

SPECIAL REVENUE FUNDS

MAY 1, 2011 TO APRIL 30, 2012

PROPOSED BUDGET

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SPECIAL REVENUE FUNDS OVERVIEW

Special Revenue funds are used to account for definite expenditures that are linked to specific revenue streams such as grants or special taxes. The Governmental Accounting Standards Board (GASB) explains, “(A) special revenue fund may only be established around one or more revenue sources that are restricted or committed to purposes other than capital projects or debt service.” Active Special Revenue funds include the Waukegan Public Library, Motor Fuel Tax, 911 Emergency System Fund, Tax Increment Financing (TIF) Districts, Public Safety Grant, CDBG, DUI, and Narcotics Funds.

Revenues and fund balances generally must be used for the specific purpose as restricted by the statutes governing the particular tax, grant, or function; and therefore, may not be tapped for general governmental operations until such time a fund is closed. Those existing funds without recurring revenues, or that are in a negative fund balance position will be closed over the next year or two in order to comply with GASB standards. Funds that will be closed include the Lewis Avenue TIF #2, Belvidere Mall TIF #3, Lakefront / Downtown Redevelopment Fund, and the Environmental Liabilities Fund. Active funds that are ongoing but in a negative fund balance include the Motor Fuel Tax Fund and the Narcotics Fund. These funds will see expenditure reductions until such time the imbalance is corrected and fund balances are back in the black.

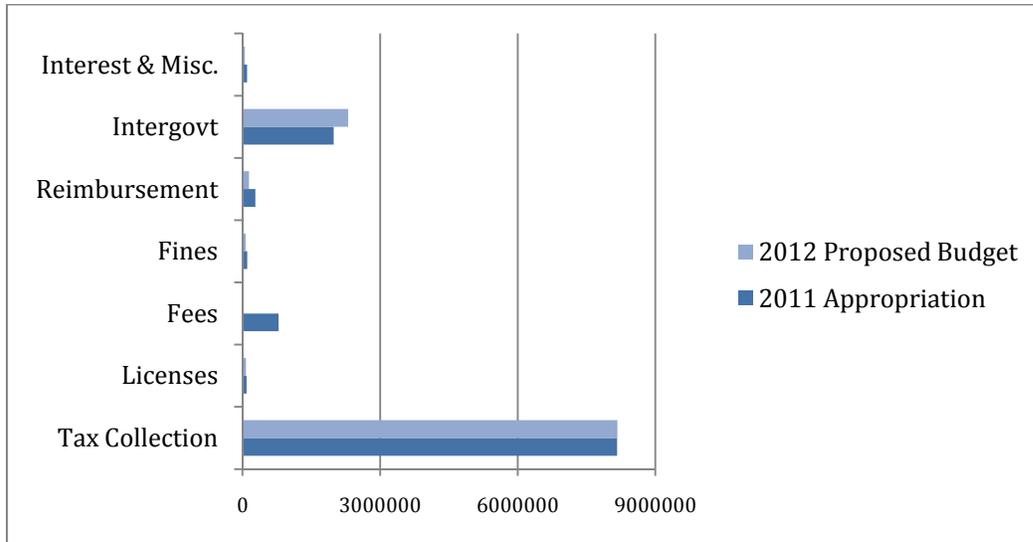
Sources & Uses of Funds	
Revenues	\$10,811,459
Expenditures	(12,309,767)
<i>Surplus / (Deficit) before transfers</i>	(1,498,308)
Transfers-In	0
Transfers-Out	(1,047,416)
<i>Surplus / (Deficit) after transfers</i>	(2,545,724)

Based on April 30, 2010 audited financial statements, the beginning Special Revenue Funds’ unrestricted fund balance, commonly referred to as “Rainy Day Funds” is projected to be \$762,803. As mentioned, these funds are restricted to their use for a special purpose and transfers-out shall only be made if funds are being closed or other specific purpose is identified. The Environmental Liabilities fund is no longer an active fund; therefore fund balances from litigation and insurance proceeds of \$527 thousand are being transferred to the Capital Fund for use in the Slip 3 environmental remediation project. In addition, the Lakefront Development Fund is no longer active. As a result, the projected remaining balances from sales tax, \$520 thousand, are being transferred to the General Fund to mitigate the fiscal deficit in City operations.

Estimated Unrestricted Fund Balance	
Est. Unrestricted Fund Balance – Beginning	\$762,803
<i>Plus Surplus / (Minus Deficit)</i>	(2,545,724)
Est. Unrestricted Fund Balance - Ending*	(1,782,921)

REVENUES

Special Revenue Fund revenues are projected to reach \$10,811,459 for FY11/12, a -6.1% or \$(700,680) decrease versus the FY10/11 budget.

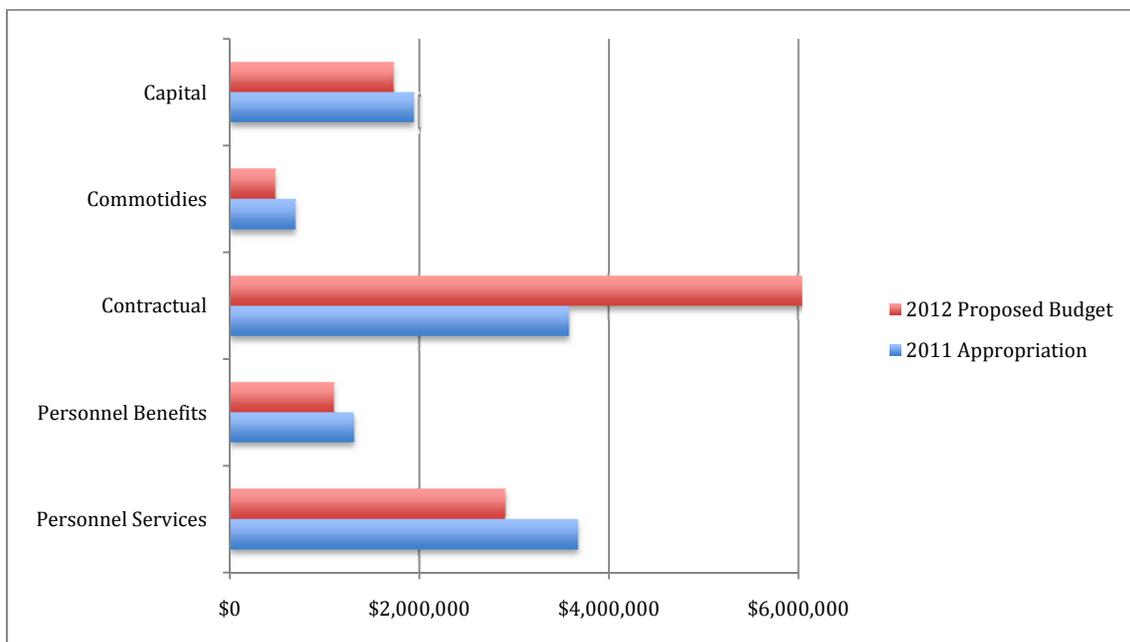


- Tax revenues totaling \$8,175,438 include Motor Fuel Tax, 911 Surcharges and Property Taxes collected in Tax Increment Financing Districts. There is no change expected to these revenues versus the prior year budget.
- The only license revenue is provided for in the Library budget, which is expected to decline -14.9% to \$74,720. Their budget is prepared by Library staff and is approved by the Library board.
- In the prior year, fee revenue was included in the Environmental Liabilities fund but never received. This fund is being discontinued therefore no fee revenue is contemplated for FY11/12.
- Fines and reimbursements are related to monies collected in the Narcotics fund. Prior year estimated were overly optimistic, therefore these revenues have been decreased by -34.6% and -50.0% to \$68,000 and \$140,000 respectively.
- Intergovernmental revenues include CDBG grants received from the federal government for local community development including affordable house and anti-poverty programs. This budget is based on the program submitted to the federal government for funding.
- Interest earned will decline as funds are closed, to an estimated \$8,300; and miscellaneous revenue is also expected to decline to \$42,200.

EXPENDITURES

Total Special Revenue Fund expenditures are expected to increase \$1,188,931 or 10.6% versus the prior year budget to a total of \$12,390,767.

- Personnel Services are budgeted to decrease -20.9% or \$(769,709) to \$2,907,247.
- Personnel Benefits are expected to decline -15.7% or \$(204,159) to \$1,100,350.
- Contractual services are increasing 72.6%, or \$2,596,006, to \$6,172,451. Note that \$1.9 million of this amount is related to the disbursement of surplus tax dollars to overlapping taxing districts with the closure of TIF#2 and TIF#3.
- Commodities are also expected to constrict by -30.7% or \$(214,076) to \$482,449.
- Capital Outlay and Capital Improvements will be decreasing from \$1,947,402 to \$1,728,270, a change of -11.3%.



HEADCOUNT

Overall, Special Revenue Fund headcount has been reduced by 7 full-time positions from FY10/11, including a reduction of one vacant Laborer, one vacant Maintenance Worker, and a reclassification of a Public Works Supervisor to an Assistant Public Works Supervisor in the Motor Fuel Tax (MFT) Fund as this fund has a negative fund balance over \$(430) thousand.

The Assistant Planner in the Lakefront Development fund has been moved to the General Fund, as this fund will be closed due to lack of recurring revenue. The CDBG personnel levels remain unchanged, and is dependent upon Federal funding. All personnel in the Police Narcotics fund have been eliminated, as this fund has a negative fund balance over \$(200) thousand and recurring revenues are not dependable. The E911 Fund personnel levels remain unchanged.

Eliminating these positions, not including the movement of the Assistant Planner position to a different fund, resulted in a total budget savings of \$433 thousand.

	2010	2011	2012	CHG
Asst Planner – Lakefront Dev.	-	1	-	(1)
Dir. Lakefront – Lakefront Dev.	1	-	-	-
Rehab Coord – CDBG	2	2	2	-
CDBG Dir. – CDBG	1	1	1	-
Compliance Coord – CDBG	1	1	1	-
Fiscal Asst – CDBG	1	1	1	-
Police Officer – Narcotics	4	2	-	(2)
Police Sergeant – Narcotics	1	1	-	(1)
Telecommunicator – E911	-	2	2	-
Asst Telecomm Mgr. – E911	1	-	-	-
Telecomm Mgr. – E911	1	1	1	-
Asst PW Supervisor – MFT	-	-	1	1
Laborer – MFT	3	3	2	(1)
Maint. Worker – MFT	8	8	6	(2)
PW Supervisor – MFT	2	2	1	(1)
TOTAL	<u>26</u>	<u>25</u>	<u>18</u>	<u>(7)</u>

GL787 Budget Variances

Report Format 118

As of April 30, 2011

Transaction status 3
Rounding to Whole Dollars

Special Revenue Fund

Description	Revenues	FY 2010-2011 Budget A	FY2011-2012P P Budget	Variance	Percent Variance
Sub 3000	Tax Collection	8,167,438-	8,175,438-	8,000	.1-
Sub 3300	Licenses	87,800-	74,720-	13,080-	14.9
Sub 3400	Fees	786,761-		786,761-	100.0
Sub 3500	Fines	104,000-	68,000-	36,000-	34.6
Sub 4200	Reimbursement	280,000-	140,000-	140,000-	50.0
Sub 4400	Intergovernmental Revenue	1,986,350-	2,302,801-	316,451	15.9-
Sub 4600	Interest Earned	19,660-	8,300-	11,360-	57.8
Sub 4800	Miscellaneous Revenue	80,130-	42,200-	37,930-	47.3
Sub 6300	Transfers - In	550,000-		550,000-	100.0
	Report Final Totals	12,062,139-	10,811,459-	1,250,680-	10.4

As of April 30, 2011

Transaction status 3
Rounding to Whole Dollars

Description	FY 2010-2011 Budget A	FY2011-2012P P Budget	Variance	Percent Variance
Sub 2100 Personnel Services	3,676,956	2,907,247	769,709	20.9
Sub 2200 Personnel Benefits	1,304,509	1,100,350	204,159	15.7
Sub 2400 Contractual Services	3,576,444	6,091,451	2,515,006-	70.3-
Sub 2500 Commodities	696,525	482,449	214,076	30.7
Sub 2600 Capital Outlay	1,812,402	1,557,270	255,132	14.1
Sub 2700 Capital Improvements	135,000	171,000	36,000-	26.7-
Sub 6800 Transfers To	2,505,000	1,047,416	1,457,584	58.2
Report Final Totals	13,706,836	13,357,182	349,654	2.6