAY 1			<u>6,148,299</u>	
NET POSITION, APRIL 30			<u>\$ 6,697,279</u>	

(See independent auditor's report.)

CITY OF WAUKEGAN, ILLINOIS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

April 30, 2020

	Employee Benefit Plan	Safety and Risk Management	IT Department	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,236,285	\$ 3,286,010	\$ -	\$ 4,522,295
Due from other funds	44,623	208,051	492,048	744,722
Prepaid items	278,352	-	47,081	325,433
Total assets	1,559,260	3,494,061	539,129	5,592,450
LIABILITIES				
Current liabilities				
Accounts payable	720,685	166,745	205,220	1,092,650
Accrued salaries	-	3,326	32,981	36,307
Claims payable	-	1,877,817	-	1,877,817
Compensated absences	-	2,623	23,807	26,430
Due to other funds	-	567,179	241,411	808,590
Total current liabilities	720,685	2,617,690	503,419	3,841,794
Noncurrent liabilities				
Compensated absences	-	3,935	35,710	39,645
Claims payable	-	616,285	-	616,285
Total noncurrent liabilities	-	620,220	35,710	655,930
Total liabilities	720,685	3,237,910	539,129	4,497,724
NET POSITION				
Unrestricted	838,575	256,151	-	1,094,726
TOTAL NET POSITION	\$ 838,575	\$ 256,151	\$ -	\$ 1,094,726

(See independent auditor's report.)
- 135 -

CITY OF WAUKEGAN, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2020

	Employee Benefit Plan	Safety and Risk Management	IT Department	Total
OPERATING REVENUES				
Charges for services	\$ 7,775,988	\$ 3,400,817	\$ 2,653,933	\$ 13,830,738
Miscellaneous	-	206,313	-	206,313
Total operating revenues	7,775,988	3,607,130	2,653,933	14,037,051
OPERATING EXPENSES				
Personnel services	-	6,559	418,836	425,395
Personnel benefits	-	-	102,258	102,258
Contractual services	6,470	258,924	2,132,839	2,398,233
Commodities	-	155	-	155
Claims and judgments	129,017	4,339,922	-	4,468,939
Insurance premiums	7,644,315	-	-	7,644,315
Capital outlay	-	-	-	-
Total operating expenses	7,779,802	4,605,560	2,653,933	15,039,295
OPERATING INCOME (LOSS)	(3,814)	(998,430)	-	(1,002,244)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	129,142	-	129,142
Total non-operating revenues (expenses)	-	129,142	-	129,142
INCOME (LOSS) BEFORE TRANSFERS	(3,814)	(869,288)	-	(873,102)
TRANSFERS				
Transfers in	-	140,363	-	140,363
Transfers (out)	-	(169)	-	(169)
Total transfers	-	140,194	-	140,194
CHANGE IN NET POSITION	(3,814)	(729,094)	-	(732,908)
NET POSITION, MAY 1	842,389	985,245	-	1,827,634
NET POSITION, APRIL 30	\$ 838,575	\$ 256,151	\$ -	\$ 1,094,726

(See independent auditor's report.)
- 136 -

CITY OF WAUKEGAN, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2020

	Employee Benefit Plan	Safety and Risk Management	IT Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 803,870	\$ -	\$ -	\$ 803,870
Receipts from interfund services provided	6,927,495	3,997,332	2,653,933	13,578,760
Paid to suppliers for goods and services	(7,094,241)	(4,254,093)	(2,653,933)	(14,002,267)
Net cash from operating activities	637,124	(256,761)	-	380,363
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund borrowings	-	140,194	-	140,194
Net cash from noncapital financing activities	-	140,194	-	140,194
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	129,142	-	129,142
Net cash from investing activities	-	129,142	-	129,142
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	637,124	12,575	-	649,699
CASH AND CASH EQUIVALENTS, MAY 1	599,161	3,273,435	-	3,872,596
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 1,236,285	\$ 3,286,010	\$ -	\$ 4,522,295
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (3,814)	\$ (998,430)	\$ -	\$ (1,002,244)
Changes in assets and liabilities				
Accounts payable	-	187,234	-	187,234
Prepaid items	-	-	-	-
Accounts receivable	(17,792)	-	-	(17,792)
Accounts payable	703,353	164,233	-	867,586
Accrued salaries	-	3,326	-	3,326
Compensated absences	-	6,558	-	6,558
Interfund receivables/payables	(44,623)	380,318	-	335,695
NET CASH FROM OPERATING ACTIVITIES	\$ 637,124	\$ (256,761)	\$ -	\$ 380,363

(See independent auditor's report.)
- 137 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
EMPLOYEES' BENEFIT PLAN FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for services	\$ 6,892,000	\$ 6,892,000	\$ 6,972,118	\$ 80,118
Premiums - City	258,000	258,000	803,870	545,870
Premiums - employees				
Total operating revenues	7,150,000	7,150,000	7,775,988	625,988
OPERATING EXPENSES				
Contractual services	7,000	7,000	6,470	(530)
Claims and judgments	93,000	129,017	129,017	-
Insurance premiums	7,050,000	7,742,679	7,644,315	(98,364)
Total operating expenses	7,150,000	7,878,696	7,779,802	(98,894)
CHANGE IN NET POSITION	\$ -	\$ (728,696)	(3,814)	\$ 724,882
NET POSITION, MAY 1			842,389	
NET POSITION, APRIL 30			\$ 838,575	

(See independent auditor's report.)
- 138 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
SAFETY AND RISK MANAGEMENT FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for services	\$ 4,281,000	\$ 3,511,353	\$ 3,400,817	\$ (110,536)
Miscellaneous	(5,000)	(5,000)	206,313	211,313
Total operating revenues	4,276,000	3,506,353	3,607,130	100,777
OPERATING EXPENSES				
Personnel services	-	-	6,559	6,559
Contractual services	175,000	385,642	258,924	(126,718)
Commodities	1,000	1,000	155	(845)
Claims and judgments	4,100,000	2,370,710	4,339,922	1,969,212
Total operating expenses	4,276,000	2,757,352	4,605,560	1,848,208
OPERATING INCOME (LOSS)	-	749,001	(998,430)	(1,747,431)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	-	129,142	129,142
Total non-operating revenues (expenses)	-	-	129,142	129,142
INCOME (LOSS) BEFORE TRANSFERS	-	749,001	(869,288)	(1,618,289)
TRANSFERS				
Transfers in	-	-	140,363	140,363
Transfers (out)	-	-	(169)	(169)
Total transfers	-	-	140,194	140,194
CHANGE IN NET POSITION	\$ -	\$ 749,001	(729,094)	\$ (1,478,095)
NET POSITION, MAY 1			985,245	
NET POSITION, APRIL 30			\$ 256,151	

FIDUCIARY FUNDS

(See independent auditor's report.)
- 139 -

CITY OF WAUKEGAN, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

April 30, 2020

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 742,404	\$ 954,768	\$ 1,697,172
Investments			
Money markets	451,164	1,235,420	1,686,584
State and local obligations	1,543,420	1,018,322	2,561,742
U.S. Government and agency obligations	13,536,432	6,777,013	20,313,445
Mutual funds	54,217,541	39,300,362	93,517,903
Corporate bonds	22,060,282	17,561,004	39,621,286
Certificates of deposit	-	45,249	45,249
Annuities	13,361,158	10,268,791	23,629,949
Accrued interest	271,299	188,489	459,788
Prepaid items	7,601	5,943	13,544
Due from City	75,661	75,661	151,322
Total assets	106,266,962	77,431,022	183,697,984
LIABILITIES			
Accounts payable	22,702	9,044	31,746
Total liabilities	22,702	9,044	31,746
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 106,244,260	\$ 77,421,978	\$ 183,666,238

(See independent auditor's report.)
- 140 -

CITY OF WAUKEGAN, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended April 30, 2020

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 8,911,429	\$ 6,518,246	\$ 15,429,675
Plan members	1,654,107	1,083,769	2,737,876
Total contributions	10,565,536	7,602,015	18,167,551
Investment income			
Interest and dividends	2,441,314	1,777,335	4,218,649
Net depreciation in the fair value of investments	(2,405,012)	(1,763,713)	(4,168,725)
Total investment income	36,302	13,622	49,924
Less investment expense	(117,270)	(104,884)	(222,154)
Net investment income	(80,968)	(91,262)	(172,230)
Total additions	10,484,568	7,510,753	17,995,321
DEDUCTIONS			
Benefits	9,119,789	7,054,934	16,174,723
Contractual services	109,419	60,820	170,239
Administration	44,453	48,496	92,949
Total deductions	9,273,661	7,164,250	16,437,911
NET INCREASE	1,210,907	346,503	1,557,410
NET POSITION RESTRICTED FOR PENSION BENEFITS			
May 1	105,033,353	77,075,475	182,108,828
April 30	\$ 106,244,260	\$ 77,421,978	\$ 183,666,238

(See independent auditor's report.)
- 141 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
POLICE PENSION FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
ADDITIONS				
Contributions				
Employer	\$ 8,835,000	\$ 8,835,000	\$ 8,911,429	\$ 76,429
Plan members	1,390,000	1,390,000	1,654,107	264,107
Total contributions	10,225,000	10,225,000	10,565,536	340,536
Investment income				
Interest and dividends	2,441,314	6,300,000	2,441,314	(3,858,686)
Net appreciation (depreciation) in the fair value of investments	1,070,000	1,070,000	(2,405,012)	(3,475,012)
Total investment income	3,511,314	7,370,000	36,302	(7,333,698)
Less investment expense	(130,000)	(117,270)	(117,270)	-
Net investment income	3,381,314	7,252,730	(80,968)	(7,333,698)
Total additions	13,606,314	17,477,730	10,484,568	(6,993,162)
DEDUCTIONS				
Benefits	8,510,000	9,119,789	9,119,789	-
Contractual services	100,000	109,419	109,419	-
Administration	57,000	45,453	44,453	(1,000)
Total deductions	8,667,000	9,274,661	9,273,661	(1,000)
CHANGE IN NET POSITION	\$ 4,939,314	\$ 8,203,069	1,210,907	\$ (6,992,162)
NET POSITION, MAY 1			105,033,353	
NET POSITION, APRIL 30			<u>\$ 106,244,260</u>	

(See independent auditor's report.)
- 142 -

CITY OF WAUKEGAN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FIREFIGHTERS' PENSION FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
ADDITIONS				
Contributions				
Employer	\$ 6,430,000	\$ 6,430,000	\$ 6,518,246	\$ 88,246
Plan members	1,000,000	1,000,000	1,083,769	83,769
Total contributions	7,430,000	7,430,000	7,602,015	172,015
Investment income				
Interest and dividends	1,390,000	1,390,000	1,777,335	387,335
Net appreciation (depreciation) in the fair value of investments	4,761,000	4,761,000	(1,763,713)	(6,524,713)
Total investment income	6,151,000	6,151,000	13,622	(6,137,378)
Less investment expense	(100,000)	(105,000)	(104,884)	116
Net investment income	6,051,000	6,046,000	(91,262)	(6,137,262)
Total additions	13,481,000	13,476,000	7,510,753	(5,965,247)
DEDUCTIONS				
Benefits	6,730,000	7,054,934	7,054,934	-
Contractual services	65,000	60,820	60,820	-
Administration	52,000	48,533	48,496	(37)
Total deductions	6,847,000	7,164,287	7,164,250	(37)
CHANGE IN NET POSITION	\$ 6,634,000	\$ 6,311,713	346,503	\$ (5,965,210)
NET POSITION, MAY 1			77,075,475	
NET POSITION, APRIL 30			<u>\$ 77,421,978</u>	

(See independent auditor's report.)
- 143 -

CITY OF WAUKEGAN, ILLINOIS
ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT

For the Year Ended April 30, 2020

CSFA Number	Program Name	State	Federal	Other	Total
422-30-0122	Great Lakes Restoration Initiative - Costal Management	\$ -	\$ 35,849	\$ -	\$ 35,849
494-00-1005	Local Federal Bridge Program	-	1,573	-	1,573
494-00-1488	Motor Fuel Tax Program	834,460	-	-	834,460
494-10-0343	State and Community Highway Safety/National Priority Safety Program	-	76,815	-	76,815
494-42-0495	Local Surface Transportation Program	-	-	-	-
	Other grant programs and activities	-	5,689,499	10,609	5,700,108
	All other costs not allocated	-	-	136,342,563	136,342,563
TOTALS		\$ 834,460	\$ 5,803,736	\$ 136,353,172	\$ 142,991,368

SUPPLEMENTARY FINANCIAL INFORMATION

(See independent auditor's report.)
- 144 -

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Waukegan, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	145-156
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax and property tax.	157-165
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	166-170
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	171-172
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	173-175

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF WAUKEGAN, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(in thousands)

Fiscal Year	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 52,654	\$ 41,082	\$ 38,461	\$ 38,918
Restricted	11,746	13,284	10,753	13,874
Unrestricted	(50,578)	(31,200)	(28,223)	(28,173)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,822	\$ 23,166	\$ 20,991	\$ 24,619
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 59,814	\$ 57,995	\$ 56,409	\$ 56,139
Restricted	-	-	-	-
Unrestricted	3,586	3,440	7,914	10,733
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 63,400	\$ 61,435	\$ 64,323	\$ 66,872
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 112,468	\$ 99,077	\$ 94,870	\$ 95,057
Restricted	11,746	13,284	10,753	13,874
Unrestricted	(46,992)	(27,760)	(20,309)	(17,440)
TOTAL PRIMARY GOVERNMENT	\$ 77,222	\$ 84,601	\$ 85,314	\$ 91,491

*The City implemented GASB Statement No. 68 for the year ended April 30, 2016.

**The City implemented GASB Statement No. 75 for the year ended April 30, 2019.

Data Source

Audited Financial Statements

	2015	2016*	2017	2018	2019**	2020
\$	35,845	\$ 34,532	\$ 43,984	\$ 45,633	\$ 50,101	\$ 43,487
14,643	11,471	13,030	13,626	15,170	17,159	
(25,421)	(166,452)	(173,506)	(216,913)	(236,119)	(251,768)	
\$ 25,067	\$ (120,449)	\$ (116,492)	\$ (157,654)	\$ (170,848)	\$ (191,122)	
\$	53,495	\$ 53,135	\$ 54,974	\$ 54,571	\$ 52,881	\$ 51,354
-	-	-	-	-	2,351	2,390
12,726	10,876	12,339	16,430	22,515	27,645	
\$ 66,221	\$ 64,011	\$ 67,313	\$ 71,001	\$ 77,747	\$ 81,389	
\$	89,340	\$ 87,667	\$ 98,958	\$ 100,204	\$ 102,982	\$ 94,841
14,643	11,471	13,100	13,626	17,521	19,549	
(12,695)	(155,576)	(161,167)	(200,483)	(213,604)	(224,123)	
\$ 91,288	\$ (56,438)	\$ (49,109)	\$ (86,653)	\$ (93,101)	\$ (109,733)	

CITY OF WAUKEGAN, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years
(in thousands)

Fiscal Year	2011	2012	2013	2014
EXPENSES				
Governmental activities				
General government	\$ 6,250	\$ 7,551	\$ 5,924	\$ 5,528
Public safety	48,811	46,398	49,782	54,201
Building and zoning	-	1,313	1,167	1,278
Streets, bridges and other public works	15,503	13,523	14,027	14,356
Sanitation and environment	4,644	5,075	5,889	5,079
Economic development	1,386	3,666	2,047	959
Community development	89	1,356	2,099	1,646
Culture and recreation	1,515	92	90	86
Interest on long-term debt	5,095	6,563	3,782	3,429
Total governmental activities expenses	83,293	85,537	84,807	86,562
Business-type activities				
Water and sewer	6,891	9,390	9,423	9,071
Parking system	918	903	893	914
Total business-type activities expenses	7,809	10,293	10,316	9,985
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 91,102	\$ 95,830	\$ 95,123	\$ 96,547
PROGRAM REVENUES				
Governmental activities				
Charges for services	\$ 13,087	\$ 13,079	\$ 12,375	\$ 12,305
Operating grants and contributions	2,944	3,132	4,271	5,388
Capital grants and contributions	575	329	84	78
Total governmental activities program revenues	16,606	16,540	16,730	17,771
Business-type activities				
Charges for services - water and sewer	12,537	10,385	13,983	12,330
Charges for services - parking system	632	929	988	949
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	13,169	11,314	14,971	13,279
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 29,775	\$ 27,854	\$ 31,701	\$ 31,050

	2015	2016*	2017**	2018	2019	2020
\$	6,514	\$ 6,150	\$ 8,073	\$ 6,319	\$ 5,774	\$ 5,133
57,961	89,341	62,659	64,477	83,057	97,549	97,549
1,482	1,906	1,727	1,765	2,285	2,264	2,264
14,955	15,725	8,730	10,862	6,347	10,029	10,029
4,824	4,633	4,841	4,890	4,578	5,598	5,598
1,883	6,648	1,989	3,041	1,914	2,581	2,581
1,818	1,162	905	1,439	798	599	599
91	85	217	164	14	28	28
3,432	3,204	3,136	2,098	4,313	5,675	5,675
92,960	128,854	92,277	95,055	109,080	129,456	129,456
12,838	13,050	9,836	9,782	10,587	12,864	12,864
995	1,108	737	684	759	672	672
13,833	14,158	10,573	10,466	11,346	13,536	13,536
\$ 106,793	\$ 143,012	\$ 102,850	\$ 105,521	\$ 120,426	\$ 142,992	\$ 142,992
\$	13,403	\$ 14,349	\$ 12,549	\$ 13,840	\$ 13,487	\$ 15,255
4,290	2,416	4,127	3,311	3,353	9,230	9,230
60	-	993	140	964	98	98
17,753	16,765	17,669	17,291	17,804	24,583	24,583
12,557	13,109	13,248	13,569	13,910	14,435	14,435
876	794	678	716	638	589	589
-	-	-	-	2,277	375	375
13,433	13,903	13,926	14,285	16,825	15,399	15,399
\$ 31,186	\$ 30,668	\$ 31,595	\$ 31,576	\$ 34,629	\$ 39,982	\$ 39,982

CITY OF WAUKEGAN, ILLINOIS
CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years
(in thousands)

Fiscal Year	2011	2012	2013	2014
NET (EXPENSE) REVENUE				
Governmental activities	\$ (66,687) \$	(68,997) \$	(68,077) \$	(68,791) \$
Business-type activities	5,360	1,021	4,655	3,294
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (61,327) \$	(67,976) \$	(63,422) \$	(65,497) \$
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities	\$ 24,650 \$	27,283 \$	26,402 \$	29,079 \$
Property taxes	22,800	24,212	23,315	27,469
Sales and utility taxes	10,673	9,567	11,347	12,239
Income taxes and replacement taxes	2,600	2,646	2,557	2,931
Motor fuel taxes	1,188	220	355	223
Miscellaneous and investment income	-	12,657	-	-
Litigation proceeds	-	(1,363)	-	-
Gain (loss) on sales of capital assets	147	3,120	1,924	683
Transfers	-	-	-	-
Total governmental activities	62,058	78,342	65,900	72,624
Business-type activities	121	132	120	152
Sales taxes	288	1	37	4
Miscellaneous and investment income	-	-	-	-
Gain (loss) on sales of fixed assets	(147)	(3,120)	(1,924)	(683)
Transfers	-	-	-	-
Total business-type activities	262	(2,987)	(1,767)	(527)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 62,320 \$	75,355 \$	64,133 \$	72,097 \$
CHANGE IN NET POSITION				
Governmental activities	\$ (4,629) \$	9,345 \$	(2,177) \$	3,833 \$
Business-type activities	5,622	(1,966)	2,888	2,767
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 993 \$	7,379 \$	711 \$	6,600 \$

*The City implemented GASB Statement No. 68 for the year ended April 30, 2016.

**The City reclassified motor fuel taxes to operating grants in the year ended April 30, 2017.

Data Source

Audited Financial Statements

2015	2016*	2017**	2018	2019	2020
\$ (75,207) \$	(112,089) \$	(74,608) \$	(77,764) \$	(91,276) \$	(104,873) \$
(400)	(255)	3,353	3,819	5,479	1,863
\$ (75,607) \$	(112,344) \$	(71,255) \$	(73,945) \$	(85,797) \$	(103,010) \$
\$ 30,278 \$	29,686 \$	30,694 \$	30,792 \$	31,653 \$	34,722 \$
28,512	31,311	32,471	31,939	32,495	33,489
12,470	12,470	12,241	11,615	11,828	13,857
2,649	2,279	-	-	-	-
1,313	1,375	1,058	1,693	1,502	2,742
-	-	-	-	-	-
-	-	-	-	-	-
433	432	521	492	(556)	(211)
75,655	77,553	76,985	76,531	76,922	84,599
178	108	120	168	313	313
5	34	206	193	335	1,254
-	-	-	-	-	-
(433)	(432)	(521)	(492)	556	211
(250)	(290)	(195)	(131)	1,204	1,778
\$ 75,405 \$	77,263 \$	76,790 \$	76,400 \$	78,126 \$	86,377 \$
\$ 448 \$	(34,536) \$	2,377 \$	(1,233) \$	(14,354) \$	(20,274) \$
(650)	(545)	3,158	3,688	6,683	3,641
\$ (202) \$	(35,081) \$	5,535 \$	2,455 \$	(7,671) \$	(16,633) \$

CITY OF WAUKEGAN, ILLINOIS

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years
(in thousands)

Fiscal Year	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES				
General government	\$ 6,390	\$ 6,425	\$ 5,845	\$ 6,719
Public safety	6,790	6,927	7,131	8,697
Building and zoning	-	28	39	14
Streets, bridges and other public works	1,134	660	382	531
Sanitation and environment	492	1,041	1,247	281
Economic development	-	-	-	-
Community development	1,799	1,459	2,085	1,530
Culture and recreation	-	-	-	-
Total governmental activities	16,605	16,540	16,729	17,772
BUSINESS-TYPE ACTIVITIES				
Water and sewer	12,369	10,385	13,983	12,330
Parking	800	929	988	949
Total business-type activities	13,169	11,314	14,971	13,279
TOTAL PRIMARY GOVERNMENT	\$ 29,774	\$ 27,854	\$ 31,700	\$ 31,051

Data Source

Audited Financial Statements

2015	2016	2017	2018	2019	2020
\$ 7,575	\$ 7,323	\$ 4,168	\$ 4,490	\$ 3,826	\$ 4,277
7,703	7,314	6,511	6,589	6,944	13,270
-	20	2,231	3,198	3,025	2,572
550	559	3,331	2,452	3,290	3,671
63	49	-	-	-	-
-	-	-	-	-	-
1,819	1,460	1,416	553	719	793
42	40	12	8	-	-
17,752	16,765	17,669	17,290	17,804	24,583
12,557	13,109	13,248	13,569	16,187	14,810
876	794	678	716	638	589
13,433	13,903	13,926	14,285	16,825	15,399
\$ 31,185	\$ 30,668	\$ 31,595	\$ 31,575	\$ 34,629	\$ 39,982

CITY OF WAUKEGAN, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
GENERAL FUND				
Reserved	\$ 2,061,135	\$ -	\$ -	\$ -
Unreserved	2,961,394	-	-	-
Nonspendable	-	7,368,074	7,403,995	8,174,596
Restricted	-	-	-	-
Committed	-	4,939,969	4,926,380	4,617,248
Assigned	-	-	-	-
Unassigned	-	11,948,988	11,939,745	16,801,151
TOTAL GENERAL FUND	\$ 5,022,529	\$ 24,257,031	\$ 24,270,120	\$ 29,592,995
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 22,062,796	\$ -	\$ -	\$ -
Nonspendable	-	398,292	321,095	234,623
Restricted	-	18,468,744	10,972,428	14,497,894
Assigned	-	845,733	736,524	293,638
Unreserved, reported in				
Special revenue funds	5,948,208	-	-	-
Capital projects funds	2,839,701	-	-	-
Permanent fund	477	-	-	-
Debt service funds	180,492	-	-	-
Unassigned (deficit), reported in				
Special revenue funds	-	(511,861)	(126,291)	(49,381)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 31,031,674	\$ 19,200,908	\$ 11,903,756	\$ 14,976,774

Note: The City began to report fund balances differently in 2012 when it implemented GASB Statement No. 54. In that same year, the Working Cash Fund was no longer classified as a fiduciary fund and its balances were rolled into the General Fund. Therefore, starting in 2012 "unassigned" balance in the General Fund includes loans due to Working Cash Fund.

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
1,190,693	-	847,598	-	-	124,865	36,973
5,598,205	-	6,000,885	5,601,056	5,925,280	6,018,457	6,000,880
20,882,328	-	24,355,786	25,746,049	22,768,959	20,020,341	19,312,919
\$ 27,671,226	\$ 31,204,269	\$ 31,347,105	\$ 28,886,069	\$ 26,163,663	\$ 25,350,772	
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
286,538	450,868	261,919	134,225	64,736	62,854	
14,937,421	12,830,393	13,100,565	13,625,662	40,950,070	29,440,049	
889,281	268,579	203,343	172,385	797,908	2,798,553	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,264)	(426,260)	-	(74,705)	(31,206)	(41,762)	
\$ 16,110,976	\$ 13,123,580	\$ 13,565,627	\$ 13,857,567	\$ 41,781,508	\$ 32,259,694	

CITY OF WAUKEGAN, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
REVENUES				
Taxes	\$ 47,429,708	\$ 51,379,400	\$ 51,164,286	\$ 56,429,857
Licenses and permits	3,763,147	3,986,513	3,647,304	4,269,323
Intergovernmental	16,551,786	16,096,259	19,186,682	19,988,019
Charges for services	3,685,204	3,860,387	4,181,196	3,429,426
Fines and forfeitures	3,697,777	2,610,764	2,514,086	2,833,120
Investment earnings	329,407	169,410	201,575	177,431
Other revenues	3,227,396	14,747,361	1,993,527	2,199,270
Total revenues	78,684,425	92,850,094	82,888,656	89,326,446
EXPENDITURES				
General government	3,965,921	5,824,137	4,523,601	4,221,438
Public safety	43,527,765	45,591,449	48,129,717	48,311,806
Streets, bridges and other public works	7,876,199	7,621,079	7,781,208	7,760,063
Building, zoning and economic development	4,075,298	6,069,205	4,299,508	3,463,725
Sanitation and environment	4,701,891	5,082,767	5,454,619	5,612,815
Capital outlay	3,392,831	4,493,781	3,637,237	892,530
Debt service				
Principal	5,670,989	8,968,777	8,782,227	8,568,632
Interest and fees	3,147,821	4,222,260	2,835,582	3,161,753
Insurance costs	-	-	-	-
Total expenditures	76,358,715	87,873,455	85,443,699	81,992,762
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,325,710	4,976,639	(2,555,043)	7,333,684
OTHER FINANCING SOURCES (USES)				
Bonds/debt issued	14,830,000	25,165,000	-	-
Payment to escrow agent	(7,751,641)	(35,069,183)	(3,575,080)	-
Discounts and premiums on debt	84,798	2,898,312	-	-
Sale of capital assets	39,162	33,547	970	21,639
Transfers in	2,852,417	19,694,565	2,069,169	1,568,981
Transfers (out)	(2,291,370)	(13,891,344)	(145,169)	(885,685)
Capital leases	-	517,290	-	-
Total other financing sources (uses)	7,763,366	(651,813)	(1,650,110)	704,935
NET CHANGE IN FUND BALANCES	\$ 10,089,076	\$ 4,324,826	\$ (4,205,153)	\$ 8,038,619
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	7.43%	10.21%	10.28%	10.45%

*The increase in principal retired is due to two refunding transactions

Data Source

Audited Financial Statements

	2015	2016	2017	2018*	2019	2020
\$ 59,047,661	\$ 61,043,686	\$ 65,182,833	\$ 64,795,469	\$ 63,886,619	\$ 67,996,622	
5,012,380	4,662,946	4,843,827	5,937,009	5,134,471	5,118,527	
18,912,653	17,252,590	15,104,126	12,791,728	15,361,353	18,978,792	
3,735,097	3,919,239	4,062,348	4,204,249	4,777,789	4,973,120	
2,257,863	3,208,403	2,531,774	2,528,987	2,520,457	3,685,636	
177,277	204,262	116,721	306,241	583,707	1,449,863	
3,188,500	2,971,803	2,291,445	2,685,073	2,234,027	2,962,047	
92,331,431	93,262,929	94,133,074	93,248,756	94,498,423	105,164,607	
4,022,611	4,210,172	7,023,907	4,896,222	4,069,497	3,824,934	
51,891,525	54,328,771	55,670,568	58,449,640	68,064,164	61,707,642	
7,893,209	7,553,972	7,704,735	8,008,644	8,352,953	8,101,331	
5,037,215	8,528,897	4,677,550	5,311,378	4,354,639	4,328,404	
4,538,166	4,363,441	4,840,890	4,890,206	4,577,774	5,597,695	
3,598,470	10,117,466	11,892,694	3,265,046	14,684,128	14,080,146	
7,871,246	8,354,843	10,077,574	24,807,785	9,432,436	11,228,051	
3,408,256	3,244,044	3,049,497	2,554,078	3,389,118	6,300,786	
-	-	-	117,403	132,392	-	
88,260,698	100,701,606	104,937,415	112,300,402	117,057,101	115,168,989	
4,070,733	(7,438,677)	(10,804,341)	(19,051,646)	(22,558,678)	(10,004,382)	
-	21,055,000	6,850,000	14,995,000	44,165,000	-	
-	(14,201,868)	-	-	-	-	
-	597,694	591,769	413,800	4,018,623	-	
540	105,030	42,294	81,750	-	21,297	
1,552,678	951,530	11,519,354	6,833,231	2,248,380	3,223,525	
(7,971,125)	(523,062)	(10,998,292)	(5,441,231)	(2,671,790)	(3,575,145)	
1,559,607	-	1,745,618	-	-	-	
(4,858,300)	7,984,324	9,750,743	16,882,550	47,760,213	(330,323)	
\$ (787,567)	\$ 545,647	\$ (1,053,598)	\$ (2,169,096)	\$ 25,201,535	\$ (10,334,705)	

8.92%	8.30%	8.63%	21.57%	7.31%	13.65%
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CITY OF WAUKEGAN, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Levy Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CITY DIRECT RATES										
City of Waukegan	1.6440	1.9560	2.1910	2.8270	3.3400	3.4740	3.4750	3.2391	3.0760	3.0303
TOTAL DIRECT RATES	1.6440	1.9560	2.1910	2.8270	3.3400	3.4740	3.4750	3.2391	3.0760	3.0303
OVERLAPPING RATES										
Lake County	0.4640	0.5050	0.5540	0.6080	0.6630	0.6820	0.6628	0.6320	0.6218	0.6117
Lake County Forest	0.2000	0.1980	0.2010	0.2120	0.2180	0.2100	0.2079	0.1929	0.1873	0.1820
Waukegan Township & Road Bridge	0.3000	0.3330	0.3700	0.4340	0.5360	0.5830	0.0495	0.5094	0.0391	0.4138
North Shore Sanitary	0.1240	0.1360	0.1500	0.1500	0.1640	0.1690	0.1656	0.1568	0.1527	0.1532
Waukegan Park District	0.6450	0.7230	0.8330	1.0090	1.1070	1.1260	1.1116	1.0269	0.9997	0.9462
School District 60	5.9860	6.9210	8.1750	10.1360	9.2820	10.3800	10.4121	9.4107	8.4468	7.6535
College of Lake County	0.2000	0.2180	0.2400	0.2720	0.2960	0.3060	0.2994	0.2854	0.2806	0.2819
TOTAL OVERLAPPING RATES	7.9190	9.0340	10.5230	12.8210	12.2660	13.4560	12.9090	12.2141	10.7280	10.2423
TOTAL DIRECT AND OVERLAPPING	9.5630	10.9900	12.7140	15.6480	15.6060	16.9300	16.3840	15.4532	13.8040	13.2726

Note: The components of the City's direct rate are provided in the Property Tax Levy by Fund schedule.

Data Sources

Lake County Clerk Tax Extension Office. Rate Sheet based on Waukegan Township 09 rates only, and does not include rates related to other townships that may extend into the City's corporate limits.

CITY OF WAUKEGAN, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Levy Year and Nine Years Ago

2018 Levy Year					2009 Levy Year				
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation		
PR Amhurst Lake LLC	\$ 21,231,460	1	1.77%	Prudential Insurance Company of America	\$ 14,592,349	1	0.93%		
Waukegan Illinois Hospital Company, LLC	20,114,148	2	1.68%	Waukegan Illinois Hospital Company, LLC	13,977,234	2	0.89%		
MEPTI 1-94 Logistics Center LLC	15,328,020	3	1.28%	Northern Crossing JV LLC	10,306,463	3	0.66%		
Allegiance Healthcare Corporation	9,488,746	4	0.79%	Allegiance Healthcare Corporation	9,025,764	4	0.58%		
Northern Crossing JV LLC	8,931,202	5	0.74%	Marquette Enterprises	8,910,659	5	0.57%		
MMG XVI Associates, LLC	7,026,614	6	0.59%	Retwood Lakes At Fountain Square, LLC	7,632,241	6	0.49%		
Marquette Enterprises	6,877,101	7	0.57%	Health Care Service Corporation	6,606,352	7	0.42%		
PBH Lakes LLC	6,831,786	8	0.57%	Midwest Generation LLC	6,316,349	8	0.40%		
KDC Norman Woods Business Trust	6,805,699	9	0.57%	KDC Norman Woods Business Trust	6,294,946	9	0.40%		
IRT Eagle Ridge Apartments Owner LLC	5,899,415	10	0.49%	Williams Electronics Games, Inc.	6,206,988	10	0.40%		
	\$ 108,534,191		9.05%		\$ 89,868,345		5.74%		

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

CITY OF WAUKEGAN, ILLINOIS
PROPERTY TAX LEVY EXTENSION BY FUND
Last Ten Fiscal Years

Levy Year	Fiscal Year	Corporate Amount	Rate	Garbage Amount	Rate
2018	2020	\$ -	-	\$ 4,500,008	0.375
2017	2019	-	-	4,400,005	0.000
2016	2018	-	0.000	4,430,005	0.436
2015	2017	2,310,000	0.245	4,344,700	0.461
2014	2016	-	-	4,681,008	0.497
2013	2015	556,225	0.057	4,586,416	0.470
2012	2014	-	0.000	5,756,987	0.522
2011	2013	3,474,636	0.270	-	-
2010	2012	2,366,729	0.165	-	-
2009	2011	8,986,374	0.574	-	-

Levy Year	Fiscal Year	Police Pension Amount	Rate	Fire Pension Amount	Rate
2018	2020	\$ 8,335,003	0.695	\$ 5,930,012	0.495
2017	2019	8,266,006	1.000	5,715,002	1.000
2016	2018	8,000,009	0.787	5,430,001	0.534
2015	2017	6,020,000	0.640	4,070,000	0.430
2014	2016	5,982,007	0.635	4,087,002	0.434
2013	2015	5,815,966	0.596	3,991,158	0.409
2012	2014	5,635,671	0.511	3,837,991	0.348
2011	2013	5,585,156	0.434	3,693,409	0.287
2010	2012	5,661,011	0.393	4,072,774	0.283
2009	2011	3,569,501	0.228	2,630,158	0.168

Levy Year	Fiscal Year	Bonds Levy Amount	Rate
2018	2020	\$ 12,198,651	1.017
2017	2019	10,027,700	0.903
2016	2018	10,425,917	1.026
2015	2017	10,900,000	1.160
2014	2016	11,003,774	1.169
2013	2015	10,851,265	1.112
2012	2014	11,238,256	1.019
2011	2013	11,594,989	0.901
2010	2012	12,407,805	0.861
2009	2011	6,700,642	0.428

Data Sources

State of Illinois, Lake County, Clerk of Lake County, Certification of Assessed Valuation

CITY OF WAUKEGAN, ILLINOIS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year	Property	Sales	Telecom	Local Use	Utility	F&B	Hotel/Motel	Other	Total
2011	\$ 24,650,456	\$ 13,207,602	\$ 3,050,354	\$ 1,306,726	\$ 4,234,627	\$ -	\$ 958,984	\$ 20,959	\$ 47,429,708
2012	27,283,122	13,710,279	3,168,540	1,390,102	4,003,767	930,228	963,638	19,704	51,379,400
2013	26,401,444	13,932,684	2,888,258	1,412,274	4,015,041	1,567,061	917,633	29,791	51,164,286
2014	29,078,659	15,819,527	2,941,780	1,559,884	4,383,168	1,330,000	1,091,156	225,683	56,429,857
2015	30,277,644	16,628,732	2,867,495	1,857,864	4,746,455	1,377,861	1,215,711	179,286	58,951,048
2016	29,685,864	18,679,689	2,635,788	3,249,462	3,870,852	1,456,823	1,343,538	121,670	61,043,686
2017	30,699,570	18,927,099	2,387,988	2,192,457	4,944,592	1,492,449	1,319,244	1,326,854	63,284,253
2018	30,792,272	17,942,388	2,131,986	2,355,641	5,070,093	1,526,889	1,392,746	1,519,578	62,731,593
2019	31,652,748	17,826,397	2,025,066	2,755,814	5,270,818	1,600,229	1,441,603	1,574,955	64,147,630
2020	34,721,621	19,061,030	1,787,323	3,183,807	4,997,358	1,566,241	1,308,906	1,583,988	68,210,244
Change 2011-2020	28.41%	34.97%	(33.61%)	110.89%	24.47%	N/A	50.33%	7,414.46%	35.25%

Notes:
Addition of a 1% food and beverage tax implemented in May 2011.
Increase in hotel and motel tax from 8% to 9% implemented in May 2013.
The recognition of foreign fire tax as an other tax in May 2014.
Increase home rule sales tax from 1.00% to 1.25% implemented in January 2015, and then to 1.50% in July 2018.

Data Source

Audited Financial Statements

CITY OF WAUKEGAN, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Fire Protection Amount	Rate	Police Protection Amount	Rate	IMRF Amount	Rate
\$ -	-	\$ -	-	\$ 966,008	0.081
-	-	-	-	1,750,001	0.000
-	-	-	-	660,001	0.065
-	-	-	-	1,100,000	0.120
858,733	0.088	1,920,008	0.204	1,056,008	0.112
408,062	0.037	927,042	0.095	1,034,383	0.106
-	-	452,177	0.041	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Library Levy					
Amount	Rate	Levy Amount	Rate	Total Amount	%
\$ 4,200,009	0.350	\$ 200,011	0.017	\$ 24,131,051	2.013
4,000,004	0.000	-	-	24,131,018	2.000
3,970,006	0.391	-	-	22,490,022	2.213
3,971,700	0.420	-	-	21,816,400	2.316
3,971,643	0.422	-	-	21,697,676	2.304
3,971,641	0.407	-	-	21,741,564	2.228
3,849,020	0.349	-	-	19,939,908	1.808
3,847,838	0.299	-	-	16,601,039	1.290
3,658,738	0.254	-	-	15,759,252	1.095
3,851,303	0.246	-	-	19,037,336	1.216
Aggregate Levy (not including Bonds)					
				Total Amount	%
				24,131,051	2.013
				1,640,996	0.033
				673,622	0.005
				118,724	0.001
				(43,888)	(0.002)
				1,801,656	0.015
				3,338,869	0.028
				841,787	0.007
				(3,278,084)	(0.027)
				969,592	0.008

Grand Total			
Total Amount	Rate	Change Amount	%
\$ 36,329,702	3.030	\$ 2,170,984	6.36%
34,158,718	2.903	1,442,318	4.41%
32,915,939	3.239	199,539	0.61%
32,716,400	3.476	14,950	0.05%
32,701,450	3.473	108,621	0.33%
32,592,829	3.340	1,414,665	4.54%
31,178,164	2.827	2,982,136	10.58%
28,196,028	2.191	28,971	0.10%
28,167,057	1.956	2,429,079	9.44%
25,737,978	1.644	2,859,268	12.50%

Levy Year	Fiscal Year	Tax Levied Extended	Collected within the Fiscal Year of the Levy		Collections for Prior Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2011	\$ 25,737,978	\$ 24,650,456	95.77%	48,491	\$ 24,698,947	95.96%
2010	2012	28,167,057	27,283,122	96.86%	19,670	27,302,792	96.93%
2011	2013	28,196,028	26,401,544	93.64%	48,491	26,450,035	93.81%
2012	2014	31,178,164	29,078,659	93.27%	51,225	29,129,884	93.43%
2013	2015	32,592,830	30,277,644	92.90%	12,778	30,290,422	92.94%
2014	2016	32,701,451	29,685,864	90.78%	41,100	29,726,964	90.90%
2015	2017	32,805,822	30,693,570	93.56%	13,592	30,707,162	93.60%
2016	2018	32,915,939	30,750,183	93.42%	42,089	30,792,272	93.55%
2017	2019	34,158,718	33,997,374	99.53%	50,202	34,047,576	99.67%
2018	2020	36,329,701	36,151,140	99.51%	-	36,151,140	99.51%

Note: The levy year runs January to December and the fiscal year both runs May to April.

Data Sources

Audited Financial Statements
State of Illinois, Lake County, Clerk of Lake County, Certification of Assessed Valuation

CITY OF WAUKEGAN, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Home Rule Sales Tax *	RTA Sales Tax	State Sales Tax **	Total Sales Tax
2011	1.00%	1.00%	0.75%	6.25%	8.00%
2012	1.00%	1.00%	0.75%	6.25%	8.00%
2013	1.00%	1.00%	0.75%	6.25%	8.00%
2014	1.00%	1.00%	0.75%	6.25%	8.00%
2015	1.00%	1.25%	0.75%	6.25%	8.25%
2016	1.00%	1.25%	0.75%	6.25%	8.25%
2017	1.00%	1.25%	0.75%	6.25%	8.25%
2018	1.00%	1.25%	0.75%	6.25%	8.25%
2019	1.00%	1.50%	0.75%	6.25%	8.50%
2020	1.00%	1.50%	0.75%	6.25%	8.50%

* Home rule sales tax increased by 0.25% effective January 2015 and .25% effective July 2018.

** Per State Statute, the City of Waukegan receives a portion of State Sales Tax which is currently 1%, or 0.16% of the 6.25% State Rate.

Data Source

Illinois Department of Revenue

CITY OF WAUKEGAN, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Fiscal Year	Residential	Comm.	Industrial	Real Estate	Railroad	Total Taxable Actual Value	Total Direct Rate	Estimated Actual Value	Estimated Actual Value
2009	2011	\$ 1,042,192,063	\$ 21,91,507	\$ 183,599,170	N/A	\$ 1,364,286	\$ 1,565,570,467	1.6440	\$ 4,744,152,930	33%
2010	2012	922,374,330	335,763,213	179,843,319	N/A	1,991,612	1,442,086,224	1.9560	4,369,988,255	33%
2011	2013	788,463,455	221,343	317,798,692	N/A	2,207,177	1,286,902,229	2.1910	3,899,703,724	33%
2012	2014	676,064,015	1,897,724	272,470,012	N/A	1,416,290	1,102,871,031	2.8270	3,342,033,427	33%
2013	2015	655,530,642	1,470,188	210,266,457	N/A	2,085,879	975,833,222	3.3400	2,957,070,170	33%
2014	2016	498,925,236	2,651,124	269,352,288	N/A	2,229,413	941,401,930	3.4740	2,852,733,121	33%
2015	2017	508,504,112	21,57,988	265,113,740	N/A	2,684,465	941,513,258	3.4750	2,853,070,479	33%
2016	2018	553,068,446	23,04,474	285,411,259	N/A	2,826,796	1,016,214,796	3.2391	3,079,488,776	33%
2017	2019	615,622,371	2,561,150	309,574,184	N/A	2,654,633	1,110,498,352	3.0760	3,365,146,521	33%
2018	2020	678,690,146	2,747,755	334,915,728	N/A	2,821,457	1,198,892,817	3.0303	3,633,008,536	33%

Note: Property in this City is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

CITY OF WAUKEGAN, ILLINOIS

GENERAL BONDED DEBT BY TYPE OF ACTIVITY

Last Ten Fiscal Years

Fiscal Year	Levy Year	Governmental	Business-Type	Total
		Activities General Obligation Bonded Debt*	Activities General Obligation Bonded Debt	
2011	2009	\$ 103,230,786	\$ 463,739	\$ 103,694,525
2012	2010	95,527,381	396,880	95,924,261
2013	2011	83,368,364	326,880	83,695,244
2014	2012	74,515,424	-	74,515,424
2015	2013	67,994,635	-	67,994,635
2016	2014	67,074,844	-	67,074,844
2017	2015	65,943,595	-	65,943,595
2018	2016	63,259,466	-	63,259,466
2019	2017	92,861,646	-	92,861,646
2020	2018	81,635,128	-	81,635,128

*Includes premium on debt.

Note: Special assessment bonds are not G.O. (levy supported).

Data Source

Prior year audited financial statements, "Long-Term Obligations" footnote. Does not include capital leases or Special Assessment Bonds.

CITY OF WAUKEGAN, ILLINOIS

SALES TAX BY CATEGORY

Last Ten Calendar Years

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General merchandise	\$ 1,066,579	\$ 909,500	\$ 1,094,806	\$ 1,062,376	\$ 1,052,512	\$ 1,110,688	\$ 1,104,566	\$ 1,095,931	\$ 1,118,769	\$ 1,131,637
Food	1,221,243	1,197,988	1,176,372	1,179,561	1,276,788	1,317,741	1,218,308	1,258,991	1,310,384	1,436,851
Drinking and eating places	760,487	808,642	856,464	896,538	952,470	1,015,576	1,304,250	1,062,774	1,073,101	1,102,003
Apparel	155,763	269,989	102,710	101,749	140,164	161,921	173,381	186,385	209,509	211,185
Furniture, H.H. and Radio	102,264	98,119	80,565	88,835	103,483	97,792	95,958	93,849	95,298	94,441
Lumber, building hardware	394,238	379,058	365,653	395,044	398,555	426,506	439,789	443,527	449,239	382,942
Automobile and filling stations	1,506,945	1,725,712	1,913,384	1,806,316	2,436,917	2,151,595	2,045,472	1,866,495	2,034,047	2,074,043
Drugs and miscellaneous retail	1,475,504	1,699,520	1,839,940	2,327,763	2,631,537	2,901,267	3,116,586	2,965,925	2,103,828	2,359,754
Agriculture and all others	929,948	824,242	825,446	842,240	814,330	834,608	786,309	1,015,796	884,392	1,011,508
Manufacturers	179,144	194,865	156,787	233,314	239,760	190,190	126,218	103,572	97,332	103,154
TOTAL	\$ 7,792,115	\$ 8,107,635	\$ 8,412,127	\$ 8,933,556	\$ 10,055,516	\$ 10,207,884	\$ 10,410,837	\$ 10,091,245	\$ 9,276,099	\$ 9,907,518

City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
City home rule sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%

Note: Municipal share of sales tax reported on a calendar year and not available on a fiscal year basis. Effective July 2018, the City changed Home Rule Sales Tax from 1.25% to 1.50%.

The above report *does not* include Home Rule Sales Tax collections.

Data Source

Illinois Department of Revenue

CITY OF WAUKEGAN, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2020

Government Unit	Gross Debt	Percentage Debt Applicable to the City	City's Share of Debt
City of Waukegan	\$ 81,635,128	100.00%	\$ 81,635,128
Unit School District Number 60	44,844,242	100.00%	44,844,242
Community College District Number 532	58,465,000	4.74%	2,771,241
Lake County	167,340,000	4.51%	7,547,034
Lake County Forest Preserve District	237,880,000	4.51%	10,728,388
North Shore Sanitary District	-	14.03%	-
Waukegan Park District	14,770,025	100.00%	14,770,025
TOTAL	\$ 604,934,395		\$ 162,296,058

Note: City gross debt includes General Obligation bonds, notes and amortized premiums (discounts), but excludes Special Assessment, TIF Revenue, Water & Sewer Revenue, and Parking & Sales Tax Revenue Bonds. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.

Data Sources

Lake County Tax Extension Office, District Bond Principal Payments Report

CITY OF WAUKEGAN, ILLINOIS RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Levy Year	Population	Governmental Activities General Obligation Bonded Debt	Business-Type Activities General Obligation Revenue Debt	Total Debt	Less Available for Debt Service	Net Debt	Equalized Assessed Value	Ratio of General Obligation Bonded Debt to Assessed Value	Ratio of Business-Type Revenue Debt to Assessed Value	Ratio of Net Debt to Assessed Value	General Obligation Debt Per Capita	Net Debt Per Capita
2011	2009	89,078	\$ 108,863,271	\$ 9,097,000	\$ 114,960,271	\$ 2,176,349	\$ 112,783,922	\$ 1,645,570,467	6.76%	0.05%	7.31%	1,188	\$ 1,266
2012	2010	89,099	91,520,000	10,523,000	102,043,000	4,022,857	98,020,143	1,442,886,224	6.33%	0.07%	7.00%	1,027	1,100
2013	2011	89,099	79,975,000	10,045,000	90,020,000	2,217,340	87,802,660	1,286,902,229	6.21%	0.06%	7.00%	898	985
2014	2012	88,940	71,795,000	17,729,000	89,524,000	6,135,462	83,388,538	1,102,871,031	6.51%	0.12%	8.12%	807	937
2015	2013	88,915	65,876,000	16,963,000	82,839,000	3,180,069	79,658,931	975,831,222	6.75%	0.07%	8.49%	741	896
2016	2014	88,812	65,876,000	16,963,000	82,839,000	3,180,069	79,658,931	975,831,222	6.75%	0.07%	8.49%	741	896
2017	2015	88,182	65,943,595	14,093,674	79,186,115	2,963,246	76,222,869	941,511,258	7.00%	0.07%	8.41%	748	898
2018	2016	88,159	63,259,466	13,242,520	76,501,986	2,863,130	73,638,856	1,016,214,796	6.23%	0.07%	7.53%	718	835
2019	2017	86,792	92,861,646	67,806,768	160,668,414	2,994,465	157,673,949	1,110,498,352	8.36%	0.14%	14.43%	1,070	1,817
2020	2018	86,075	81,635,128	66,145,567	147,780,695	5,457,618	142,323,077	1,198,892,817	8.81%	0.12%	12.33%	948	1,653

Note: Home rule communities in the State of Illinois do not have a legal limit on debt margin.

Data Sources

Audited financial statements, "Long-Term Obligations"
United States Census Bureau Quick Facts

CITY OF WAUKEGAN, ILLINOIS

**RATIOS OF GENERAL BONDED DEBT SERVICE
TO TOTAL GENERAL EXPENDITURES**

Last Ten Fiscal Years

Fiscal Year	General Expenditures	General Obligation Debt Service	Ratio of General Obligation Debt Service to General Expenditures
2011	\$ 76,358,715	\$ 8,818,810	11.55%
2012	87,873,455	13,191,037	15.01%
2013	85,443,699	11,617,809	13.60%
2014	81,992,762	11,730,385	14.31%
2015	88,260,698	11,279,502	12.78%
2016	89,102,719	11,598,887	13.02%
2017	92,169,854	12,767,561	13.85%
2018*	112,300,402	27,229,271	24.25%
2019	117,057,101	12,953,946	11.07%
2020	115,168,989	17,528,837	15.22%

Data Source

Audited financial statements

CITY OF WAUKEGAN, ILLINOIS
PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Motor Vehicle Parking and Sales Tax Bonds Debt Service	Motor Vehicle Parking and Sales Tax Operating Revenue	Motor Vehicle Parking and Sales Tax Net Coverage Ratio	Water and Sewer Revenue Bond Debt Service	Water and Sewer Operating Revenue	Water and Sewer Revenue Coverage Ratio	Special Assessment Revenue Bond Debt Service	Special Assessment Operating Revenue	Special Assessment Revenue Coverage Ratio
2011	\$ 588,885	\$ 921,472	156%	\$ 24,946	\$ 11,736,948	47.049%	\$ 211,429	\$ 215,687	102%
2012	588,816	1,061,581	180%	144,473	10,385,139	7.188%	211,509	215,442	102%
2013	591,084	1,148,834	193%	144,473	10,385,139	7.188%	210,995	215,442	102%
2014	591,404	948,742	160%	667,676	12,306,938	1.844%	210,995	257,213	122%
2015	571,275	871,781	153%	667,676	12,556,752	1.880%	211,340	266,766	126%
2016	547,583	905,519	165%	573,301	13,139,949	2.292%	211,379	252,141	119%
2017	542,564	794,481	146%	674,035	13,304,692	1.974%	211,111	239,341	113%
2018	579,540	805,730	139%	673,908	13,583,739	2.016%	216,538	217,713	101%
2019	539,950	727,904	135%	975,705	13,917,047	1.426%	211,596	270,023	128%
2020	587,656	673,474	115%	1,878,187	14,445,807	7.69%	213,288	222,526	104%

Notes: Special Assessment Bonds issued in 2005. Interest on the bonds was capitalized and paid through a portion of the proceeds until September 1, 2007. Parking Fee and Sales Tax Revenue Bond issued in 2004, refinanced in 2014 and a portion defeased in 2016. Water and Sewer Revenue Bonds issued in 2010, 2012 and 2018.

Data Sources

Statement of Revenues, Expenses and Charges in Net Position Proprietary Funds
Bond Debt Service Schedules
Special Assessment Debt Service Fund 488 Trial Balance

CITY OF WAUKEGAN, ILLINOIS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2010	89,078	\$ 20,249	30	12.8	16,298	14.00%
2011	89,099	20,993	31	12.8	16,295	15.10%
2012	89,099	20,401	31	12.8	16,168	12.70%
2013	88,940	20,324	31	12.8	16,733	15.10%
2014	88,915	20,226	31	12.8	16,997	12.00%
2015	88,475	20,333	30	11.8	16,460	10.50%
2016	88,182	20,426	30	11.4	16,812	7.80%
2017	88,159	20,844	38	11.6	16,297	5.70%
2018	86,792	20,844	35	12.4	16,275	7.00%
2019	86,075	21,869	35	12.4	16,126	5.70%

Data Sources

United States Census Bureau; SuburbanStats.Org; and Illinois Report Card

CITY OF WAUKEGAN, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2019						2010					
Employer	Rank	Employment	% of Total City			Employer	Rank	Employment	% of Total City		
Lake County	1	1,718	2.00%			Vista Health Victory Memorial	1	2,850	3.20%		
Southwire Co., LLC	2	1,500	1.74%			Unit School District No. 60	2	1,200	1.35%		
Medline Industries Inc., S.P.T. Div	3	850	0.99%			Uline Inc	3	900	1.01%		
Vista Medical Center East	4	838	0.97%			County of Lake	4	850	0.95%		
Lake Behavioral Hospital	5	800	0.93%			IL Department of Human Resources	5	731	0.82%		
Jewel-Osco	6	515	0.60%			WMS Gaming Inc	6	621	0.70%		
Unit School District No. 60	7	500	0.58%			Baxter Healthcare Corp	7	600	0.67%		
Bel Resources	8	450	0.52%			County of Lake - Public Health	8	600	0.67%		
Kiley Development Center	9	423	0.49%			City of Waukegan	9	502	0.56%		
Yaskawa America, Inc.	10	400	0.46%			First Midwest Bank Corp	10	480	0.54%		
Total population		86,075				Total population		89,078			

Data Sources

Source: 2020 Illinois Manufacturers Directory & 2020 Illinois Services Directory

CITY OF WAUKEGAN, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL GOVERNMENT										
Central services	26.50	29.00	28.50	29.00	33.00	37.00	36.50	46.00	45.50	45.50
Planning and development/building	23.00	19.50	19.50	20.50	21.50	21.00	23.00	23.00	23.00	23.00
PUBLIC SAFETY										
Fire	117.00	109.00	121.00	122.00	120.00	120.00	120.00	120.00	119.00	119.00
Police and communication	228.00	176.00	190.00	193.50	192.50	193.50	193.50	200.00	200.50	200.50
PUBLIC WORKS AND ENGINEERING										
Fire	109.00	94.00	94.00	94.50	94.00	94.00	95.00	92.00	93.00	93.00
TOTAL	503.50	427.50	463.50	459.50	461.00	465.50	468.00	481.00	481.00	481.00

Notes: A full-time employee is equal to one full-time equivalent, and a part-time employee is recorded as 0.5 of a full-time equivalent. Beginning in 2018 the Mayor, Clerk, Treasurer, and Aldermen are included in Central Services. In 2019, a Fire Vehicle Mechanic was reclassified to a Public Works employee.

Data Source

City Budget as of May 1st annually

CITY OF WAUKEGAN, ILLINOIS
OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL GOVERNMENT										
General business licenses issued	1,584	1,674	1,252	1,776	1,806	1,830	1,770	1,662	1,613	1,596
Value of commercial construction	\$ 11,026,187	\$ -	\$ -	\$ 1,959,124	\$ 2,785,500	\$ 29,962,849	\$ 22,100,260	\$ 46,304,143	\$ 10,596,089	\$ 45,063,109
Number of residential single family constructed	1	-	-	4	3	3	-	35	11	-
Value of residential multiple unit family construction	\$ 911,135	\$ 705,522	\$ 195,560	\$ 718,325	\$ 531,920	\$ 498,860	\$ 1,232,768	\$ 7,770,188	\$ 1,852,571	\$ 586,671
Value of residential multiple unit family construction	\$ 10,015,848	\$ 2,800	\$ 2,664	\$ 2,829	\$ 2,679	\$ 3,478	\$ 2,478	\$ 2,964	\$ 2,500	\$ 2,654
Value of residential multiple unit family construction	\$ 17,405,401	\$ 13,725,270	\$ 11,685,637	\$ 11,178,045	\$ 12,880,128	\$ 16,638,115	\$ 16,798,570	\$ 18,221,083	\$ 18,482,668	\$ 13,423,801
Value of residential addition and alteration	\$ 17,405,401	\$ 13,725,270	\$ 11,685,637	\$ 11,178,045	\$ 12,880,128	\$ 16,638,115	\$ 16,798,570	\$ 18,221,083	\$ 18,482,668	\$ 13,423,801
Value of commercial addition and alteration	\$ 22,842,297	\$ 28,066,075	\$ 17,005,133	\$ 36,647,116	\$ 116,400,545	\$ 17,473,338	\$ 33,832,758	\$ 35,201,062	\$ 56,401,258	\$ 36,792,296
PUBLIC SAFETY										
Police responses	76,143	78,727	76,724	72,458	78,101	74,519	69,804	62,201	58,132	64,194
Physical arrests	73,589	87,804	79,857	73,788	78,871	75,107	73,629	73,313	73,220	69,430
Emergency medical responses	4,243	3,697	4,860	4,720	4,383	4,297	9,452	3,380	3,297	2,917
Parking violations	48,716	19,848	19,862	25,623	26,505	18,510	13,631	12,727	8,734	5,669
Emergency medical responses	6,563	6,505	6,585	7,047	7,216	7,186	7,500	7,558	7,586	7,831
Fire department in service fires	145	141	120	168	157	127	105	159	140	100
Fire department other fires	144	139	120	117	125	34	151	140	130	199
Fire department dollar value of structures lost	\$ 104,411,280	\$ 106,131,775	\$ 117,405,600	\$ 34,203,324	\$ 77,548,725	\$ 35,757,310	\$ 45,716,045	\$ 28,158,658	\$ 126,022,779	\$ 118,151,800
Fire department dollar value of structures lost	\$ 4,762,892	\$ 5,021,700	\$ 2,083,600	\$ 3,320,162	\$ 3,910,110	\$ 3,416,130	\$ 2,338,548	\$ 2,927,744	\$ 3,550,980	\$ 3,364,480
Fire department dollar value of structures lost	\$ 99,648,388	\$ 101,110,075	\$ 115,322,000	\$ 30,883,162	\$ 73,638,615	\$ 32,341,180	\$ 43,381,595	\$ 25,230,914	\$ 122,491,837	\$ 114,787,320
Fire department hazard responses	86	85	106	310	290	368	11,234	288	11,280	11,234
Fire department total responses	9,879	10,089	9,895	10,299	10,687	10,882	11,234	11,280	11,413	11,224
STREETS AND HIGHWAYS										
Miles of streets resurfaced	5	5	5	5	3	15	16	7	15	21
Tons of salt used in snow plowing	4,400	2,400	4,200	8,000	4,400	4,200	3,471	7,673	9,480	4,416
Number of parkway trees planted	-	1	-	-	230	-	-	-	-	-
UTILITY										
Number of water main breaks	6	6	11	96	62	55	33	33	35	35
Number of water meters replaced	295	341	778	430	225	33	9,637	213	86	53
Average daily consumption pumped (millions of gallons)	9.0	8.0	9.0	8.0	9.0	10.0	10.0	11.1	10.7	10.0

Note: Police responses include contact through 911, non-emergency lines, walk-up window traffic, self initiated by officer.

Data Source
Various City departments

CITY OF WAUKEGAN, ILLINOIS
CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
MUNICIPAL BUILDINGS										
Police station/dispatch center	3	3	3	3	2	2	2	2	2	2
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works facilities	1	1	1	1	1	1	1	1	1	1
City Hall	1	1	1	1	1	1	1	1	1	1
Water plant	12	12	12	12	12	12	12	12	12	12
Lift stations	3	3	3	3	3	3	3	3	3	3
Water reservoirs/pump stations	2	2	2	2	2	2	2	2	2	2
Parking garages	1	1	1	1	1	1	1	1	1	1
City beach	1	1	1	1	1	1	1	1	1	1
Thermans										
STREETS AND HIGHWAYS (CITY OWNED)										
Miles of streets	N/A	213	213	247	247	247	247	247	248	248
Street lights	N/A	935	935	935	935	935	935	935	988	988
UTILITY										
Miles of watermain	N/A	330	330	330	330	335	335	335	337	337
Miles of sanitary sewers	N/A	350	350	350	350	350	350	350	351	351
Miles of storm sewers - city	N/A	375	375	375	375	375	375	375	376	376
Number of sanitary force mains	N/A	12	12	12	12	12	12	12	12	12
FACILITIES NOT INCLUDED IN THE										
Number of elementary schools**	15	15	15	15	15	15	15	15	15	15
Number of middle schools**	5	5	5	5	5	5	5	5	5	5
Number of high schools**	3	3	3	3	3	3	3	3	3	3
Number of libraries	2	2	2	2	2	2	2	2	2	2
Park district acres*	721	721	721	721	725	735	721	721	721	735

Notes: Infrastructure data was not reported until fiscal year 2012. In 2015, the police department vacated its Genesee Street substation. In 2016, the City sold one of its parking garages to College of Lake County.

Data Sources

Various City departments
*Waukegan Park District
**Waukegan School District #60

APPENDIX C

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

1. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

2. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

3. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

4. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the bond registrar and request that copies of notices be provided directly to them.

5. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

[LETTERHEAD OF MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.]

[TO BE DATED CLOSING DATE]

SERIES 2021A BONDS

March 17, 2021

We hereby certify that we have examined a certified copy of the proceedings (the “**Proceedings**”) of the City Council of the City of Waukegan, Lake County, Illinois (the “**City**”), passed preliminary to the issue by the City of its fully registered 4.00% General Obligation Bonds, Series 2021A to the amount of \$12,815,000 (the “**Bonds**”), dated March 17, 2021 and maturing on December 30 of each of the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2021	\$645,000
2022	530,000
2023	550,000
2024	560,000
2025	580,000
2026	600,000
2027	625,000
2028	655,000
2029	710,000
2030	730,000
2031	780,000
2032	830,000
2033	885,000
2034	940,000
2035	1,000,000
2036	1,065,000
2037	1,130,000

The Bonds maturing on or after December 30, 2031 are subject to redemption prior to maturity at the option of the City on any date on and after December 30, 2030, from any available moneys, in whole or in part, and if in part, in such principal amounts and from such maturities as the City shall determine and within any maturity by lot, at a redemption price of par plus accrued interest to the date fixed for redemption.

We are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.

We are of the opinion, under existing law, that the interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Interest on the Bonds is not exempt from Illinois income tax.

Except as stated in the preceding paragraphs, we express no opinion regarding other federal or state consequences arising with respect to the Bonds and the interest thereon.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors’ rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts solely within the City’s knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

[LETTERHEAD OF MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.]

[TO BE DATED CLOSING DATE]

SERIES 2020B BONDS

March 17, 2021

We hereby certify that we have examined a certified copy of the proceedings (the “**Proceedings**”) of the City Council of the City of Waukegan, Lake County, Illinois (the “**City**”), passed preliminary to the issue by the City of its fully registered Taxable General Obligation Bonds, Series 2021B to the amount of \$31,180,000 (the “**Bonds**”), dated March 17, 2021 and maturing on December 30 of each of the years, in the amounts and bearing interest at the rates per cent per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$1,295,000	0.441%
2022	1,210,000	0.491%
2023	1,270,000	0.695%
2024	1,335,000	0.895%
2025	1,405,000	1.212%
2026	1,480,000	1.412%
2027	1,565,000	1.793%
2028	1,650,000	1.943%
2029	1,745,000	2.333%
2030	1,850,000	2.433%
2031	1,960,000	2.533%
2032	2,075,000	2.633%
2033	2,195,000	2.733%
2034	2,325,000	2.833%
2035	2,460,000	2.933%
2036	2,605,000	3.033%
2037	2,755,000	3.133%

The Bonds maturing on or after December 30, 2031 are subject to redemption prior to maturity at the option of the City on any date on and after December 30, 2030, from any available moneys, in whole or in part, and if in part, in such principal amounts and from such maturities as the City shall determine and within any maturity by lot, at a redemption price of par plus accrued interest to the date fixed for redemption.

We are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.

Interest on the Bonds is not excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

Interest on the Bonds is not exempt from Illinois income tax.

Except as stated in the preceding paragraphs, we express no opinion regarding other federal or state consequences arising with respect to the Bonds and the interest thereon.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts solely within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

APPENDIX E

**CITY OF WAUKEGAN
LAKE COUNTY, ILLINOIS**

FORM OF CONTINUING DISCLOSURE UNDERTAKING

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12**

This Continuing Disclosure Undertaking (the “**Agreement**”) is executed and delivered by the City of Waukegan, Lake County, Illinois (the “**City**”) in connection with the issuance of \$12,815,000 General Obligation Bonds, Series 2021A and \$31,180,000 Taxable General Obligation Bonds, Series 2021B (collectively, the “**Bonds**”). The Bonds are being issued pursuant to a Bond Ordinance adopted by the City Council of the City on the 19th day of January, 2021, and a Bond Order executed in accordance therewith (collectively, the “**Ordinance**”).

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds. The City further represents that it is in compliance with each and every other continuing disclosure undertaking it has delivered to date.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in Exhibit I.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the Audited Financial Statements of the City prepared pursuant to the standards and as described in Exhibit I.

Bondholders shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

Commission means the Securities and Exchange Commission.

EMMA shall mean the MSRB’s Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Material Event means the occurrence of any of the Events with respect to the Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

Material Events Disclosure means dissemination of a notice of a Material Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the City pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds are set forth in Exhibit III attached hereto. The Final Official Statement relating to the Bonds is dated March 4, 2021 (the “***Final Official Statement***”).

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA. The City is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified. All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB. The City shall also disseminate such information to any repository designated by the State of Illinois as a state depository, a “***SID***.”

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB through EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

If the fiscal year of the City is changed, the City shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

5. MATERIAL EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate in a timely manner Material Events Disclosure to the MSRB through EMMA, and to any SID, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance. MSRB Rule 6-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents filed with EMMA, including financial statements and other externally prepared reports.

6. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, and to any SID notice of a failure by the City to provide the annual financial information with respect to the City described in Section 4 above on or prior to the dates set forth in Section 4 above. The City agrees that its determination of whether any event listed in Exhibit II is material shall be made in accordance with federal securities laws. In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinances, and the sole remedy under this Agreement in event of any failure of the City to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the City, provided that the City agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the City in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA. If the fiscal year of the City is changed, the City shall send notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

8. TERMINATION OF UNDERTAKING. The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinances. The City shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA, and to any SID.

9. DISSEMINATION AGENT. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and Bondholders and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The City shall maintain records of all Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The City shall not transfer its obligations under the Ordinances unless the transferee agrees to assume all obligations of the City under this Agreement or to an Undertaking under the Rule.

14. CONTACT PERSON. The City shall designate a contact person from whom Annual Financial Information Disclosure and Material Events Disclosure can be obtained. The initial contact person is:

Title:	City Clerk
Address:	City of Waukegan 100 North Martin Luther King Jr. Avenue Waukegan, IL 60085
Telephone:	(847) 599-2513

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Illinois.

CITY OF WAUKEGAN
Lake County, Illinois

By: _____
Samuel D. Cunningham, Jr., Mayor

Date: March 17, 2021

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means updated information in the tables in the Official Statement under the following captions:

1. The table under the heading of “Retailers’ Occupation, Service Occupation and Use Tax” within the Official Statement.
2. All of the tables under the heading “PROPERTY ASSESSMENT AND TAX INFORMATION” within the Official Statement.
3. All of the tables under the heading “DEBT INFORMATION” (only as it relates to direct debt) within the Official Statement.
4. All of the tables under the heading “FINANCIAL INFORMATION” (Excluding Budget and Unaudited Financial Information) within the Official Statement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the public through EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB through EMMA. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, by 210 days after the last day of the City’s fiscal year (currently April 30, 2021). Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared annually by independent certified public accountants. Audited Financial Statement will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Standards Accounting Board and subject to any express requirements of State law). Audited Financial Statements will be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, within 30 days after availability to City.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH
MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the City;¹
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

¹ This Reportable Event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

15. Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affects security holders, if material;² and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflects financial difficulties.⁽²⁾

² The term “financial obligation” means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

EXHIBIT III
CUSIP NUMBERS

Series 2021A Bonds

YEAR OF MATURITY	CUSIP NUMBER
(December 30)	(942860)
2021	TG2
2022	TH0
2023	TJ6
2024	TK3
2025	TL1
2026	TM9
2027	TN7
2028	TP2
2029	TQ0
2030	TR8
2031	TS6
2032	TT4
2033	TU1
2034	TV9
2035	TW7
2036	TX5
2037	TY3

Taxable Series 2021B Bonds

YEAR OF MATURITY	CUSIP NUMBER
(December 30)	(942860)
2021	TZ0
2022	UA3
2023	UB1
2024	UC9
2025	UD7
2026	UE5
2027	UF2
2028	UG0
2029	UH8
2030	UJ4
2031	UK1
2032	UL9
2033	UM7
2034	UN5
2035	UP0
2036	UQ8
2037	UR6

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APPENDIX F

BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Final Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$485.4 million, \$160.7 million and \$324.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Final Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$_____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$_____

Member Surplus Contribution: \$_____

Total Insurance Payment: \$_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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