

CITY OF NORTH CHICAGO, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2022

CITY OF NORTH CHICAGO, ILLINOIS

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the City's independent auditing firm.



May 26, 2023

The Honorable Mayor
Members of the City Council
City of North Chicago, Illinois

Opinions

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 North Chicago, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based our audit and the report of the other auditors, 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 North Chicago, Illinois, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Police Pension Fund and the Firefighters' Pension Fund as of April 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Police Pension Fund and the Firefighters' Pension Fund, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the the budgetary comparison schedules, and GASB-required pension and other post-employment benefit (OPEB) reporting, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

City of North Chicago, Illinois
May 26, 2023

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Chicago, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

 Governmental Funds

 Proprietary Fund

 Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position

April 30, 2022

See Following Page

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position

April 30, 2022

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals	Unit
				North Chicago
ASSETS				
Current Assets				
Cash and Investments	\$ 30,408,282	5,785,238	36,193,520	1,373,885
Receivables - Net of Allowances	17,118,354	798,101	17,916,455	765,947
Due from Other Governments	115,862	—	115,862	—
Internal Balances	68,720	(68,720)	—	—
Prepays	687,887	7,147	695,034	17,404
Land Held for Resale	4,029,602	—	4,029,602	—
Total Current Assets	52,428,707	6,521,766	58,950,473	2,157,236
Noncurrent Assets				
Capital assets				
Nondepreciable	849,119	696,467	1,545,586	71,966
Depreciable	13,781,882	43,770,032	57,551,914	1,443,158
Accumulated Depreciation	(9,181,173)	(28,007,723)	(37,188,896)	(957,968)
Total Capital Assets	5,449,828	16,458,776	21,908,604	557,156
Other Assets				
Net Pension Asset - IMRF	3,651,726	1,523,086	5,174,812	514,289
Total Noncurrent Assets	9,101,554	17,981,862	27,083,416	1,071,445
Total Assets	61,530,261	24,503,628	86,033,889	3,228,681
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	52,611	21,944	74,555	7,410
Deferred Items - Police Pension	13,098,994	—	13,098,994	—
Deferred Items - Firefighters' Pension	6,922,564	—	6,922,564	—
Deferred Items - Retiree Benefits Plan	2,515,254	218,553	2,733,807	144,923
Total Deferred Outflows of Resources	22,589,423	240,497	22,829,920	152,333
Total Assets and Deferred Outflows of Resources	84,119,684	24,744,125	108,863,809	3,381,014

The accompanying notes to the financial statements are an integral part of this statement.

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals	Unit
				North Chicago Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 4,045,646	329,527	4,375,173	110,208
Accrued Payroll	207,284	20,221	227,505	9,779
Retainage Payable	42,667	—	42,667	—
Accrued Interest Payable	270,356	20,200	290,556	—
Other Liabilities	4,229,164	—	4,229,164	—
Other Payables	3,135,553	—	3,135,553	—
Current Portion of Long-Term Debt	2,756,113	324,981	3,081,094	6,788
Total Current Liabilities	14,686,783	694,929	15,381,712	126,775
Noncurrent Liabilities				
Compensated Absences Payable	1,469,200	108,424	1,577,624	27,153
Net Pension Liability - Police Pension	69,474,067	—	69,474,067	—
Net Pension Liability - Firefighters' Pension	25,200,502	—	25,200,502	—
Notes Payable	3,465,110	—	3,465,110	—
Total OPEB Liability - Retiree Benefits Plan	4,847,665	421,219	5,268,884	279,311
General Obligation Bonds Payable - Net	8,805,000	770,000	9,575,000	—
Lawsuit Settlement Liability	50,400	—	50,400	—
Pollution Remediation Liability	6,388,741	—	6,388,741	—
TIF Notes Payable	1,528,153	—	1,528,153	—
IEPA Loans Payable	—	434,065	434,065	—
Total Noncurrent Liabilities	121,228,838	1,733,708	122,962,546	306,464
Total Liabilities	135,915,621	2,428,637	138,344,258	433,239
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	11,245,619	—	11,245,619	764,332
Deferred Items - IMRF	2,927,690	1,221,101	4,148,791	412,320
Deferred Items - Police Pension	21,705,389	—	21,705,389	—
Deferred Items - Firefighters' Pension	13,951,181	—	13,951,181	—
Deferred Items - Retiree Benefits Plan	2,262,136	196,560	2,458,696	130,339
Total Deferred Inflows of Resources	52,092,015	1,417,661	53,509,676	1,306,991
Total Liabilities and Deferred Inflows of Resources	188,007,636	3,846,298	191,853,934	1,740,230
NET POSITION				
Net Investment in Capital Assets	5,449,828	14,956,836	20,406,664	557,156
Restricted - Public Safety	167,302	—	167,302	—
Restricted - Economic Development	4,229,595	—	4,229,595	—
Restricted - Highways and Streets	2,561,746	—	2,561,746	—
Restricted - Debt Service	5,462,198	—	5,462,198	—
Restricted - Capital Projects	1,761,855	—	1,761,855	—
Restricted - Public Library	—	—	—	1,083,628
Unrestricted (Deficit)	(123,520,476)	5,940,991	(117,579,485)	—
Total Net Position	(103,887,952)	20,897,827	(82,990,125)	1,640,784

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2022

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government and Administration	\$ 7,707,496	2,505,049	608,840	—
Public Safety	12,673,007	284,836	168,634	—
Economic Development	3,343,490	—	—	1,350,991
Highways and Streets	3,490,694	—	705,828	596,321
Interest on Long-Term Debt	661,373	—	—	—
Total Governmental Activities	27,876,060	2,789,885	1,483,302	1,947,312
Business-Type Activities				
Water, Sewer, and Refuse	5,165,552	8,478,897	—	—
Total Primary Government	33,041,612	11,268,782	1,483,302	1,947,312
Component Unit				
North Chicago Public Library	757,043	4,381	48,297	—
General Revenues				
Taxes				
Property Taxes				
State Use Taxes				
Utility Taxes				
Hotel/Motel Taxes				
Video Gaming Taxes				
Telecommunications Taxes				
Other Taxes				
Intergovernmental - Unrestricted				
State Replacement				
State Income Taxes				
State Sales Taxes				
Investment Income (Loss)				
Miscellaneous				
Transfers - Internal Activity				
Extraordinary Item - Pollution Remediation				
Totals				
Change in Net Position				
Net position - Beginning as Restated				
Net position - Ending				

The accompanying notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues			Component
Primary Government		Unit	
Governmental Activities	Business-Type Activities	Totals	North Chicago Public Library
(4,593,607)	—	(4,593,607)	—
(12,219,537)	—	(12,219,537)	—
(1,992,499)	—	(1,992,499)	—
(2,188,545)	—	(2,188,545)	—
(661,373)	—	(661,373)	—
(21,655,561)	—	(21,655,561)	—
—	3,313,345	3,313,345	—
(21,655,561)	3,313,345	(18,342,216)	—
—	—	—	(704,365)
10,440,350	285,613	10,725,963	766,490
1,207,966	—	1,207,966	—
2,544,465	—	2,544,465	—
231,272	—	231,272	—
636,689	—	636,689	—
451,851	—	451,851	—
1,376,035	—	1,376,035	—
774,753	—	774,753	—
4,577,472	—	4,577,472	—
2,177,039	—	2,177,039	—
(772,305)	(56,934)	(829,239)	2,744
1,335,516	51,224	1,386,740	5,174
2,430,000	(2,430,000)	—	—
(6,388,741)	—	(6,388,741)	—
21,022,362	(2,150,097)	18,872,265	774,408
(633,199)	1,163,248	530,049	70,043
(103,254,753)	19,734,579	(83,520,174)	1,570,741
(103,887,952)	20,897,827	(82,990,125)	1,640,784

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2022

	Debt Service				
	Downtown TIF		Capital Projects		
	Redevelopment		Capital		Capital
	Project Area	Debt Service	Improvement	Nonmajor	
	General	2014A			Totals
ASSETS					
Cash and Investments	\$ 16,211,658	5,186,805	3,003,632	5,970,787	30,372,882
Receivables - Net of Allowances					
Taxes	10,259,865	960,000	—	1,572,613	12,792,478
Accounts	4,045,991	—	—	—	4,045,991
Interest	25,034	7,702	—	6,483	39,219
Other	144,596	—	—	96,070	240,666
Due from Other Governments	—	—	—	115,862	115,862
Due from Other Funds	727,474	—	—	20,773	748,247
Land Held for Resale	58,235	—	—	3,971,367	4,029,602
Prepaids	672,681	—	—	15,206	687,887
Total Assets	32,145,534	6,154,507	3,003,632	11,769,161	53,072,834
LIABILITIES					
Accounts Payable	2,581,699	—	—	250,858	2,832,557
Accrued Payroll	207,284	—	—	—	207,284
Retainage Payable	—	—	—	42,667	42,667
Other Liabilities	4,228,064	—	—	1,100	4,229,164
Due to Other Funds	1,211,332	—	—	628,172	1,839,504
Advances from Other Funds	25,000	—	—	—	25,000
Total Liabilities	8,253,379	—	—	922,797	9,176,176
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	8,713,006	960,000	—	1,572,613	11,245,619
Grants	—	—	3,135,553	—	3,135,553
Total Deferred Inflows of Resources	8,713,006	960,000	3,135,553	1,572,613	14,381,172
Total Liabilities and Deferred Inflows of Resources	16,966,385	960,000	3,135,553	2,495,410	23,557,348
FUND BALANCES					
Nonspendable	730,916	—	—	15,206	746,122
Restricted	—	5,194,507	—	9,258,545	14,453,052
Unassigned	14,448,233	—	(131,921)	—	14,316,312
Total Fund Balances	15,179,149	5,194,507	(131,921)	9,273,751	29,515,486
Total Liabilities, Deferred Inflows of Resources and Fund Balances	32,145,534	6,154,507	3,003,632	11,769,161	53,072,834

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

April 30, 2022

Total Governmental Fund Balances	\$ 29,515,486
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	5,449,828
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds.	
Net Pension Asset - IMRF	3,651,726
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(2,875,079)
Deferred Items - Police Pension	(8,606,395)
Deferred Items - Firefighters' Pension	(7,028,617)
Deferred Items - Retiree Benefits Plan	253,118
Internal service funds are used by the Village to charge the costs of central services and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	7,288
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(1,836,500)
Net Pension Liability - Police Pension	(69,474,067)
Net Pension Liability - Firefighters' Pension	(25,200,502)
Total OPEB Liability - Retiree Benefits Plan	(4,847,665)
General Obligation Bonds Payable	(10,790,000)
Notes Payable	(3,861,123)
Lawsuit Settlement Liability	(58,200)
Pollution Remediation Liability	(6,388,741)
TIF Notes Payable	(1,528,153)
Accrued Interest Payable	(270,356)
Net Position of Governmental Activities	<u><u>(103,887,952)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2022

	Debt Service				
	Downtown TIF		Capital Projects		
	Redevelopment	Project Area	Debt Service	Capital	
	General	2014A	Improvement	Nonmajor	Totals
Revenues					
Taxes	\$ 13,067,134	1,959,507	—	1,861,987	16,888,628
Intergovernmental	8,278,839	—	—	2,681,039	10,959,878
Charges for Services	1,747,870	—	—	—	1,747,870
Licenses and Permits	757,179	—	—	—	757,179
Fines and Forfeitures	284,836	—	—	—	284,836
Investment (Loss)	(507,977)	(186,969)	—	(77,372)	(772,318)
Miscellaneous	487,866	—	10,285	837,365	1,335,516
Total Revenues	24,115,747	1,772,538	10,285	5,303,019	31,201,589
Expenditures					
General Government and					
Administration	7,226,646	—	—	—	7,226,646
Public Safety	14,511,362	—	—	13,134	14,524,496
Economic Development	1,381,776	—	—	1,002,924	2,384,700
Highways and Streets	1,913,563	—	—	639,053	2,552,616
Capital Outlay	171,413	—	—	2,354,338	2,525,751
Debt Service					
Principal Retirement	257,093	970,000	—	992,928	2,220,021
Interest and Fiscal Charges	372	82,701	—	548,119	631,192
Total Expenditures	25,462,225	1,052,701	—	5,550,496	32,065,422
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(1,346,478)	719,837	10,285	(247,477)	(863,833)
Other Financing Sources (Uses)					
Disposal of Capital Assets	31,658	—	—	—	31,658
Transfers In	2,430,000	—	—	2,936	2,432,936
Transfers Out	(2,936)	—	—	—	(2,936)
	2,458,722	—	—	2,936	2,461,658
Net Change in Fund Balances	1,112,244	719,837	10,285	(244,541)	1,597,825
Fund Balances - Beginning	14,066,905	4,474,670	(142,206)	9,518,292	27,917,661
Fund Balances - Ending	15,179,149	5,194,507	(131,921)	9,273,751	29,515,486

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to to the Statement of Activities - Governmental Activities

For the Fiscal Year Ended April 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 1,597,825

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	778,473
Depreciation Expense	(496,343)
Disposals - Cost	(3,253,230)
Disposals - Accumulated Depreciation	1,531,495

Revenues in the Statement of Activities that are not available in governmental funds are not reported as revenue in governmental funds until received. 314,120

An change to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.

Change in Net Pension Asset - IMRF 1,897,335

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(825,134)
Change in Deferred Items - Police Pension	(15,482,699)
Change in Deferred Items - Firefighters' Pension	(6,934,156)
Change in Deferred Items - Retiree Benefits Plan	(2,123,710)

Internal service funds are used by the Village to charge the costs of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 18,708

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences Payable	252,317
Change in Net Pension Liability - Police Pension	16,275,987
Change in Net Pension Liability - Firefighters' Pension	8,088,283
Change in Total OPEB Liability - Retiree Benefits Plan	1,923,431
Issuance of Debt	(4,800)
Retirement of Debt	2,227,821
Amortization of Bond Premium	21,126
Amortization of Loss on Refunding	(93,537)
Change in Pollution Remediation Liability	(6,388,741)

Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

42,230

Changes in Net Position of Governmental Activities

(633,199)

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2022

	Business-Type Activities -	
	Enterprise Fund	Governmental Activities
	Water, Sewer, and Refuse	Internal Service
ASSETS		
Current Assets		
Cash and Investments	\$ 5,785,238	35,400
Receivables - Net of Allowances		
Accounts	646,714	—
Interest	12,765	—
Other	138,622	—
Advances to Other Funds	25,000	—
Prepays	7,147	—
Total Current Assets	<u>6,615,486</u>	<u>35,400</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable	696,467	—
Depreciable	43,770,032	—
Accumulated Depreciation	<u>(28,007,723)</u>	<u>—</u>
Total Capital Assets	<u>16,458,776</u>	<u>—</u>
Other Assets		
Net Pension Asset - IMRF	<u>1,523,086</u>	<u>—</u>
Total Noncurrent Assets	<u>17,981,862</u>	<u>—</u>
Total Assets	<u>24,597,348</u>	<u>35,400</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	21,944	—
Deferred Items - Retiree Benefits Plan	<u>218,553</u>	<u>—</u>
Total Deferred Outflows of Resources	<u>240,497</u>	<u>—</u>
Total Assets and Deferred Outflows of Resources	<u>24,837,845</u>	<u>35,400</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-Type Activities -		Governmental Activities
Enterprise Fund	Water, Sewer, and Refuse	

LIABILITIES

Current Liabilities

Accounts Payable	\$ 329,527	1,757
Accrued Payroll	20,221	—
Due to Other Funds	93,720	26,355
Accrued Interest Payable	20,200	—
Compensated Absences Payable	27,106	—
General Obligation Bonds Payable	240,000	—
IEPA Loans Payable	57,875	—
Total Current Liabilities	788,649	28,112

Noncurrent Liabilities

Compensated Absences	108,424	—
Total OPEB Liability - Retiree Benefits Plan	421,219	—
General Obligation Bonds Payable	770,000	—
IEPA Loans Payable	434,065	—
Total Noncurrent Liabilities	1,733,708	—
Total Liabilities	2,522,357	28,112

DEFERRED INFLOWS OF RESOURCES

Deferred Items - IMRF	1,221,101	—
Deferred Items - RBP	196,560	—
Total Deferred Inflows of Resources	1,417,661	—
Total Liabilities and Deferred Inflows of Resources	3,940,018	28,112

NET POSITION

Net Investment in Capital Assets	14,956,836	—
Unrestricted	5,940,991	7,288
Total Net Position	20,897,827	7,288

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2022

	Business-Type Activities -	
	Enterprise Fund	Governmental
	Water, Sewer, and Refuse	Activities Internal Service
Operating Revenues		
Charges for Services	\$ 8,478,897	—
Miscellaneous	51,224	—
Interfund Services	—	194,628
Total Operating Revenues	<u>8,530,121</u>	<u>194,628</u>
Operating Expenses		
Operations		
Water	2,701,449	—
Sewer	695,688	—
Refuse	862,422	—
Premiums and Claims Payments	—	175,933
Depreciation	782,774	—
Total Operating Expenses	<u>5,042,333</u>	<u>175,933</u>
Operating Income	<u>3,487,788</u>	<u>18,695</u>
Nonoperating Revenues (Expenses)		
Investment Income (Loss)	(56,934)	13
Disposal of Capital Assets	(75,052)	—
Property Taxes	285,613	—
Interest Expense	(48,167)	—
	<u>105,460</u>	<u>13</u>
Income Before Transfers	3,593,248	18,708
Transfers Out	<u>(2,430,000)</u>	<u>—</u>
Change in Net Position	1,163,248	18,708
Net Position - Beginning as Restated	<u>19,734,579</u>	<u>(11,420)</u>
Net Position - Ending	<u>20,897,827</u>	<u>7,288</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended April 30, 2022

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Water, Sewer, and Refuse	Internal Service
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 8,734,102	—
Receipts from Interfund Services	—	194,628
Payments to Employees	(924,329)	(11,295)
Payments to Suppliers	<u>(3,858,396)</u>	<u>(168,380)</u>
	<u>3,951,377</u>	<u>14,953</u>
Cash Flows from Noncapital Financing Activities		
Transfers Out	<u>(2,430,000)</u>	<u>—</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(398,524)	—
Retirement of Debt	(287,876)	—
Interest Expense	<u>(48,167)</u>	<u>—</u>
	<u>(734,567)</u>	<u>—</u>
Cash Flows from Investing Activities		
Investment Income	<u>(56,934)</u>	<u>13</u>
Net Change in Cash and Cash Equivalents	<u>729,876</u>	<u>14,966</u>
Cash and Cash Equivalents - Beginning	<u>5,055,362</u>	<u>20,434</u>
Cash and Cash Equivalents - Ending	<u>5,785,238</u>	<u>35,400</u>
Reconciliation of Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Operating Income	3,487,788	18,695
Adjustments to Reconcile Operating Income to Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	782,774	—
Other Income	285,613	—
(Increase) Decrease in Current Assets	(81,632)	1,414
Increase (Decrease) in Current Liabilities	<u>(523,166)</u>	<u>(5,156)</u>
Net Cash Provided by Operating Activities	<u>3,951,377</u>	<u>14,953</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS**Statement of Fiduciary Net Position****April 30, 2022**

	Pension Trust
ASSETS	
Cash and Cash Equivalents	\$ 4,426,895
Investments	
Illinois Police Officers' Pension Investment Trust	11,735,987
Illinois Firefighters Pension Investment Trust	9,160,540
Insurance Contracts	2,964,442
Receivables	
Due from Municipality	1,211,332
Prepaids	<u>4,450</u>
Total Assets	29,503,646
LIABILITIES	
Accounts Payable	<u>4,435</u>
NET POSITION	
Net Position Restricted for Pensions	<u>29,499,211</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2022**

	Pension Trust
Additions	
Contributions - Employer	\$ 3,578,193
Contributions - Plan Members	705,793
Total Contributions	<u>4,283,986</u>
Investment Income (Loss)	
Interest Earned	483,279
Net Change in Fair Value	<u>(1,163,208)</u>
	(679,929)
Less Investment Expenses	<u>(176,144)</u>
Net Investment (Loss)	<u>(856,073)</u>
Total Additions	<u>3,427,913</u>
Deductions	
Administration	112,290
Benefits and Refunds	<u>4,854,060</u>
Total Deductions	<u>4,966,350</u>
Change in Fiduciary Net Position	(1,538,437)
Net Position Restricted for Pensions	
Beginning	<u>31,037,648</u>
Ending	<u>29,499,211</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Chicago (City), Illinois, is incorporated in Lake County in the State of Illinois. The City is a home rule unit and operates under the City Council form of government. The City Council is composed of the Mayor and seven Alderman. The City provides services to the community that include: public safety, police and fire, economic development, highways and streets, water, sewer, refuse, and other general and administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP in the United States). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations).

REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of North Chicago
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In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the City.

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). 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 elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining 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 is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

Firefighters' Pension Employees Retirement System

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the City's Mayor, two elected from active participants of the Fund, and one elected pension beneficiary of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining 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 is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 but do not meet the criteria for blending.

North Chicago Public Library

The North Chicago Public 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, 2022. No separate annual financial report is issued for the Library.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, economic development, highway and streets, and general administrative services are classified as governmental activities. The City's water, sewer and refuse services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government and administration, public safety, economic development, highways and streets, etc.). The functions are supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, licenses and permits, fines and forfeitures, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, income taxes, investment income, etc.).

The City does allocate indirect costs. Costs for dental and vision insurance (Dental and Vision) and retiree's insurance premiums (Retiree's Premiums) are provided to other departments or agencies of the government on a cost reimbursed basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains ten nonmajor special revenue funds.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Downtown TIF Redevelopment Project Area Debt Service 2014A, a major fund, if used to account for principal and interest payments made on the Series 2014A bonds. The City also maintains three nonmajor debt service funds.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Improvement Fund, a major fund, is used to account for the revenues and expenditures relative to the construction of capital improvements or the purchase of vehicles and equipment. The City also maintains two nonmajor capital projects funds.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the City:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains one major enterprise fund. The Water, Sewer and Refuse Fund is used to account for the provision of water, sewer and refuse services to the individual residents and commercial entities of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, financing and related debt service, and billing and collections.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City maintains two internal service funds. Internal service funds account for dental and vision insurance premiums (Dental and Vision) and retiree's insurance premiums (Retiree's Premium) provided to departments or agencies of the government, or to other governments, on a cost reimbursement basis. The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government and administration, public safety, economic development, highways and streets, etc.).

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

The City's pension trust funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, income taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

All proprietary and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system and sales of water meters needed by customers for service. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds' Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Internal service fund services provided and used are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, income taxes, and grants. Business-type activities report charges for services as their major receivables.

Prepays/Inventories - Land Held for Resale

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements. Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays/inventories are recorded as expenditures when consumed rather than when purchased. The City values property held for resale at cost, adjusted for impairment. The City intends to sell various parcels of property in the future to residential and commercial developers. Future valuations are subject to market conditions and could significantly differ from current carrying value.

Capital Assets

Capital assets purchased or acquired with an original cost of more than \$5,000, except for infrastructure which has a capitalization threshold of \$100,000, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. Infrastructure such as streets, traffic signals and storm sewers are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	20 Years
Buildings and Improvements	45 - 50 Years
Infrastructure	15 - 80 Years
Machinery and Equipment	5 - 15 Years
Underground Equipment	45 Years

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Compensated Absences

The City accrues accumulated unused vacation, sick pay and other employee benefit costs when earned (or estimated to be earned) by the employee. If an employee has accumulated hours in excess of 560 hours, all such excess hours shall be paid at one-half the employee's hourly salary, if the City budget allows, at the beginning of each fiscal year. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as "terminal leave" prior to retirement.

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

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types 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 debt service expenditures.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Net Position

In the government-wide financial statements, 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 of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the 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 legislations.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. The City passed the Appropriation Ordinance 2022-10 and one supplemental appropriation was passes on April 18, 2022. Annual budgets are adopted (at the fund level) for all funds, except for the Capital Improvement, Federal Forfeited Property (DEA), E911 Emergency, Seized Drug Money (State), DCEO Infrastructure, Dental and Vision, Retiree's Premium Funds, Police Pension and Firefighters' Pension Funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget but not over the appropriation for the fiscal year:

Fund	Actual	Budget	Appropriation
Grant Place Operating	\$ 169,704	132,561	170,329
Sheridan Crossing TIF Redevelopment Project Area Operating	80,383	30,000	180,157
Downtown TIF Redevelopment Project Area Debt Service 2007A	293,485	293,450	305,720
Grant Place Retail Center Debt Service 2007C	918,703	918,262	964,218
Skokie Highway TIF III	360,276	60,000	402,020

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

DEFICIT FUND BALANCE/NET POSITION

The following funds had deficit fund balance/net position as of the date of this report:

Fund	Deficit
Capital Improvement	\$ 131,921
Dental and Vision	27,890

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the City to make deposits/invest 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, and commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and Illinois Public Reserves Investment Management Trust.

Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

The Illinois Public Reserves Investment Management Trust (IPRIME) is an investment opportunity and cash management service for Illinois Municipal Treasurers acting on behalf of counties, townships, cities, towns, villages, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, and all other political corporations or subdivisions of the State of Illinois. Participation in IPRIME is voluntary. IPRIME is not registered with the SEC as an Investment Company. Investments in IPRIME are valued at the share price, the price for which the investment could be sold.

City

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$18,549,916 and the bank balances totaled \$19,505,271. In addition, the City has \$4,078,710 invested in the Illinois Funds, \$494,798 invested in IPRIME, and \$596,401 invested in IMET.

Investments. At year-end, the City has the following investments and maturities:

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
US Treasuries	\$ 3,268,722	—	1,508,147	1,760,575	—
Corporate Bonds	7,743,672	1,138,820	3,106,867	3,082,955	415,030
Municipal Bonds	1,461,301	1,151,423	309,878	—	—
Totals	12,473,695	2,290,243	4,924,892	4,843,530	415,030

The City has the following recurring fair value measurements as of April 30, 2022:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investments by Fair Value Level	Total	(Level 1)	(Level 2)	(Level 3)
Debt Securities				
US Treasuries	\$ 3,268,722	3,268,722	—	—
Corporate Bonds	7,743,672	—	7,743,672	—
Municipal Bonds	1,461,301	—	1,461,301	—
Total Investments by Fair Value Level	12,473,695	3,268,722	9,204,973	—
Investments Measured at the Net Asset Value (NAV)				
Illinois Funds	4,078,710			
IPRIME	494,798			
IMET	596,401			
Total Investments at the (NAV)	5,169,909			
Total Investments Measured at Fair Value	17,643,604			

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Interest Rate Risk. 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 limiting investment maturities to no more than three years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. The objective is to maintain a core portfolio with maturities in the one- to three-year range. Illinois Funds, IMET and IPRIME have average maturities of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds, and mutual bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy imposes further limits on investment choices and prohibits investments in "derivative" securities and in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986. At year-end, the City's investment in corporate bonds is rated A+ by Standard & Poor's, municipal bonds are not rated, the Illinois Funds is rated AAA by Standard & Poor's, IPRIME is rated AAAf by Standard & Poor's and IMET is rated AAA by Standard & Poor's.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy states that deposits should have a collateralization ratio of 110% of the fair value of funds secured, with collateral held by a third-party custodian designated by the Investment Officer and evidenced by safekeeping receipts. At year-end, all of the deposits were covered by FDIC insurance or collateral held by the City or safekeeping in the City's name.

Custodial Credit Risk - Investments. For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not address this risk. To limit its exposure, the City 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 an independent third-party custodian and evidenced by safekeeping receipts and a written custodial agreement. At year-end, the City's investment in the Illinois Funds, IPRIME and IMET was not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy requires the City to diversify its investments by security type and institution. Which the exception of U.S. Treasury securities and authorized pools, such as the Illinois Funds, no more than 75% of the City total investment portfolio will be invested in a single security type or with a single financial institution.

At year-end, the City does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund

The Illinois Police Officers Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report as of June 30, 2021. A copy of that report can be obtained from IFPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org. The Fund transferred all eligible assets to the Investment Fund during the year ended April 30, 2022.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$2,375,654 and the bank balances totaled \$2,464,647.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. For an investment, this is the risk that in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance at an amount not less than 100% of the fair market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Investments. At year-end the Fund has \$11,735,987 invested in IPOPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. The Fund also has \$2,964,442 invested in insurance contracts (Level 2).

Investment Policy. IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

Rate of Return

For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.79%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report as of June 30, 2021. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org. The Fund transferred all eligible assets to the IFPIF during the year ended April 30, 2022.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's deposits totaled \$2,051,241 and the bank balances totaled \$2,051,241.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance at an amount not less than 100% of the fair market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For investments, the Fund's investment policy limits its exposure by requiring 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 custodian, in the name of the respective Fund, and evidenced by safekeeping receipts. The Fund's investment in IMET is not subject to custodial credit risk.

Investments. At year-end the Fund has \$9,160,540 invested in IFPIF, which is measured at the net asset value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org.

Investment Policy. IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Rate of Return

For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (7.42%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

North Chicago Public Library

Deposits. At year-end, the carrying amount of the Library's deposits for governmental totaled \$285,329 and the bank balances totaled \$337,195. The Library also had \$1,088,556 in IPRIME, which is measured at the net asset value (NAV) per share as determined by the pool.

Interest Rate Risk. 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 Library limits its exposure to interest rate risk by limiting investment maturities to no more than three years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. IPRIME has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds, and mutual bonds to the top two ratings issued by nationally recognized statistical rating organizations. At year-end, the Library's investment in IPRIME is rated AAAf by Standard & Poor's.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's investment policy states that deposits should in excess of FDIC be collateralized with collateral held by an independent third party in the name of the Library. At year-end, all of the deposits were covered by FDIC insurance or collateral held by the Library or safekeeping in the Library's name.

Custodial Credit Risk - Investments. For an investment, this 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's investment policy does not address this risk. At year-end, the Library's investment in IPRIME was not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy requires the City to diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, such as the Illinois Funds, no more than 75% of the Library total investment portfolio will be invested in a single security type or with a single financial institution.

At year-end, the Library does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

PROPERTY TAXES

Property taxes for 2021 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and August 1 during the following year. The County collects such taxes and remits them periodically.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND ADVANCES

The composition of interfund advances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
Water, Sewer and Refuse	General	\$ 25,000

The \$25,000 from General Fund to Water, Sewer and Refuse Fund represents the ECD demolition expenses related to blighted properties and represents the final loan payment ending in FY2023.

INTERFUND BALANCES

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 608,557
General	Water, Sewer and Refuse	92,562
General	Dental and Vision	26,355
Nonmajor Governmental	Nonmajor Governmental	19,615
Nonmajor Governmental	Water, Sewer and Refuse	1,158
Police Pension	General	527,652
Firefighters' Pension	General	<u>683,680</u>
		<u>1,959,579</u>

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General	Water, Sewer and Refuse	\$ 2,430,000 (1)
Nonmajor Governmental	General	<u>2,936 (2)</u>
		<u>2,432,936</u>

Transfers are used to (1) cover the General Fund shortfall and (2) to close the E911 Emergency Fund into the General Fund at year end.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Restated Beginning Balances			Ending Balances
		Increases	Decreases	
Nondepreciable Capital Assets				
Land	\$ 1,199,884	—	843,053	356,831
Construction in Progress	49,531	442,757	—	492,288
	<u>1,249,415</u>	<u>442,757</u>	<u>843,053</u>	<u>849,119</u>
Depreciable Capital Assets				
Land Improvements	2,706,016	—	8,800	2,697,216
Buildings and Improvements	4,673,873	26,500	198,850	4,501,523
Infrastructure	619,440	—	574,971	44,469
Machinery and Equipment	7,857,014	309,216	1,627,556	6,538,674
	<u>15,856,343</u>	<u>335,716</u>	<u>2,410,177</u>	<u>13,781,882</u>
Less Accumulated Depreciation				
Land Improvements	494,220	109,296	8,800	594,716
Buildings and Improvements	2,971,770	102,866	40,911	3,033,725
Infrastructure	12,153	11,065	20,995	2,223
Machinery and Equipment	6,738,182	273,116	1,460,789	5,550,509
	<u>10,216,325</u>	<u>496,343</u>	<u>1,531,495</u>	<u>9,181,173</u>
Total Net Depreciable Capital Assets	<u>5,640,018</u>	<u>(160,627)</u>	<u>878,682</u>	<u>4,600,709</u>
Total Net Capital Assets	<u>6,889,433</u>	<u>282,130</u>	<u>1,721,735</u>	<u>5,449,828</u>

Depreciation expense was charged to governmental activities as follows:

General Government and Administration	\$ 250,827
Public Safety	95,926
Economic Development	85,151
Highways and Streets	<u>64,439</u>
	<u>496,343</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Restated Beginning Balances			Ending Balances
		Increases	Decreases	
Nondepreciable Capital Assets				
Land	\$ 2,435	—	—	2,435
Construction in Progress	295,508	398,524	—	694,032
	<u>297,943</u>	<u>398,524</u>	<u>—</u>	<u>696,467</u>
Depreciable Capital Assets				
Land Improvements	219,773	—	—	219,773
Buildings	8,575,251	—	4,986	8,570,265
Machinery and Equipment	5,708,971	—	550,826	5,158,145
Underground Equipment	32,534,595	—	2,712,746	29,821,849
	<u>47,038,590</u>	<u>—</u>	<u>3,268,558</u>	<u>43,770,032</u>
Less Accumulated Depreciation				
Land Improvements	120,986	2,912	—	123,898
Buildings	5,147,109	180,357	4,986	5,322,480
Machinery and Equipment	4,704,684	184,153	550,826	4,338,011
Underground Equipment	20,445,676	415,352	2,637,694	18,223,334
	<u>30,418,455</u>	<u>782,774</u>	<u>3,193,506</u>	<u>28,007,723</u>
Total Net Depreciable Capital Assets	<u>16,620,135</u>	<u>(782,774)</u>	<u>75,052</u>	<u>15,762,309</u>
Total Net Capital Assets	<u>16,918,078</u>	<u>(384,250)</u>	<u>75,052</u>	<u>16,458,776</u>

Depreciation expense of \$782,774 was charged to the Water, Sewer and Refuse Fund.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Component Unit - North Chicago Public Library

	Restated Beginning Balances			Ending Balances
		Increases	Decreases	
Nondepreciable Capital Assets				
Land	\$ 71,966	—	—	71,966
Depreciable Capital Assets				
Land Improvements	9,400	—	—	9,400
Buildings and Improvements	1,305,586	29,815	—	1,335,401
Machinery and Equipment	69,857	32,000	3,500	98,357
	1,384,843	61,815	3,500	1,443,158
Less Accumulated Depreciation				
Land Improvements	9,400	—	—	9,400
Buildings and Improvements	812,448	40,963	—	853,411
Machinery and Equipment	69,857	28,800	3,500	95,157
	891,705	69,763	3,500	957,968
Total Net Depreciable Capital Assets	493,138	(7,948)	—	485,190
Total Net Capital Assets	565,104	(7,948)	—	557,156

Depreciation expense of \$69,763 was charged to the Library's culture and recreation function.

LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements
April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds - Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$2,475,000 General Obligation Bonds of 2007A dated May 9, 2007, due in annual installments of \$135,000 to \$290,000 plus interest at 4.00% through November 1, 2022.	Downtown TIF Redevelopment Project Area Debt Service 2007A	\$ 560,000	—	270,000	290,000
\$4,740,000 General Obligation Bonds of 2007B dated May 9, 2007, due in annual installments of \$415,000 to \$880,000 plus interest at 4.30% to 4.35% through May 1, 2037.	Downtown TIF Redevelopment Project Area Debt Service 2007B	4,740,000	—	—	4,740,000
\$8,860,000 General Obligation Bonds of 2007C dated August 15, 2007, due in annual installments of \$195,000 to \$910,000 plus interest at 5.81% to 6.01% through November 1, 2027.	Downtown TIF Redevelopment Project Area Debt Service 2007C	5,325,000	—	600,000	4,725,000
\$6,010,000 General Obligation Refunding Bonds of 2014A dated February 4, 2015, due in annual installments of \$695,000 to \$1,035,000 plus interest at 4.00% through November 1, 2022.	Downtown TIF Redevelopment Project Area Debt Service 2014A	2,005,000	—	970,000	1,035,000
\$2,275,000 General Obligation Refunding Bonds of 2014B dated February 4, 2015, due in annual installments of \$195,000 to \$265,000 plus interest at 4.00% through November 1, 2025.	Water, Sewer and Refuse	1,240,000	—	230,000	1,010,000
		13,870,000	—	2,070,000	11,800,000

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

IEPA Loans Payable

The City has entered into loan agreements with the IEPA to provide low interest financing for sewer and water improvements. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,752,856 IEPA Loan of 2011, due in semi-annual installments of \$57,875 through October 20, 2030. This loan is non-interest bearing.	Water, Sewer, and Refuse	\$ 549,816	—	57,876	491,940

Notes Payable

The City enters into notes payable for the acquisition of capital equipment. Notes payable are direct obligations and pledge the full faith and credit of the City. Notes payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$100,000 Note Payable of 2017, due in annual installments of \$20,372 to \$21,860, including interest at 1.86% through November 1, 2021.	General	\$ 20,000	—	20,000	—
\$2,109,290 Note Payable of 2012, due in monthly installments of \$17,600 through November 1, 2021. This note is non-interest bearing.	General	138,090	—	138,090	—
\$3,960,126 Note Payable of 2021, due in monthly installments of \$33,001 through January 1, 2031. This note is non-interest bearing.	General	3,960,126	—	99,003	3,861,123
		4,118,216	—	257,093	3,861,123

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Tax Increment Financing Notes Payable

The City signed a note for with Brems Realty, LLC in the amount of \$1,700,000 at a non-interest bearing note. These notes will only be paid if there are incremental real estate taxes (paid from the Skokie Highway Tax Increment Financing #3 Fund) from which to pay it. Tax increment financing notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Tax Increment Financing Notes Payable of 2020 - Due from incremental real estate taxes, when available, non interest bearing.	Skokie Highway TIF #3	\$ 1,651,081	—	122,928	1,528,153

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due Within One Year
Governmental Activities					
Compensated Absences	\$ 2,088,817	252,317	504,634	1,836,500	367,300
Pension	85,750,054	—	16,275,987	69,474,067	—
Firefighters Pension	33,288,785	—	8,088,283	25,200,502	—
Total OPEB Liability - RBP	6,771,096	—	1,923,431	4,847,665	—
General Obligation Bonds	12,630,000	—	1,840,000	10,790,000	1,985,000
Plus: Unamortized Premium	21,126	—	21,126	—	—
Notes Payable	4,118,216	—	257,093	3,861,123	396,013
TIF Notes Payable	1,651,081	—	122,928	1,528,153	—
Lawsuit Settlement Liability	61,200	4,800	7,800	58,200	7,800
Pollution Remediation Liability	—	6,388,741	—	6,388,741	—
	146,380,375	6,645,858	29,041,282	123,984,951	2,756,113

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liability Activity - Continued

Type of Debt	Restated			Amounts	
	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
Business-Type Activities					
Compensated Absences	\$ 120,680	29,700	14,850	135,530	27,106
Total OPEB Liability - RBP	754,138	—	332,919	421,219	—
General Obligation Bonds	1,240,000	—	230,000	1,010,000	240,000
Plus: Premium on Issuance	67,988	—	67,988	—	—
IEPA Loans Payable	549,816	—	57,876	491,940	57,875
	<u>2,732,622</u>	<u>29,700</u>	<u>703,633</u>	<u>2,058,689</u>	<u>324,981</u>
Component Unit - North Chicago Public Library					
Compensated Absences	42,285	8,344	16,688	33,941	6,788
Total OPEB Liability - RBP	394,867	—	115,556	279,311	—
	<u>437,152</u>	<u>8,344</u>	<u>132,244</u>	<u>313,252</u>	<u>6,788</u>

For governmental activities, the compensated absences, the net pension liabilities and the total OPEB liability are generally liquidated by the General Fund. The general obligation bonds are being liquidated by the debt service funds. The General Fund makes payments on the notes payable and the lawsuit settlement liability. The Skokie Highway TIF #3 makes payments on the TIF notes payable.

For business-type activities, compensated absences and total OPEB liability are being liquidated by the Water, Sewer and Refuse Fund. The Water, Sewer and Refuse Fund makes payments on the general obligation bonds and the IEPA loans payable.

Pollution Remediation

The City has recognized an obligation to clean up environmental contamination on blighted land located within the Sheridan TIF District in accordance with federal, state, and/or local requirements. The estimated amount to clean up the environmental contamination is \$6,388,741 based on estimates prepared by the Illinois Environmental Protection Agency. The estimates have the potential to change based on price increases or reductions, technology, or applicable laws or regulations.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities			
	General		Notes Payable		General		IEPA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,985,000	500,840	396,013	—	240,000	35,600	57,875	—
2024	720,000	427,731	396,013	—	245,000	25,900	57,875	—
2025	765,000	383,106	396,013	—	260,000	15,800	57,875	—
2026	810,000	335,778	396,013	—	265,000	5,300	57,875	—
2027	860,000	285,594	396,013	—	—	—	57,875	—
2028	910,000	232,406	396,013	—	—	—	57,875	—
2029	415,000	205,060	396,013	—	—	—	57,875	—
2030	435,000	187,215	396,013	—	—	—	57,875	—
2031	450,000	168,510	396,013	—	—	—	28,940	—
2032	470,000	149,160	297,006	—	—	—	—	—
2033	490,000	128,950	—	—	—	—	—	—
2034	510,000	107,880	—	—	—	—	—	—
2035	535,000	85,695	—	—	—	—	—	—
2036	555,000	62,423	—	—	—	—	—	—
2037	580,000	38,280	—	—	—	—	—	—
2038	300,000	6,525	—	—	—	—	—	—
	10,790,000	3,305,153	3,861,123	—	1,010,000	82,600	491,940	—

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. "The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent:...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts." To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION RESTATEMENT

Beginning net position was restated due to changes in capital asset values as the result of a comprehensive capital asset appraisal, errors in previous years reporting of Notes Payable and TIF Revenues Notes, and also to correct an error in the reporting of accrued interest payable liabilities in previous years. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ (92,455,578)	(103,254,753)	(10,799,175)
Business-Type Activities	16,392,593	19,734,579	3,341,986
Water, Sewer and Refuse	16,392,593	19,734,579	3,341,986
North Chicago Public Library	1,594,929	1,570,741	(24,188)

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2022:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 5,449,828
Less Capital Related Debt:	_____
Net Investment in Capital Assets	<u>5,449,828</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	16,458,776
Less Capital Related Debt:	
General Obligation Refunding Bond of 2019	(1,010,000)
IEPA Loan Payable	<u>(491,940)</u>
Net Investment in Capital Assets	<u>14,956,836</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	Debt		Capital Projects	Capital	Nonmajor	Totals
	Service	Downtown TIF				
	Redevelopment	Project Area				
		Debt Service		Capital		
	General	2014A	Improvement			
Fund Balances						
Nonspendable						
Land Held for Resale	\$ 58,235	—	—	—	—	58,235
Prepays	672,681	—	—	15,206	15,206	687,887
	<u>730,916</u>	<u>—</u>	<u>—</u>	<u>15,206</u>	<u>15,206</u>	<u>746,122</u>
Restricted						
Public Safety	—	—	—	167,302	167,302	
Economic Development	—	—	—	4,229,595	4,229,595	
Highways and Streets	—	—	—	2,561,746	2,561,746	
Debt Service	—	5,194,507	—	538,047	538,047	5,732,554
Capital Projects	—	—	—	1,761,855	1,761,855	
	<u>—</u>	<u>5,194,507</u>	<u>—</u>	<u>9,258,545</u>	<u>9,258,545</u>	<u>14,453,052</u>
Unassigned	<u>14,448,233</u>	<u>—</u>	<u>(131,921)</u>	<u>—</u>	<u>—</u>	<u>14,316,312</u>
Total Fund Balances	15,179,149	5,194,507	(131,921)	9,273,751	29,515,486	

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATION - Continued

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the City Council itself or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City's highest level of decision-making authority is the City Council, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The City has established a fund balance policy for the General Fund and the Water, Sewer and Refuse Fund. The policy requires unassigned fund balance to be maintained in the General Fund equivalent to 30% - 40% of the audited expenditures. Any fund balance in the General Fund in excess of the maximum can be assigned for nonrecurring expenditures or transferred to the Capital Improvement Fund for future capital needs.

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health; natural disasters; illness of employees; and injuries to the City's employees. The City purchases third party indemnity insurance for employee health, dental, and vision. There have been no significant changes in insurance coverage purchased compared to the prior year. For those exposures covered by insurance policies, settled claims have not exceeded the insurance coverage purchased for each of the past three fiscal periods.

COMMITMENTS

Construction Commitments

The City has certain contracts for various funds for construction projects which were in progress at April 30, 2022. Remaining commitments under these contracts approximated \$589,777.

Tax Rebate Agreements

The City of North Chicago has entered into various tax rebate agreements with local developers and corporations under municipal code. Under these agreements, the City rebates a portions of sales and TIF taxes. For the fiscal year ended April 30, 2022, the City rebated a total of \$344,697 in taxes under these agreements.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

During fiscal year 2006, the City reached a settlement for an alleged wrongful termination of a former employee. Under this agreement, the City is required to make monthly payments for the rest of the former employee's life. The estimated present value of these future settlement payments of \$58,200 has been recorded as a liability at April 30, 2022. The City is also a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, and the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. Separate reports are issued for the Police Pension Plan and the Firefighters' Pension Plan and may be obtained by writing to the City at 1850 Lewis Avenue, North Chicago, Illinois 60064. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

The aggregate amounts recognized for the two pension plans is:

	Net Pension Liability/ (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense/ (Revenue)
IMRF				
City	\$ (5,174,812)	74,555	4,148,791	(1,215,789)
Library	(514,289)	7,410	412,320	(109,170)
Police Pension	69,474,067	13,098,994	21,705,389	1,184,905
Firefighters' Pension	25,200,502	6,922,564	13,951,181	445,873
	88,985,468	20,103,523	40,217,681	305,819

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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 employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Plan Membership - Continued.

Inactive plan members currently receiving benefits	116
Inactive plan members entitled to but not yet receiving benefits	67
Active plan members	<u>57</u>
Total	<u><u>240</u></u>

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2022, the City's contribution was 8.09% of covered payroll.

Net Pension (Asset). The City's net pension (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age
	Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as 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 the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	Current		
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City Library	\$ (2,330,640) (228,645)	(5,174,812) (514,289)	(7,461,947) (741,592)
Net Pension (Asset)	(2,559,285)	(5,689,101)	(8,203,539)

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension (Asset)

	City	Library	Totals
Total Pension Liability			
Service Cost	\$ 353,989	35,181	389,170
Interest	1,828,087	112,468	1,940,555
Differences Between Expected and Actual Experience	(261,647)	(26,003)	(287,650)
Change of Assumptions	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(1,488,917)	(147,973)	(1,636,890)
Net Change in Total Pension Liability	431,512	(26,327)	405,185
Total Pension Liability - Beginning	<u>25,775,181</u>	<u>1,614,951</u>	<u>27,390,132</u>
 Total Pension Liability - Ending	 <u>26,206,693</u>	 <u>1,588,624</u>	 <u>27,795,317</u>
 Plan Fiduciary Net Position			
Contributions - Employer	315,627	31,368	346,995
Contributions - Members	159,767	15,878	175,645
Net Investment Income	4,682,030	465,315	5,147,345
Benefit Payments, Including Refunds of Member Contributions	(1,488,917)	(147,973)	(1,636,890)
Other (Net Transfer)	(418,516)	(41,593)	(460,109)
Net Change in Plan Fiduciary Net Position	3,249,991	322,995	3,572,986
Plan Net Position - Beginning	<u>28,131,514</u>	<u>1,779,918</u>	<u>29,911,432</u>
 Plan Net Position - Ending	 <u>31,381,505</u>	 <u>2,102,913</u>	 <u>33,484,418</u>
 Employer's Net Pension (Asset)	 <u>(5,174,812)</u>	 <u>(514,289)</u>	 <u>(5,689,101)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City recognized pension revenue of \$1,215,789, and the Library recognized pension revenue of \$109,170. At April 30, 2022, the City and Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ —	(371,816)	—	(36,952)	(408,768)
Change in Assumptions	—	(54,705)	—	(5,437)	(60,142)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(3,722,270)	—	(369,931)	(4,092,201)
	—	(4,148,791)	—	(412,320)	(4,561,111)
Pension Contributions Made Subsequent to the Measurement Date	74,555	—	7,410	—	81,965
Total Deferred Amounts Related to IMRF	<u>74,555</u>	<u>(4,148,791)</u>	<u>7,410</u>	<u>(412,320)</u>	<u>(4,479,146)</u>

\$81,965 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension (asset) in the reporting year ended April 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources		
	City	Library	Totals
2023	\$ (1,227,391)	(121,983)	(1,349,374)
2024	(1,453,427)	(144,446)	(1,597,873)
2025	(915,691)	(91,004)	(1,006,695)
2026	(552,282)	(54,887)	(607,169)
2027	—	—	—
Thereafter	—	—	—
Total	<u>(4,148,791)</u>	<u>(412,320)</u>	<u>(4,561,111)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum 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 Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At April 30, 2022, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	45
Inactive Plan Members Entitled to but not yet Receiving Benefits	18
Active Plan Members	<u>49</u>
Total	<u><u>112</u></u>

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ 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 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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 benefit. The monthly benefit 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 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent 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 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required 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 Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village 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, 2022, the City's contribution was 47.26% of covered payroll.

Concentrations. At year end, the Pension Plan does not have investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.13%
Salary Increases	2.93% - 11.45%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates were based on the Pub-100 adjusted for plan status, demographics, and Illinois public pension data, as described.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate

A Single Discount Rate of 4.57% was used to measure the total pension liability, while the prior year used 3.64%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.125%, the municipal bond rate is 3.21%, and the resulting single discount rate is 4.57%.

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 as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.57%)	Current Discount Rate (4.57%)	1% Increase (5.57%)
Net Pension Liability	\$ 84,059,083	69,474,067	57,857,183

CITY OF NORTH CHICAGO, ILLINOIS**Notes to the Financial Statements****April 30, 2022****NOTE 4 - OTHER INFORMATION - Continued****EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued****Police Pension Plan - Continued****Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2021	\$ 104,353,005	18,602,951	85,750,054
Changes for the Year:			
Service Cost	2,396,555	—	2,396,555
Interest on the Total Pension Liability	3,502,406	—	3,502,406
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual			
Experience of the Total Pension Liability	(6,658,288)	—	(6,658,288)
Changes of Assumptions	(13,448,677)	—	(13,448,677)
Contributions - Employer	—	1,978,193	(1,978,193)
Contributions - Employees	—	462,546	(462,546)
Contributions - Other	—	—	—
Net Investment Income	—	(321,925)	321,925
Benefit Payments, including Refunds			
of Employee Contributions	(3,068,708)	(3,068,708)	—
Administrative Expenses	—	(50,831)	50,831
Net Changes	(17,276,712)	(1,000,725)	(16,275,987)
Balances at April 30, 2022	87,076,293	17,602,226	69,474,067

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City recognized pension expense of \$1,184,905. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 310,628	(6,169,859)	(5,859,231)
Change in Assumptions	12,788,366	(15,351,184)	(2,562,818)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	—	(184,346)	(184,346)
Total Deferred Amounts Related to Police Pension	<u>13,098,994</u>	<u>(21,705,389)</u>	<u>(8,606,395)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (3,057,513)
2024	(1,917,091)
2025	(1,570,435)
2026	(2,061,356)
2027	—
Thereafter	—
Total	<u>(8,606,395)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At April 30, 2022, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	30
Total	75

Benefits Provided. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ 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 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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 benefit. The monthly benefit 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 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter 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 the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent 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 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' 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. 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, 2022, the City's contribution was 62.19% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2022, using the following actuarial methods and assumptions:

Actuarial cost method	Projected Unit Credit
Asset valuation method	Fair Value
Actuarial assumptions	
Interest rate	7.13%
Salary increases	2.64% - 10.88%
Cost of living adjustments	2.25%
Inflation	3.25%

Mortality rates were based on the Pub-2010 adjusted for plan status, demographics, and Illinois public pension data, as described.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate

A Single Discount Rate of 6.39% was used to measure the total pension liability, while the prior year used 5.07%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.125%, the municipal bond rate is 3.21%, and the resulting single discount rate is 6.39%.

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 pension liability of the City calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.39%)	Current Discount Rate (6.39%)	1% Increase (7.39%)
Net Pension Liability	\$ 30,842,298	\$ 25,200,502	\$ 20,639,091

CITY OF NORTH CHICAGO, ILLINOIS**Notes to the Financial Statements****April 30, 2022****NOTE 4 - OTHER INFORMATION - Continued****EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued****Firefighters' Pension Plan - Continued****Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2021	\$ 45,723,482	\$ 12,434,697	\$ 33,288,785
Changes for the year:			
Service Cost	985,103	—	985,103
Interest on the Total Pension Liability	2,157,568	—	2,157,568
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(2,256,829)	—	(2,256,829)
Changes of Assumptions	(7,726,485)	—	(7,726,485)
Contributions - Employer	—	1,600,000	(1,600,000)
Contributions - Employees	—	243,247	(243,247)
Net Investment Income	—	(534,148)	534,148
Benefit Payments, Including Refunds of Employee Contributions	(1,785,352)	(1,785,352)	—
Other (Net Transfer)	—	(61,459)	61,459
Net changes	(8,625,995)	(537,712)	(8,088,283)
Balances at April 30, 2022	\$ 37,097,487	\$ 11,896,985	\$ 25,200,502

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City recognized pension expense of \$445,873. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 1,498,262	\$ (1,858,095)	\$ (359,833)
Change in assumptions	5,228,993	(12,093,086)	(6,864,093)
Net difference between projected and actual earnings on pension plan investments	195,309	—	195,309
Total deferred amounts related to Firefighters' Pension	<u>\$ 6,922,564</u>	<u>\$ (13,951,181)</u>	<u>\$ (7,028,617)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (1,826,387)
2024	(1,768,457)
2025	(1,969,457)
2026	(931,238)
2027	(533,078)
Thereafter	—
Total	<u>\$ (7,028,617)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. The City provides pre- and post-Medicare postemployment health insurance 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 Illinois Municipal Retirement Fund. All non-PSEBA members pay contribution rates equal to the premiums.

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 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

Plan Membership. As of April 30, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	25
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>138</u>
Total	<u><u>163</u></u>

Total OPEB Liability

The City's total OPEB liability was measured as of April 30, 2022 and was determined by an actuarial valuation as of April 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	3.98%
Healthcare Cost Trend Rates	Initial trend rate of 6.67% with an ultimate trend rate of 4.50%.
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs - Continued. The discount rate was based on S&P Municipal Bond Index with a maturity of 20 years.

Mortality rates were based on the PubG.H-2010(B) with improvements using Scale MP-2020.

Change in the Total OPEB Liability

	City	Library	Totals
Balance at April 30, 2021	\$ 7,525,234	394,867	7,920,101
Changes for the Year:			
Service Cost	53,800	2,852	56,652
Interest on the Total OPEB Liability	131,835	11,045	142,880
Difference Between Expected and Actual Experience	—	—	—
Changes of Assumptions or Other Inputs	(2,228,385)	(118,130)	(2,346,515)
Benefit Payments	(213,600)	(11,323)	(224,923)
Net changes	(2,256,350)	(115,556)	(2,371,906)
Balance at April 30, 2022	<u>5,268,884</u>	<u>279,311</u>	<u>5,548,195</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 3.98%, while the prior year rate was calculated using 1.83%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
City	\$ 4,554,206	5,268,884	6,197,576
Library	241,424	279,311	328,542
Total OPEB Liability	<u>4,795,630</u>	<u>5,548,195</u>	<u>6,526,118</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using varied Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using varied Healthcare Trend Rate that are one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Trend Rates (Varies)	1% Increase (Varies)
City	\$ 6,210,632	5,268,884	4,531,711
Library	329,234	279,311	240,232
Total OPEB Liability	6,539,866	5,548,195	4,771,943

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

For the year ended April 30, 2022, the City recognized OPEB expense of \$323,689, and the Library recognized OPEB expense of \$19,792. At April 30, 2022, the City and Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ —	(467,762)	—	(24,797)	(492,559)
Change in Assumptions	2,733,807	(1,990,934)	144,923	(105,542)	782,254
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—	—	—
Total Deferred Amounts Related to OPEB	<u>2,733,807</u>	<u>(2,458,696)</u>	<u>144,923</u>	<u>(130,339)</u>	<u>289,695</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - Continued

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	Net Deferred Outflows/(Inflows) of Resources		
	City	Library	Totals
2023	\$ 136,703	7,247	143,950
2024	136,703	7,247	143,950
2025	136,703	7,247	143,950
2026	136,703	7,247	143,950
2027	5,561	295	5,856
Thereafter	(277,262)	(14,699)	(291,961)
Total	<u>275,111</u>	<u>14,584</u>	<u>289,695</u>

SUBSEQUENT EVENTS

American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The City has been allocated \$6,271,106 to be received in two installments. On June 1, 2021 the City received their first installment of \$3,135,553. On September 1, 2022 the City received their second installment of \$3,135,553.

Sale of Land

On May 17, 2022, the City closed on the sale of 1801 North Sheridan Road, North Chicago IL 60064. The sale amount received by the City was \$531,496.

Long-Term Debt

In December 2022, the City redeemed the remaining outstanding General Obligation Bonds, Series 2007B and legally defeased the remaining outstanding General Obligation Bonds, series 2014B. These bonds will be considered paid in full after the redemption and defeasance, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefit Plan
- Budgetary Comparison Schedule
 - General Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF NORTH CHICAGO, ILLINOIS

Illinois Municipal Retirement Fund
Schedule of Employer Contributions
April 30, 2022

Fiscal Year	Actuarially Determined Contribution		Contributions in Relation to the Actuarially Determined Contribution			Contributions as a Percentage of Covered Payroll	
				Contribution	Excess/ (Deficiency)	Covered Payroll	Covered Payroll
2016	Totals	\$ 424,834	\$ 421,862	\$ (2,972)	\$ 4,627,821		9.12%
2017	Totals	411,883	421,048	9,165	4,669,874		9.02%
2018	Totals	463,986	463,986	—	5,143,963		9.02%
2019	Totals	456,774	456,774	—	5,336,150		8.56%
2020	Totals	328,902	335,211	6,309	4,908,990		6.83%
2021	Totals	379,488	379,488	—	4,244,842		8.94%
2022	City	281,748	281,748	—	3,482,257		8.09%
	Library	28,001	28,001	—	346,078		8.09%
	Totals	<u>309,749</u>	<u>309,749</u>	—	<u>3,828,335</u>		<u>8.09%</u>

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF NORTH CHICAGO, ILLINOIS

Police Pension Fund

Schedule of Employer Contributions

April 30, 2022

Fiscal Year	Contributions in Relation to the Actuarially Determined Contribution		Contribution Excess/(Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Determined Contribution			
2015	\$ 1,706,664	\$ 871,239	\$ (835,425)	\$ 4,321,523	20.16%
2016	1,731,260	1,119,364	(611,896)	4,313,455	25.95%
2017	1,974,935	1,245,337	(729,598)	4,204,648	29.62%
2018	2,368,071	1,340,164	(1,027,907)	4,351,811	30.80%
2019	2,743,966	2,074,877	(669,089)	3,966,822	52.31%
2020	2,894,959	1,631,561	(1,263,398)	4,239,961	38.48%
2021	3,082,436	2,131,165	(951,271)	4,687,717	45.46%
2022	3,536,474	1,978,193	(1,558,281)	4,186,033	47.26%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.93% - 11.45%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	PubS-2010 adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF NORTH CHICAGO, ILLINOIS

Firefighters' Pension Fund

Schedule of Employer Contributions

April 30, 2022

Fiscal Year	Contributions in Relation to the Actuarially Determined Contribution		Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution			
2015	\$ 853,872	\$ 612,133	\$ (241,739)	\$ 2,267,983	26.99%
2016	910,002	702,086	(207,916)	2,356,214	29.80%
2017	880,492	788,096	(92,396)	2,387,259	33.01%
2018	1,034,154	998,114	(36,040)	2,470,813	40.40%
2019	1,235,584	1,401,723	166,139	2,778,373	50.45%
2020	1,530,152	1,105,680	(424,472)	2,625,739	42.11%
2021	1,609,490	1,504,416	(105,074)	2,765,493	54.40%
2022	1,836,106	1,600,000	(236,106)	2,572,678	62.19%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % pay (closed)
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year Smoothed Fair value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.30%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 applied from 2013.

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF NORTH CHICAGO, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

April 30, 2022

		12/31/2015	12/31/2016	12/31/2017
Total Pension Liability				
Service Cost	\$ 496,614	477,467	527,252	
Interest	1,595,969	1,686,673	1,754,501	
Differences Between Expected and Actual Experience	135,340	(234,768)	496,693	
Change of Assumptions	27,111	(27,863)	(821,061)	
Benefit Payments, Including Refunds of Member Contributions	(980,356)	(1,031,753)	(1,072,356)	
Net Change in Total Pension Liability	1,274,678	869,756	885,029	
Total Pension Liability - Beginning	21,521,458	22,796,136	23,665,892	
Total Pension Liability - Ending		<u>22,796,136</u>	<u>23,665,892</u>	<u>24,550,921</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 421,862	421,048	463,986	
Contributions - Members	266,754	210,159	231,479	
Net Investment Income	109,525	1,474,443	3,965,076	
Benefit Payments, Including Refunds of Member Contributions	(980,356)	(1,031,753)	(1,072,356)	
Other (Net Transfer)	(487,761)	76,347	(341,468)	
Net Change in Plan Fiduciary Net Position	(669,976)	1,150,244	3,246,717	
Plan Net Position - Beginning	22,050,828	21,380,852	22,531,096	
Plan Net Position - Ending		<u>21,380,852</u>	<u>22,531,096</u>	<u>25,777,813</u>
Employer's Net Pension Liability/(Asset)		<u>\$ 1,415,284</u>	<u>1,134,796</u>	<u>(1,226,892)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		93.79%	95.20%	105.00%
Covered Payroll	\$ 4,627,821	4,669,874	5,143,963	
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		30.58%	24.30%	(23.85%)

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017.

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Totals			12/31/2021		
12/31/2018	12/31/2019	12/31/2020	City	Library	Totals
548,419	547,796	512,356	353,989	35,181	389,170
1,813,605	1,902,000	1,959,495	1,828,087	112,468	1,940,555
285,360	(116,087)	(836,373)	(261,647)	(26,003)	(287,650)
757,516	—	(201,520)	—	—	—
(1,287,468)	(1,415,548)	(1,630,340)	(1,488,917)	(147,973)	(1,636,890)
2,117,432	918,161	(196,382)	431,512	(26,327)	405,185
24,550,921	26,668,353	27,586,514	25,775,181	1,614,951	27,390,132
<u>26,668,353</u>	<u>27,586,514</u>	<u>27,390,132</u>	<u>26,206,693</u>	<u>1,588,624</u>	<u>27,795,317</u>
456,774	335,211	379,488	315,627	31,368	346,995
269,498	221,003	194,388	159,767	15,878	175,645
(1,398,107)	4,536,102	3,941,597	4,682,030	465,315	5,147,345
(1,287,468)	(1,415,548)	(1,630,340)	(1,488,917)	(147,973)	(1,636,890)
309,344	(148,271)	(630,052)	(418,516)	(41,593)	(460,109)
(1,649,959)	3,528,497	2,255,081	3,249,991	322,995	3,572,986
25,777,813	24,127,854	27,656,351	28,131,514	1,779,918	29,911,432
<u>24,127,854</u>	<u>27,656,351</u>	<u>29,911,432</u>	<u>31,381,505</u>	<u>2,102,913</u>	<u>33,484,418</u>
<u>2,540,499</u>	<u>(69,837)</u>	<u>(2,521,300)</u>	<u>(5,174,812)</u>	<u>(514,289)</u>	<u>(5,689,101)</u>
90.47%	100.25%	109.21%	119.75%	132.37%	120.47%
5,336,150	4,908,990	4,244,842	3,550,363	352,846	3,903,209
47.61%	(1.42%)	(59.40%)	(145.75%)	(145.75%)	(145.75%)

CITY OF NORTH CHICAGO, ILLINOIS

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2022

	4/30/2015	4/30/2016
Total Pension Liability		
Service cost	\$ 1,964,836	2,102,749
Interest	2,616,283	2,486,868
Changes of Benefit Terms	—	—
Differences Between Expected and Actual Experience	—	980,066
Change of Assumptions	—	13,134,903
Benefit Payments, Including Refunds		
of Member Contributions	(2,286,321)	(2,328,436)
Net Change in Total Pension Liability	2,294,798	16,376,150
Total Pension Liability - Beginning	<u>67,378,186</u>	<u>69,672,984</u>
Total Pension Liability - Ending	<u>69,672,984</u>	<u>86,049,134</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 871,239	1,119,364
Contributions - Members	449,402	474,366
Contributions - Other	—	—
Net Investment Income	854,260	(951,249)
Benefit Payments, Including Refunds		
of Member Contributions	(2,286,322)	(2,328,436)
Administrative Expense	(54,681)	(58,334)
Net Change in Plan Fiduciary Net Position	<u>(166,102)</u>	<u>(1,744,289)</u>
Plan Net Position - Beginning	<u>16,652,507</u>	<u>16,486,405</u>
Plan Net Position - Ending	<u>16,486,405</u>	<u>14,742,116</u>
Employer's Net Pension Liability	<u>\$ 53,186,579</u>	<u>71,307,018</u>
Plan Fiduciary Net Position as a		
Percentage of the Total Pension Liability	23.66%	17.13%
Covered Payroll	\$ 4,321,523	4,313,455
Employer's Net Pension Liability as a		
Percentage of Covered Payroll	1230.74%	1653.13%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Assumptions: Changes of assumptions related to the discount rate were made in 2016 through 2022.

4/30/2017	4/30/2018	4/30/2019	4/30/2020	4/30/2021	4/30/2022
2,077,064	2,162,639	2,001,215	1,769,787	2,921,273	2,396,555
3,495,010	3,311,058	3,460,534	3,689,710	3,527,900	3,502,406
—	—	—	404,320	—	—
882,242	24,748	(453,236)	609,119	(1,409,879)	(6,658,288)
(8,324,912)	(1,858,694)	(7,313,198)	25,408,469	(4,368,056)	(13,448,677)
(2,437,558)	(2,750,999)	(2,793,059)	(2,911,005)	(2,820,621)	(3,068,708)
(4,308,154)	888,752	(5,097,744)	28,970,400	(2,149,383)	(17,276,712)
86,049,134	81,740,980	82,629,732	77,531,988	106,502,388	104,353,005
<u>81,740,980</u>	<u>82,629,732</u>	<u>77,531,988</u>	<u>106,502,388</u>	<u>104,353,005</u>	<u>87,076,293</u>
1,245,337	1,340,164	2,074,877	1,631,561	2,131,165	1,978,193
422,719	391,043	380,089	405,485	447,914	462,546
4,502	—	—	—	—	—
1,225,102	1,044,192	1,009,187	(142,088)	4,272,721	(321,925)
(2,437,558)	(2,750,999)	(2,793,059)	(2,911,005)	(2,820,621)	(3,068,708)
(52,857)	(50,720)	(57,945)	(97,012)	(51,359)	(50,831)
407,245	(26,320)	613,149	(1,113,059)	3,979,820	(1,000,725)
14,742,116	15,149,361	15,123,041	15,736,190	14,623,131	18,602,951
<u>15,149,361</u>	<u>15,123,041</u>	<u>15,736,190</u>	<u>14,623,131</u>	<u>18,602,951</u>	<u>17,602,226</u>
<u>66,591,619</u>	<u>67,506,691</u>	<u>61,795,798</u>	<u>91,879,257</u>	<u>85,750,054</u>	<u>69,474,067</u>
18.53%	18.30%	20.30%	13.73%	17.83%	20.21%
4,204,648	4,351,811	3,966,822	4,239,961	4,687,717	4,186,033
1583.76%	1551.23%	1557.82%	2166.98%	1829.25%	1659.66%

CITY OF NORTH CHICAGO, ILLINOIS

Firefighter's Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2022

	<u>4/30/2015</u>	<u>4/30/2016</u>
Total Pension Liability		
Service Cost	\$ 1,075,887	986,970
Interest	1,454,398	1,529,798
Changes in Benefit Terms	—	—
Differences Between Expected and Actual Experience	—	289,491
Change of Assumptions	—	2,498,444
Benefit Payments, Including Refunds of Member Contributions	(1,316,005)	(1,351,222)
Net Change in Total Pension Liability	1,214,280	3,953,481
Total Pension Liability - Beginning	<u>35,204,263</u>	<u>36,418,543</u>
Total Pension Liability - Ending	<u>\$ 36,418,543</u>	<u>40,372,024</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 612,133	702,086
Contributions - Members	221,905	238,849
Contributions - Other	—	—
Net Investment Income	574,497	(227,014)
Benefit Payments, Including Refunds of Member Contributions	(1,316,005)	(1,351,222)
Administrative Expense	(47,172)	(62,227)
Prior Period Audit Adjustment	—	6,030
Net Change in Plan Fiduciary Net Position	45,358	(693,498)
Plan Net Position - Beginning	<u>9,402,324</u>	<u>9,447,682</u>
Plan Net Position - Ending	<u>\$ 9,447,682</u>	<u>8,754,184</u>
Employer's Net Pension Liability	<u>\$ 26,970,861</u>	<u>31,617,840</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.94%	21.68%
Covered Payroll	\$ 2,267,983	2,356,214
Employer's Net Pension Liability as a Percentage of Covered Payroll	1189.20%	1341.89%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Assumptions: Changes of assumptions related to the discount rate were made in 2016 through 2022.

4/30/2017	4/30/2018	4/30/2019	4/30/2020	4/30/2021	4/30/2022
987,334	1,032,949	1,130,220	790,979	1,080,817	985,103
1,834,010	1,773,804	1,842,246	2,052,011	2,173,465	2,157,569
—	—	—	290,099	—	—
1,058,782	18,391	1,072,746	372,655	843,541	(2,256,829)
(3,796,674)	(314,947)	(7,164,842)	8,290,037	(2,512,459)	(7,726,485)
(1,349,682)	(1,423,522)	(1,487,888)	(1,610,191)	(1,632,423)	(1,785,353)
(1,266,230)	1,086,675	(4,607,518)	10,185,590	(47,059)	(8,625,995)
40,372,024	39,105,794	40,192,469	35,584,951	45,770,541	45,723,482
<u>39,105,794</u>	<u>40,192,469</u>	<u>35,584,951</u>	<u>45,770,541</u>	<u>45,723,482</u>	<u>37,097,487</u>
788,096	998,114	1,401,723	1,105,680	1,504,416	1,600,000
227,874	245,118	258,049	243,305	260,984	243,247
21,325	16,784	—	10,972	—	—
899,900	504,213	923,175	(1,045,960)	3,119,053	(534,147)
(1,349,682)	(1,423,522)	(1,487,888)	(1,610,191)	(1,632,423)	(1,785,353)
(59,543)	(56,079)	(56,029)	(50,780)	(76,171)	(61,459)
—	—	—	—	—	—
527,970	284,628	1,039,030	(1,346,974)	3,175,859	(537,712)
8,754,184	9,282,154	9,566,782	10,605,812	9,258,838	12,434,697
<u>9,282,154</u>	<u>9,566,782</u>	<u>10,605,812</u>	<u>9,258,838</u>	<u>12,434,697</u>	<u>11,896,985</u>
<u>29,823,640</u>	<u>30,625,687</u>	<u>24,979,139</u>	<u>36,511,703</u>	<u>33,288,785</u>	<u>25,200,502</u>
23.74%	23.80%	29.80%	20.23%	27.20%	32.07%
2,387,259	2,470,813	2,778,373	2,625,739	2,765,493	2,572,678
1249.28%	1239.50%	899.06%	1390.53%	1203.72%	979.54%

CITY OF NORTH CHICAGO, ILLINOIS

Police Pension Fund

Schedule of Investment Returns

April 30, 2022

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	4.78%
2016	(6.79%)
2017	8.53%
2018	7.47%
2019	6.83%
2020	(1.25%)
2021	31.20%
2022	(4.79%)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF NORTH CHICAGO, ILLINOIS

Firefighters' Pension Fund
Schedule of Investment Returns
April 30, 2022

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	6.05%
2016	(6.07%)
2017	7.96%
2018	4.72%
2019	9.74%
2020	(14.73%)
2021	31.45%
2022	(7.42%)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF NORTH CHICAGO, ILLINOIS**Retiree Benefit Plan****Schedule of Changes in the Employer's Total OPEB Liability****April 30, 2022**

		Totals
	4/30/2019	4/30/2020
Total OPEB Liability		
Service Cost	\$ 39,565	42,455
Interest	153,133	171,617
Differences Between Expected and Actual Experience	(187,427)	—
Change of Assumptions or Other Inputs	317,714	351,061
Benefit Payments	(172,442)	(189,483)
Other Changes	985,746	17,622
Net Change in Total OPEB Liability	1,136,289	393,272
Total OPEB Liability - Beginning	4,304,769	5,441,058
 Total OPEB Liability - Ending	 5,441,058	 5,834,330
 Covered-Employee Payroll	 \$ 10,021,401	 10,021,401
 Total OPEB Liability as a Percentage of Employee-Covered Payroll	 54.29%	 58.22%

Notes: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Changes of Assumptions. Changes of assumptions related to the discount rate were made in 2019 through 2022.

4/30/2022			
4/30/2021	City	Library	Totals
47,619	53,800	2,852	56,652
163,471	131,835	11,045	142,880
(536,435)	—	—	—
2,608,098	(2,228,385)	(118,130)	(2,346,515)
(196,982)	(213,600)	(11,323)	(224,923)
—	—	—	—
2,085,771	(2,256,350)	(115,556)	(2,371,906)
5,834,330	7,525,234	394,867	7,920,101
7,920,101	5,268,884	279,311	5,548,195
10,749,251	10,616,329	562,786	11,179,115
73.68%	49.63%	49.63%	49.63%

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Taxes	\$ 11,848,348	11,848,348	13,067,134
Intergovernmental	6,878,917	8,149,482	8,278,839
Charges for Services	1,720,000	1,720,000	1,747,870
Licenses and Permits	788,475	788,475	757,179
Fines and Forfeitures	680,500	680,500	284,836
Investment Income (Loss)	40,000	40,000	(507,977)
Miscellaneous	117,814	117,814	487,866
Total Revenues	<u>22,074,054</u>	<u>23,344,619</u>	<u>24,115,747</u>
Expenditures			
General Government and Administration	8,008,615	8,169,994	7,226,646
Public Safety	12,421,314	12,629,068	14,511,362
Economic Development	1,466,035	1,466,035	1,381,776
Highways and Streets	1,925,962	2,060,962	1,913,563
Capital Outlay	562,000	562,000	171,413
Debt Service			
Principal Retirement	138,090	158,462	257,093
Interest and Fiscal Charges	—	58,000	372
Total Expenditures	<u>24,522,016</u>	<u>25,104,521</u>	<u>25,462,225</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(2,447,962)</u>	<u>(1,759,902)</u>	<u>(1,346,478)</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	25,000	25,000	31,658
Transfers In	3,008,000	3,008,000	2,430,000
Transfers Out	—	—	(2,936)
	<u>3,033,000</u>	<u>3,033,000</u>	<u>2,458,722</u>
Change in Fund Balance	<u>585,038</u>	<u>1,273,098</u>	<u>1,112,244</u>
Fund Balance - Beginning			<u>14,066,905</u>
Fund Balance - Ending			<u>15,179,149</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Enterprise Funds
- Combining Statements - Internal Service Funds
- Combining Statements - Pension Trust Funds
- Component Unit - Statement of Net Position and Combining Balance Sheet
- Component Unit - Statement of Activities and Combining Statement of Revenues, Expenditures and Changes in Fund Balance
- Component Unit - Budgetary Comparison Schedule
- Consolidated Year-End Financial Report

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for revenue from the state gasoline tax restricted by the state for roadway improvements and maintenance.

Grant Fund

The Grant Fund is used to account for grant revenues and eligible grant-related expenditures.

Community Development Block Grant Fund

The Community Development Block Grant Fund is used to account for revenue and expenditures associated with the CDBG. The grant is provided by the U.S. Department of Housing and Urban Development to develop urban communities by expanding economic opportunities and providing decent housing, suitable living environment, and improvements to sanitary sewer system. The beneficiaries of CDBG must be individuals with low and/or moderate incomes.

Federal Forfeited Property (DEA) Fund

The Federal Forfeited Property (DEA) Fund is used to account for the asset forfeiture program. Forfeiture is used as a tool in order to deter, disrupt, and dismantle criminal enterprises by depriving criminals of property used in or acquired through illegal activities.

E911 Emergency Fund

The E911 Emergency Fund is used to account for surcharge revenue received for the E911 Emergency system. Expenditures are used for maintenance and upgrading of the E911 Emergency system.

Seized Drug Money (State) Fund

The Seized Drug Money (State) Fund is restricted for drug prevention and awareness programs administered by the North Chicago Police Department. The City receives a percentage of money back any time there is a drug arrest and money is recovered.

DCEO Infrastructure Fund

The DCEO Infrastructure Fund is used to track daily operating revenues and expenses for grant # 11-203284 for the location of Sheridan Rd and MLK Jr. Drive.

INDIVIDUAL FUND SCHEDULES

SPECIAL REVENUE FUNDS - Continued

Grant Place Fund

The Grant Place Fund is used for the Grant Place building improvements.

Grant Place Operating Fund

The Grant Place Operating Fund is used for the daily utilities, maintenance of building and grounds at Grant Place.

Sheridan Crossing TIF Redevelopment Project Area Operating Fund

The Sheridan Crossing TIF Redevelopment Project Area Operating Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Downtown TIF Redevelopment Project Area Debt Service 2014A Fund

The Downtown TIF Redevelopment Project Area Debt Service 2014A Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district.

Downtown TIF Redevelopment Project Area Debt Service 2007A Fund

The Downtown TIF Redevelopment Project Area Debt Service 2007A Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district.

Downtown TIF Redevelopment Project Area Debt Service 2007B Fund

The Downtown TIF Redevelopment Project Area Debt Service 2007B Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district.

Grant Place Retail Center Debt Service 2007C Fund

The Grant Place Retail Center Debt Service 2007C Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district.

INDIVIDUAL FUND SCHEDULES

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for all resources used for the acquisition of capital assets by the City, except those financed by Proprietary and Trust Funds, including general and infrastructure capital assets.

Capital Improvement Fund

The Capital Improvement Fund is used to fund city building improvements, infrastructure, vehicle and large equipment purchases.

Downtown TIF Redevelopment Project Area Fund

The Downtown TIF Redevelopment Project Area Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district.

Skokie Highway TIF III Fund

The Skokie Highway TIF III Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district.

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water, Sewer and Refuse Fund

The Water, Sewer and Refuse Fund is used to account for the provision of water, sewer and refuse services to the individual residents and commercial entities of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, financing and related debt service, and billing and collections.

INDIVIDUAL FUND SCHEDULES

INTERNAL SERVICE FUNDS

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

Dental and Vision Fund

The Dental and Vision Fund is used to account for dental and vision insurance premiums provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Retiree's Premium Fund

The Retiree's Premium Fund is used to account for retiree's insurance premiums provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

FIDUCIARY FUNDS

PENSION TRUST FUND

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the City which uses the annual property tax levy to fund the employer contribution.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the City which uses the annual property tax levy to fund the employer contribution.

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Taxes			
Property Taxes	\$ 6,591,988	6,591,988	6,618,856
State Use Taxes	1,000,000	1,000,000	1,207,966
Utility Taxes	2,260,000	2,260,000	2,544,465
Hotel/Motel Taxes	80,000	80,000	231,272
Video Gaming Taxes	344,000	344,000	636,689
Telecommunications Taxes	472,860	472,860	451,851
Other Taxes	1,099,500	1,099,500	1,376,035
Total Taxes	11,848,348	11,848,348	13,067,134
Intergovernmental			
State Income Taxes	3,360,870	3,360,870	4,577,472
State Sales Taxes	1,449,612	1,449,612	2,177,039
Replacement Taxes	200,000	200,000	774,753
Grants	1,829,435	3,100,000	140,735
Other	39,000	39,000	608,840
Total Intergovernmental	6,878,917	8,149,482	8,278,839
Charges for Services	1,720,000	1,720,000	1,747,870
Licenses and Permits	788,475	788,475	757,179
Fines and Forfeitures	680,500	680,500	284,836
Investment Income (Loss)	40,000	40,000	(507,977)
Miscellaneous	117,814	117,814	487,866
Total Revenues	22,074,054	23,344,619	24,115,747

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
General Government and Administration			
Mayor's Office			
Salaries and Wages	\$ 342,893	342,893	237,059
Employee Benefits	66,619	66,619	48,049
Employee - Other	—	31,000	32,539
Professional Services	—	17,000	139,048
Purchased Services	—	500	898
Utilities	—	1,400	2,455
Commodities	—	4,000	3,742
Other Expenses	—	33,904	1,959,709
	409,512	497,316	2,423,499
City Clerk's Office			
Salaries and Wages	141,786	141,786	146,920
Employee Benefits	37,898	37,898	38,070
Employee - Other	—	2,700	1,691
Professional Services	—	750	300
Purchased Services	—	14,500	8,406
Commodities	—	2,250	2,294
Other Expenses	—	250	212
	179,684	200,134	197,893
Legislative			
Salaries and Wages	77,000	77,000	78,834
Employee Benefits	36,746	36,746	55,699
Employee - Other	2,500	2,500	3,854
Professional Services	7,500	7,500	243
Purchased Services	—	—	1,528
Utilities	—	—	245
Commodities	—	—	460
Other Expenses	42,000	42,000	29,394
	165,746	165,746	170,257

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
General Government and Administration - Continued			
City Treasurer			
Salaries and Wages	\$ 23,360	23,360	19,172
Employee Benefits	3,861	3,861	3,615
Employee - Other	3,500	3,500	3,978
Purchased Services	500	500	1,673
Commodities	500	500	1,351
Other Expenses	500	500	3,903
	<u>32,221</u>	<u>32,221</u>	<u>33,692</u>
Comptroller's Office			
Salaries and Wages	241,033	241,033	168,764
Employee Benefits	74,228	74,228	58,466
Employee - Other	11,400	11,400	4,378
Professional Services	568,500	568,500	961,615
Purchased Services	3,600	3,600	6,803
Commodities	4,000	4,000	2,788
Other Expenses	20,000	20,000	19,502
	<u>922,761</u>	<u>922,761</u>	<u>1,222,316</u>
Board and Commissions			
Salaries and Wages	20,184	20,184	8,086
Employee Benefits	1,544	1,544	619
Employee - Other	—	3,125	375
Professional Services	—	50,000	31,085
	<u>21,728</u>	<u>74,853</u>	<u>40,165</u>
Administrative Services			
Employee Benefits	3,578,193	3,578,193	—
Employee - Other	6,000	6,000	149
Professional Services	383,000	383,000	522,924
Purchased Services	168,200	168,200	38,266
Insurance	1,133,000	1,133,000	1,568,369
Utilities	97,000	97,000	77,687
Other Expenses	167,500	167,500	406,234
	<u>5,532,893</u>	<u>5,532,893</u>	<u>2,613,629</u>

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
General Government and Administration - Continued			
Human Resources			
Salaries and Wages	\$ 122,475	122,475	123,524
Employee Benefits	47,281	47,281	39,513
Employee - Other	12,954	12,954	10,593
Professional Services	49,212	49,212	1,484
Purchased Services	32,537	32,537	30,388
Insurance	6,015	6,015	13,413
Utilities	656	656	475
Commodities	2,023	2,023	3,043
Other Expenses	—	—	62
	273,153	273,153	222,495
Information Technology			
Professional Services	255,337	255,337	176,373
Purchased Services	146,600	146,600	117,615
Utilities	6,500	6,500	3,991
Commodities	7,500	7,500	3,720
Other Expenses	54,980	54,980	—
	470,917	470,917	301,699
COVID-19			
Commodities	—	—	1,001
Total General Government and Administration	8,008,615	8,169,994	7,226,646
Public Safety			
Police Department			
Salaries and Wages	6,377,332	6,377,332	5,789,143
Employee Benefits	677,408	677,408	2,723,904
Employee - Other	176,000	176,000	68,575
Professional Services	195,000	195,000	92,201
Purchased Services	1,018,100	1,018,100	280,069
Insurance	—	—	432
Utilities	22,000	22,000	16,390
Commodities	145,000	145,000	124,230
Other Expenses	300,188	300,188	102,905
	8,911,028	8,911,028	9,197,849

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Public Safety - Continued			
Fire Department			
Salaries and Wages	\$ 3,013,006	3,014,986	2,996,031
Employee Benefits	497,280	497,280	2,084,149
Employee - Other	—	48,520	31,067
Professional Services	—	1,500	1,956
Purchased Services	—	100,554	83,287
Utilities	—	4,700	7,783
Commodities	—	46,000	60,951
Equipment	—	—	12,408
Other Expenses	—	4,500	35,881
	<u>3,510,286</u>	<u>3,718,040</u>	<u>5,313,513</u>
Total Public Safety	12,421,314	12,629,068	14,511,362
Economic Development			
Building Division			
Salaries and Wages	318,782	318,782	349,416
Employee Benefits	148,743	148,743	322,395
Employee - Other	2,348	2,348	2,158
Professional Services	254,947	254,947	84,311
Purchased Services	22,000	22,000	22,426
Utilities	2,800	2,800	2,112
Commodities	4,400	4,400	3,954
Other Expenses	1,000	1,000	986
	<u>755,020</u>	<u>755,020</u>	<u>787,758</u>
Facilities Maintenance Management			
Salaries and Wages	102,156	102,156	113,562
Employee Benefits	30,048	30,048	31,398
Employee - Other	800	800	250
Professional Services	2,000	2,000	2,265
Purchased Services	160,750	160,750	210,152
Utilities	1,200	1,200	828
Commodities	15,417	15,417	11,319
Other Expenses	—	—	277
	<u>312,371</u>	<u>312,371</u>	<u>370,051</u>

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Economic Development - Continued			
Planning Division			
Salaries and Wages	\$ 174,389	174,389	178,574
Employee Benefits	63,605	63,605	40,952
Employee - Other	2,200	2,200	2,798
Professional Services	55,000	55,000	—
Purchased Services	1,250	1,250	1,168
Utilities	1,200	1,200	475
Commodities	1,000	1,000	—
Other Expenses	100,000	100,000	—
	<hr/> 398,644	<hr/> 398,644	<hr/> 223,967
Total Economic Development	<hr/> 1,466,035	<hr/> 1,466,035	<hr/> 1,381,776
Highways and Streets			
Street Operations			
Salaries and Wages	686,780	686,780	754,770
Employee Benefits	241,332	241,332	270,167
Employee - Other	37,500	37,500	25,183
Professional Services	142,000	277,000	540,138
Purchased Services	570,450	570,450	191,440
Utilities	138,000	138,000	4,008
Commodities	55,500	55,500	113,639
Other Expenses	54,400	54,400	14,218
	<hr/> 1,925,962	<hr/> 2,060,962	<hr/> 1,913,563
Total Highways and Streets	<hr/> 1,925,962	<hr/> 2,060,962	<hr/> 1,913,563
Capital Outlay			
	<hr/> 562,000	<hr/> 562,000	<hr/> 171,413
Debt Service			
Principal Retirement			
	138,090	158,462	257,093
Interest and Fiscal Charges			
	—	58,000	372
	<hr/> 138,090	<hr/> 216,462	<hr/> 257,465
Total Debt Service	<hr/> 138,090	<hr/> 216,462	<hr/> 257,465
Total Expenditures	<hr/> 24,522,016	<hr/> 25,104,521	<hr/> 25,462,225

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 2,028,634	2,028,634	1,959,507
Investment Income (Loss)	15,500	15,500	(186,969)
Total Revenues	<u>2,044,134</u>	<u>2,044,134</u>	<u>1,772,538</u>
Expenditures			
Debt Service			
Principal Retirement	970,000	970,000	970,000
Interest and Fiscal Charges	85,950	85,950	82,701
Total Expenditures	<u>1,055,950</u>	<u>1,055,950</u>	<u>1,052,701</u>
Change in Fund Balance	<u>988,184</u>	<u>988,184</u>	<u>719,837</u>
Fund Balance - Beginning			<u>4,474,670</u>
Fund Balance - Ending			<u>5,194,507</u>

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

For the Fiscal Year Ended April 30, 2022

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and Investments	\$ 3,804,623	536,278	1,629,886	5,970,787
Receivables - Net of Allowances				
Taxes	—	1,147,613	425,000	1,572,613
Interest	4,714	1,769	—	6,483
Other	96,070	—	—	96,070
Due from Other Governments	115,862	—	—	115,862
Due from Other Funds	6,798	—	13,975	20,773
Land Held for Resale	3,820,000	—	151,367	3,971,367
Prepaids	15,164	42	—	15,206
Total Assets	7,863,231	1,685,702	2,220,228	11,769,161
LIABILITIES				
Accounts Payable	243,090	—	7,768	250,858
Retainage Payable	42,667	—	—	42,667
Other Liabilities	1,100	—	—	1,100
Due to Other Funds	602,567	—	25,605	628,172
Total Liabilities	889,424	—	33,373	922,797
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	—	1,147,613	425,000	1,572,613
Total Liabilities and Deferred Inflows of Resources	889,424	1,147,613	458,373	2,495,410
FUND BALANCES				
Nonspendable	15,164	42	—	15,206
Restricted	6,958,643	538,047	1,761,855	9,258,545
Total Fund Balances	6,973,807	538,089	1,761,855	9,273,751
Total Liabilities, Deferred Inflows of Resources and Fund Balances	7,863,231	1,685,702	2,220,228	11,769,161

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended April 30, 2022

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes	\$ —	1,436,584	425,403	1,861,987
Intergovernmental	2,681,039	—	—	2,681,039
Investment Income (Loss)	(34,945)	(43,370)	943	(77,372)
Miscellaneous	785,876	—	51,489	837,365
Total Revenues	3,431,970	1,393,214	477,835	5,303,019
Expenditures				
Public Safety	13,134	—	—	13,134
Economic Development	763,904	—	239,020	1,002,924
Highways and Streets	639,053	—	—	639,053
Capital Outlay	2,354,338	—	—	2,354,338
Debt Service				
Principal Retirement	—	870,000	122,928	992,928
Interest and Fiscal Charges	—	548,119	—	548,119
Total Expenditures	3,770,429	1,418,119	361,948	5,550,496
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(338,459)	(24,905)	115,887	(247,477)
Other Financing Sources				
Transfers In	2,936	—	—	2,936
Change in Fund Balances	(335,523)	(24,905)	115,887	(244,541)
Fund Balances - Beginning	7,309,330	562,994	1,645,968	9,518,292
Fund Balances - Ending	6,973,807	538,089	1,761,855	9,273,751

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Balance Sheet
April 30, 2022

	Motor Fuel Tax	Grant	Community Development Block Grant	Federal Forfeited Property (DEA)
ASSETS				
Cash and Investments	\$ 2,667,114	61,241	263,266	77,631
Receivables - Net of Allowances				
Interest	3,150	—	658	—
Other	—	93,850	—	—
Due from Other Governments	115,862	—	—	—
Due from Other Funds	1,158	—	—	—
Land Held for Resale	—	—	—	—
Prepays	764	14,400	—	—
Total Assets	2,788,048	169,491	263,924	77,631
LIABILITIES				
Accounts Payable	182,871	30,534	—	—
Retainage Payable	42,667	—	—	—
Other Liabilities	—	—	—	—
Due to Other Funds	—	—	—	—
Total Liabilities	225,538	30,534	—	—
FUND BALANCES				
Nonspendable	764	14,400	—	—
Restricted	2,561,746	124,557	263,924	77,631
Total Fund Balances	2,562,510	138,957	263,924	77,631
Total Liabilities and Fund Balances	2,788,048	169,491	263,924	77,631

E911 Emergency	Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area Operating	Totals
—	89,671	25,247	529,692	90,761	—	3,804,623
—	—	—	906	—	—	4,714
—	—	—	—	2,220	—	96,070
—	—	—	—	—	—	115,862
—	—	—	—	—	5,640	6,798
—	—	—	520,000	—	3,300,000	3,820,000
—	—	—	—	—	—	15,164
—	89,671	25,247	1,050,598	92,981	3,305,640	7,863,231
—	—	—	—	18,159	11,526	243,090
—	—	—	—	—	—	42,667
—	—	—	—	1,100	—	1,100
—	—	—	—	4,500	598,067	602,567
—	—	—	—	23,759	609,593	889,424
—	—	—	—	—	—	15,164
—	89,671	25,247	1,050,598	69,222	2,696,047	6,958,643
—	89,671	25,247	1,050,598	69,222	2,696,047	6,973,807
—	89,671	25,247	1,050,598	92,981	3,305,640	7,863,231

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2022

	Motor Fuel Tax	Grant	Community Development Block Grant	Federal Forfeited Property (DEA)
Revenues				
Intergovernmental	\$ 1,302,149	1,350,991	—	91
Investment Income (Loss)	3,327	—	(16,133)	2
Miscellaneous	610,623	—	—	—
Total Revenues	1,916,099	1,350,991	(16,133)	93
Expenditures				
Public Safety	—	—	—	—
Economic Development	—	513,283	240	—
Highways and Streets	639,053	—	—	—
Capital Outlay	1,103,238	666,964	—	—
Total Expenditures	1,742,291	1,180,247	240	—
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	173,808	170,744	(16,373)	93
Other Financing Sources				
Transfers In	—	—	—	—
Change in Fund Balances				
Fund Balances - Beginning	2,388,702	(31,787)	280,297	77,538
Fund Balances - Ending	2,562,510	138,957	263,924	77,631

E911 Emergency	Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment		Totals
					Project Area Operating		
—	27,808	—	—	—	—	—	2,681,039
—	16	—	(22,197)	40	—	—	(34,945)
—	—	—	—	169,753	5,500	785,876	
—	27,824	—	(22,197)	169,793	5,500	3,431,970	
—	13,134	—	—	—	—	—	13,134
—	—	—	294	169,704	80,383	763,904	
—	—	—	—	—	—	—	639,053
584,136	—	—	—	—	—	—	2,354,338
584,136	13,134	—	294	169,704	80,383	3,770,429	
(584,136)	14,690	—	(22,491)	89	(74,883)	(338,459)	
2,936	—	—	—	—	—	—	2,936
(581,200)	14,690	—	(22,491)	89	(74,883)	(335,523)	
581,200	74,981	25,247	1,073,089	69,133	2,770,930	7,309,330	
—	89,671	25,247	1,050,598	69,222	2,696,047	6,973,807	

CITY OF NORTH CHICAGO, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 1,200,000	1,200,000	705,828
Grants	715,585	715,585	596,321
Investment Income	3,000	3,000	3,327
Miscellaneous	—	—	610,623
Total Revenues	1,918,585	1,918,585	1,916,099
Expenditures			
Highways and Streets			
Professional Services	229,400	229,400	193,876
Purchased Services	572,500	572,500	122,936
Utilities	340,000	340,000	233,785
Commodities	195,000	195,000	88,456
Other Expenses	200,000	200,000	—
Capital Outlay	1,030,000	1,030,000	1,103,238
Total Expenditures	2,566,900	2,566,900	1,742,291
Change in Fund Balance	(648,315)	(648,315)	173,808
Fund Balance - Beginning			2,388,702
Fund Balance - Ending			2,562,510

CITY OF NORTH CHICAGO, ILLINOIS

Grant - Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Grants	\$ 3,544,000	3,544,000	<u>1,350,991</u>
Expenditures			
Economic Development			
Professional Services	—	—	61,382
Purchased Services	—	—	259,306
Other Expenses	—	—	192,595
Capital Outlay	3,000,000	3,000,000	666,964
Total Expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,180,247</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	544,000	544,000	170,744
Other Financing (Uses)			
Transfers Out	<u>(530,000)</u>	<u>(530,000)</u>	<u>—</u>
Change in Fund Balance	<u>14,000</u>	<u>14,000</u>	<u>170,744</u>
Fund Balance - Beginning			<u>(31,787)</u>
Fund Balance - Ending			<u>138,957</u>

CITY OF NORTH CHICAGO, ILLINOIS

Community Development Block Grant - Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Grants	\$ 685,000	685,000	—
Investment Income (Loss)	2,500	2,500	(16,133)
Total Revenues	687,500	687,500	(16,133)
Expenditures			
Economic Development			
Purchased Services	200,000	200,000	26
Other Expenses	—	—	214
Capital Outlay	485,000	485,000	—
Total Expenditures	685,000	685,000	240
Change in Fund Balance	2,500	2,500	(16,373)
Fund Balance - Beginning			280,297
Fund Balance - Ending			263,924

CITY OF NORTH CHICAGO, ILLINOIS

Grant Place - Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Investment Income (Loss)	\$ 1,500	1,500	(22,197)
Expenditures			
Economic Development			
Professional Services	3,500	3,500	—
Other Expenses	150	150	294
Total Expenditures	3,650	3,650	294
Change in Fund Balance	(2,150)	(2,150)	(22,491)
Fund Balance - Beginning			1,073,089
Fund Balance - Ending			1,050,598

CITY OF NORTH CHICAGO, ILLINOIS**Grant Place Operating - Special Revenue Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended April 30, 2022**

	Budget		
	Original	Final	Actual
Revenues			
Investment Income	\$ 35	35	40
Miscellaneous	167,747	167,747	169,753
Total Revenues	<u>167,782</u>	<u>167,782</u>	<u>169,793</u>
Expenditures			
Economic Development			
Professional Services	2,850	2,850	29,272
Purchased Services	49,711	49,711	63,384
Utilities	15,000	15,000	21,807
Other Expenses	65,000	65,000	55,241
Total Expenditures	<u>132,561</u>	<u>132,561</u>	<u>169,704</u>
Change in Fund Balance		<u>35,221</u>	<u>35,221</u>
Fund Balance - Beginning			<u>69,133</u>
Fund Balance - Ending			<u>69,222</u>

CITY OF NORTH CHICAGO, ILLINOIS

**Sheridan Crossing TIF Redevelopment Project Area Operating - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		
	Original	Final	Actual
Revenues			
Miscellaneous	\$	—	5,500
Expenditures			
Economic Development			
Professional Services	30,000	30,000	80,383
Change in Fund Balance		<u>(30,000)</u>	<u>(30,000)</u>
			(74,883)
Fund Balance - Beginning			<u>2,770,930</u>
Fund Balance - Ending			<u>2,696,047</u>

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Debt Service Funds
Combining Balance Sheet
April 30, 2022

	Downtown TIF Redevelopment Project Area Debt Service 2007A	Downtown TIF Redevelopment Project Area Debt Service 2007B	Downtown TIF Redevelopment Project Area Debt Service 2007C	Grant Place Retail Center Debt Service Totals
ASSETS				
Cash and Investments	\$ 36,916	123,151	376,211	536,278
Receivables - net of allowances				
Taxes	—	205,060	942,553	1,147,613
Interest	311	238	1,220	1,769
Prepays	14	14	14	42
Total Assets	37,241	328,463	1,319,998	1,685,702
LIABILITIES				
Accounts Payable	—	—	—	—
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	—	205,060	942,553	1,147,613
Total Liabilities and Deferred Inflows of Resources	—	205,060	942,553	1,147,613
FUND BALANCES				
Nonspendable	14	14	14	42
Restricted	37,227	123,389	377,431	538,047
Total Fund Balances	37,241	123,403	377,445	538,089
Total Liabilities, Deferred Inflows of Resources and Fund Balances	37,241	328,463	1,319,998	1,685,702

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended April 30, 2022

	Downtown TIF Redevelopment Project Area Debt Service	Downtown TIF Redevelopment Project Area Debt Service	Grant Place Retail Center Debt Service	Totals
	2007A	2007B	2007C	
Revenues				
Taxes	\$ 296,824	209,932	929,828	1,436,584
Investment (Loss)	(7,631)	(5,844)	(29,895)	(43,370)
Total Revenues	<u>289,193</u>	<u>204,088</u>	<u>899,933</u>	<u>1,393,214</u>
Expenditures				
Debt Service				
Principal Retirement	270,000	—	600,000	870,000
Interest and Fiscal Charges	23,485	205,931	318,703	548,119
Total Expenditures	<u>293,485</u>	<u>205,931</u>	<u>918,703</u>	<u>1,418,119</u>
Change in Fund Balances	(4,292)	(1,843)	(18,770)	(24,905)
Fund Balances - Beginning	<u>41,533</u>	<u>125,246</u>	<u>396,215</u>	<u>562,994</u>
Fund Balances - Ending	<u>37,241</u>	<u>123,403</u>	<u>377,445</u>	<u>538,089</u>

CITY OF NORTH CHICAGO, ILLINOIS

Downtown TIF Redevelopment Project Area Debt Service 2007A - Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 296,178	296,178	296,824
Investment Income (Loss)	1,700	1,700	(7,631)
Total Revenues	<u>297,878</u>	<u>297,878</u>	<u>289,193</u>
Expenditures			
Debt Service			
Principal Retirement	270,000	270,000	270,000
Interest and Fiscal Charges	23,450	23,450	23,485
Total Expenditures	<u>293,450</u>	<u>293,450</u>	<u>293,485</u>
Change in Fund Balance	<u>4,428</u>	<u>4,428</u>	<u>(4,292)</u>
Fund Balance - Beginning			<u>41,533</u>
Fund Balance - Ending			<u>37,241</u>

CITY OF NORTH CHICAGO, ILLINOIS**Downtown TIF Redevelopment Project Area Debt Service 2007B - Debt Service Fund**
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 211,176	211,176	209,932
Investment Income (Loss)	2,000	2,000	(5,844)
Total Revenues	213,176	213,176	204,088
Expenditures			
Debt Service			
Interest and Fiscal Charges	206,100	206,100	205,931
Change in Fund Balance	7,076	7,076	(1,843)
Fund Balance - Beginning			125,246
Fund Balance - Ending			123,403

CITY OF NORTH CHICAGO, ILLINOIS**Grant Place Retail Center Debt Service 2007C - Debt Service Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended April 30, 2022**

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 926,296	926,296	929,828
Investment Income (Loss)	2,800	2,800	(29,895)
Total Revenues	<u>929,096</u>	<u>929,096</u>	<u>899,933</u>
Expenditures			
Debt Service			
Principal Retirement	600,000	600,000	600,000
Interest and Fiscal Charges	318,262	318,262	318,703
Total Expenditures	<u>918,262</u>	<u>918,262</u>	<u>918,703</u>
Change in Fund Balance	<u>10,834</u>	<u>10,834</u>	<u>(18,770)</u>
Fund Balance - Beginning			<u>396,215</u>
Fund Balance - Ending			<u>377,445</u>

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Capital Projects Funds
Combining Balance Sheet
April 30, 2022

	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III	Totals
ASSETS			
Cash and Investments	\$ 1,209,535	420,351	1,629,886
Receivables - Net of Allowances			
Taxes	—	425,000	425,000
Due from Other Funds	10,412	3,563	13,975
Land Held for Resale	151,367	—	151,367
 Total Assets	 1,371,314	 848,914	 2,220,228
LIABILITIES			
Accounts Payable	899	6,869	7,768
Due to Other Funds	—	25,605	25,605
 Total Liabilities	 899	 32,474	 33,373
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	—	425,000	425,000
 Total Liabilities and Deferred Inflows of Resources	 899	 457,474	 458,373
FUND BALANCE			
Restricted	1,370,415	391,440	1,761,855
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 1,371,314	 848,914	 2,220,228

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2022

	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III	Totals
Revenues			
Taxes	\$ —	425,403	425,403
Investment Income	545	398	943
Miscellaneous	—	51,489	51,489
Total Revenues	545	477,290	477,835
Expenditures			
Economic Development	1,672	237,348	239,020
Debt Service			
Principal Retirement	—	122,928	122,928
Total Expenditures	1,672	360,276	361,948
Change in Fund Balances	(1,127)	117,014	115,887
Fund Balances - Beginning	1,371,542	274,426	1,645,968
Fund Balances - Ending	1,370,415	391,440	1,761,855

CITY OF NORTH CHICAGO, ILLINOIS**Downtown TIF Redevelopment Project Area - Capital Projects Fund**
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Investment Income	\$ 1,500	1,500	545
Expenditures			
Economic Development			
Professional Services	8,000	8,000	1,672
Change in Fund Balance	(6,500)	(6,500)	(1,127)
Fund Balance - Beginning			1,371,542
Fund Balance - Ending			1,370,415

CITY OF NORTH CHICAGO, ILLINOIS

Skokie Highways TIF III - Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 250,000	250,000	425,403
Investment Income	400	400	398
Miscellaneous	—	—	51,489
Total Revenues	<u>250,400</u>	<u>250,400</u>	<u>477,290</u>
Expenditures			
Economic Development			
Professional Services	60,000	60,000	107,348
Insurance	—	—	130,000
Debt Service			
Principal Retirement	—	—	122,928
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>360,276</u>
Change in Fund Balance	<u>190,400</u>	<u>190,400</u>	117,014
Fund Balance - Beginning			<u>274,426</u>
Fund Balance - Ending			<u>391,440</u>

CITY OF NORTH CHICAGO, ILLINOIS

Water, Sewer and Refuse - Enterprise Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services			
Water	\$ 5,754,500	5,754,500	5,975,459
Sewer	1,471,050	1,471,050	1,645,460
Refuse	841,500	841,500	857,978
Miscellaneous	33,700	33,700	51,224
Total Operating Revenues	<u>8,100,750</u>	<u>8,100,750</u>	<u>8,530,121</u>
Operating Expenses			
Water	5,913,487	6,742,787	2,701,449
Sewer	1,005,119	1,010,119	695,688
Refuse	841,500	841,500	862,422
Depreciation	—	—	782,774
Total Operating Expenses	<u>7,760,106</u>	<u>8,594,406</u>	<u>5,042,333</u>
Operating Income (Loss)	<u>340,644</u>	<u>(493,656)</u>	<u>3,487,788</u>
Nonoperating Revenues (Expenses)			
Investment Income (Loss)	40,000	40,000	(56,934)
Disposal of Capital Assets	—	—	(75,052)
Property Taxes	286,704	286,704	285,613
Principal Retirement	(170,900)	(170,900)	—
Interest Expense	(137,500)	(137,500)	(48,167)
	<u>18,304</u>	<u>18,304</u>	<u>105,460</u>
Income (Loss) Before Transfers	<u>358,948</u>	<u>(475,352)</u>	<u>3,593,248</u>
Transfers Out	<u>(2,430,000)</u>	<u>(2,430,000)</u>	<u>(2,430,000)</u>
Change in Net Position	<u>(2,071,052)</u>	<u>(2,905,352)</u>	<u>1,163,248</u>
Net Position - Beginning as Restated			<u>19,734,579</u>
Net Position - Ending			<u>20,897,827</u>

CITY OF NORTH CHICAGO, ILLINOIS

Water - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Budget		
	Original	Final	Actual
Operating Expenses			
Water			
Salaries and Wages	\$ 673,852	673,852	875,623
Employee Benefits	230,535	230,535	(259,691)
Employee - Other	14,500	14,500	5,863
Professional Services	897,000	1,022,000	510,709
Purchased Services	712,000	502,500	263,280
Insurance	—	—	273,000
Utilities	573,000	573,000	653,030
Commodities	196,500	196,500	120,322
Other Expenses	2,616,100	3,529,900	259,313
	<u>5,913,487</u>	<u>6,742,787</u>	<u>2,701,449</u>
Sewer			
Salaries and Wages	159,546	159,546	145,484
Employee Benefits	54,723	54,723	48,706
Employee - Other	4,450	4,450	3,131
Professional Services	239,000	244,000	143,052
Purchased Services	426,500	426,500	267,810
Utilities	2,000	2,000	1,297
Commodities	83,500	83,500	76,107
Other Expenses	35,400	35,400	10,101
	<u>1,005,119</u>	<u>1,010,119</u>	<u>695,688</u>
Refuse			
Purchased Services	<u>841,500</u>	<u>841,500</u>	<u>862,422</u>
Depreciation Expense	<u>—</u>	<u>—</u>	<u>782,774</u>
Total Operating Expenses	<u>7,760,106</u>	<u>8,594,406</u>	<u>5,042,333</u>

CITY OF NORTH CHICAGO, ILLINOIS**Internal Service Funds****Combining Statement of Net Position****April 30, 2022**

	Dental and Vision	Retiree's Premium	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ —	35,400	35,400
LIABILITIES			
Current Liabilities			
Accounts Payable	1,535	222	1,757
Due to Other Funds	26,355	—	26,355
Total Current Liabilities	27,890	222	28,112
NET POSITION			
Unrestricted (Deficit)	(27,890)	35,178	7,288

CITY OF NORTH CHICAGO, ILLINOIS

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended April 30, 2022

	Dental and Vision	Retiree's Premium	Totals
Operating Revenues			
Charges for Services	\$ 15,050	179,578	194,628
Operating Expenses			
Premiums and Claims Payments	11,295	164,638	175,933
Operating Income	3,755	14,940	18,695
Nonoperating Revenues			
Investment Income	1	12	13
Changes in Net Position	3,756	14,952	18,708
Net Position - Beginning	(31,646)	20,226	(11,420)
Net Position - Ending	(27,890)	35,178	7,288

CITY OF NORTH CHICAGO, ILLINOIS

Combining Statement of Cash Flows - Internal Service Funds
For the Fiscal Year Ended April 30, 2022

	Dental and Vision	Retiree's Premium	Totals
Cash Flows from Operating Activities			
Receipts from Interfund Services	\$ 15,050	179,578	194,628
Payments to Employees	(11,295)	—	(11,295)
Payments to Suppliers	(3,756)	(164,624)	(168,380)
	(1)	14,954	14,953
Cash Flows from Investing Activities			
Investment Income	1	12	13
Net Change in Cash and Cash Equivalents	—	14,966	14,966
Cash and Cash Equivalents - Beginning	—	20,434	20,434
Cash and Cash Equivalents - Ending	—	35,400	35,400
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	3,755	14,940	18,695
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:			
(Increase) Decrease in Current Assets	1,414	—	1,414
Increase (Decrease) in Current Liabilities	(5,170)	14	(5,156)
Net Cash Provided by Operating Activities	(1)	14,954	14,953

CITY OF NORTH CHICAGO, ILLINOIS

Pension Trust Funds

Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended April 30, 2022

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 2,375,654	2,051,241	4,426,895
Investments			
Illinois Police Officers' Pension Investment Trust	11,735,987	—	11,735,987
Illinois Firefighters Pension Investment Trust	—	9,160,540	9,160,540
Insurance Contracts	2,964,442	—	2,964,442
Receivables			
Due from Municipality	527,652	683,680	1,211,332
Prepays	—	4,450	4,450
Total Assets	17,603,735	11,899,911	29,503,646
LIABILITIES			
Accounts Payable	1,509	2,926	4,435
NET POSITION			
Net Position Restricted for Pensions	17,602,226	11,896,985	29,499,211

CITY OF NORTH CHICAGO, ILLINOIS

Pension Trust Funds

Combining Statement of Changes of Fiduciary Net Position
For the Fiscal Year Ended April 30, 2022

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 1,978,193	1,600,000	3,578,193
Contributions - Plan Members	462,546	243,247	705,793
Total Contributions	<u>2,440,739</u>	<u>1,843,247</u>	<u>4,283,986</u>
 Investment Income (Loss)			
Interest Earned	341,318	141,961	483,279
Net Change in Fair Value	(560,589)	(602,619)	(1,163,208)
	<u>(219,271)</u>	<u>(460,658)</u>	<u>(679,929)</u>
Less Investment Expenses	<u>(102,654)</u>	<u>(73,490)</u>	<u>(176,144)</u>
Net Investment (Loss)	<u>(321,925)</u>	<u>(534,148)</u>	<u>(856,073)</u>
 Total Additions	<u>2,118,814</u>	<u>1,309,099</u>	<u>3,427,913</u>
 Deductions			
Administration	50,831	61,459	112,290
Benefits and Refunds	3,068,708	1,785,352	4,854,060
Total Deductions	<u>3,119,539</u>	<u>1,846,811</u>	<u>4,966,350</u>
 Change in Fiduciary Net Position	<u>(1,000,725)</u>	<u>(537,712)</u>	<u>(1,538,437)</u>
 Net Position Restricted for Pensions			
Beginning	<u>18,602,951</u>	<u>12,434,697</u>	<u>31,037,648</u>
Ending	<u>17,602,226</u>	<u>11,896,985</u>	<u>29,499,211</u>

CITY OF NORTH CHICAGO, ILLINOIS

Component Unit - North Chicago Public Library
Balance Sheet and Statement of Net Position
April 30, 2022

	Public Library	Adjustments	Statement of Net Position
ASSETS			
Cash and Investments	\$ 1,373,885	—	1,373,885
Receivables - Net of Allowances			
Taxes	764,332	—	764,332
Accounts	1,615	—	1,615
Prepays	17,404	—	17,404
Capital Assets			
Nondepreciable	—	71,966	71,966
Depreciable	—	1,443,158	1,443,158
Accumulated Depreciation	—	(957,968)	(957,968)
Other Assets			
Net Pension Asset - IMRF	—	514,289	514,289
Total Assets	<u>2,157,236</u>	<u>1,071,445</u>	<u>3,228,681</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	—	7,410	7,410
Deferred Items - RBP	—	144,923	144,923
Total Deferred Outflows of Resources	<u>—</u>	<u>152,333</u>	<u>152,333</u>
Total Assets and Deferred Outflow of Resources	<u>2,157,236</u>	<u>1,223,778</u>	<u>3,381,014</u>
LIABILITIES			
Accounts Payable	110,208	—	110,208
Accrued Payroll	9,779	—	9,779
Compensated Absences Payable	—	33,941	33,941
Total OPEB Liability - RBP	—	279,311	279,311
Total Liabilities	<u>119,987</u>	<u>313,252</u>	<u>433,239</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	764,332	—	764,332
Deferred Items - IMRF	—	412,320	412,320
Deferred Items - RBP	—	130,339	130,339
Total Deferred Inflows of Resources	<u>764,332</u>	<u>542,659</u>	<u>1,306,991</u>
Total Liabilities and Deferred Inflows of Resources	<u>884,319</u>	<u>855,911</u>	<u>1,740,230</u>
FUND BALANCES/NET POSITION			
Investment in Capital Assets	—	557,156	557,156
Nonspendable	17,404	(17,404)	—
Unassigned	1,255,513	(1,255,513)	—
Unrestricted	—	1,083,628	1,083,628
Total Fund Balances/Net Position	<u>1,272,917</u>	<u>367,867</u>	<u>1,640,784</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>2,157,236</u>	<u>1,223,778</u>	<u>3,381,014</u>

CITY OF NORTH CHICAGO, ILLINOIS

Component Unit - North Chicago Public Library

Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities

For the Fiscal Year Ended April 30, 2022

	Public Library	Adjustments	Statement of Activities
Revenues			
Taxes			
Property Taxes	\$ 766,490	—	766,490
Intergovernmental	48,297	—	48,297
Fines and Forfeitures	4,381	—	4,381
Investment Income	2,744	—	2,744
Miscellaneous	5,174	—	5,174
Total Revenues	<u>827,086</u>	—	<u>827,086</u>
Expenditures			
Culture and Recreation	880,083	(123,040)	757,043
Capital Outlay	6,058	(6,058)	—
Total Expenditures	<u>886,141</u>	<u>(129,098)</u>	<u>757,043</u>
Net Change in Fund Balance/Net Position	(59,055)	129,098	70,043
Fund Balance/Net Position - Beginning as Restated	<u>1,331,972</u>	<u>238,769</u>	<u>1,570,741</u>
Fund Balances/Net Position - Ending	<u>1,272,917</u>	<u>367,867</u>	<u>1,640,784</u>

CITY OF NORTH CHICAGO, ILLINOIS

Component Unit - North Chicago Public Library

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

For the Fiscal Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	\$ 764,390	764,390	766,490	2,100
Intergovernmental				
Grants	295,000	295,000	48,297	(246,703)
Fines and Forfeitures	—	—	4,381	4,381
Investment Income	10,000	10,000	2,744	(7,256)
Miscellaneous	16,600	16,600	5,174	(11,426)
Total Revenues	1,085,990	1,085,990	827,086	(258,904)
Expenditures				
Culture and Recreation				
Salaries and Wages	500,386	500,386	439,114	(61,272)
Employee Benefits	132,834	132,834	156,261	23,427
Employee - Other	8,400	8,400	8,743	343
Professional Services	47,000	47,000	39,902	(7,098)
Purchased Services	101,600	101,600	100,980	(620)
Insurance	—	—	17,800	17,800
Utilities	11,500	11,500	11,931	431
Commodities	41,750	41,750	45,910	4,160
Other Expenses	79,150	79,150	59,442	(19,708)
Capital Outlay	262,000	262,000	6,058	(255,942)
Total Expenditures	1,184,620	1,184,620	886,141	(298,479)
Net Change in Fund Balance	(98,630)	(98,630)	(59,055)	39,575
Fund Balance - Beginning			1,331,972	
Fund Balance - Ending			1,272,917	

CITY OF NORTH CHICAGO, ILLINOIS

Consolidated Year-End Financial Report

April 30, 2022

CSFA #	Program Name	State	Federal	Other	Totals
420-00-1771	Construction and/or Renovation to Buildings, Additions, or Structures	\$ 343,850	—	—	343,850
494-00-1488	Motor Fuel Tax Program	1,742,291	—	—	1,742,291
	Other Grant Programs and Activities	—	27,710	828,526	856,236
	All Other Costs Not Allocated	—	—	30,099,235	30,099,235
	Totals	2,086,141	27,710	30,927,761	33,041,612



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

May 26, 2023

The Honorable Mayor
Members of the City Council
City of North Chicago, Illinois

We have audited, in accordance with the 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Chicago, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. According, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of North Chicago, Illinois
May 26, 2023
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

SUPPLEMENTAL SCHEDULES

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2007A

April 30, 2022

Date of Issue	May 9, 2007
Date of Maturity	November 1, 2022
Authorized Issue	\$2,475,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 290,000	11,600	301,600

CITY OF NORTH CHICAGO, ILLINOIS**Long-Term Debt Requirements****General Obligation Bonds of 2007B****April 30, 2022**

Date of Issue	May 9, 2007
Date of Maturity	May 1, 2037
Authorized Issue	\$4,740,000
Denomination of Bonds	\$5,000
Interest Rates	4.30% - 4.35%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ —	205,060	205,060
2024	—	205,060	205,060
2025	—	205,060	205,060
2026	—	205,060	205,060
2027	—	205,060	205,060
2028	—	205,060	205,060
2029	415,000	205,060	620,060
2030	435,000	187,215	622,215
2031	450,000	168,510	618,510
2032	470,000	149,160	619,160
2033	490,000	128,950	618,950
2034	510,000	107,880	617,880
2035	535,000	85,695	620,695
2036	555,000	62,423	617,423
2037	580,000	38,280	618,280
2038	300,000	6,525	306,525
	<u>4,740,000</u>	<u>2,370,058</u>	<u>7,110,058</u>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2007C

April 30, 2022

Date of Issue	August 15, 2007
Date of Maturity	November 1, 2027
Authorized Issue	\$8,860,000
Denomination of Bonds	\$5,000
Interest Rate	5.81% - 6.01%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 660,000	263,480	923,480
2024	720,000	222,671	942,671
2025	765,000	178,046	943,046
2026	810,000	130,718	940,718
2027	860,000	80,534	940,534
2028	910,000	27,346	937,346
	<u>4,725,000</u>	<u>902,795</u>	<u>5,627,795</u>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2014A

April 30, 2022

Date of Issue	February 4, 2015
Date of Maturity	November 1, 2022
Authorized Issue	\$6,010,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 1,035,000	20,700	1,055,700

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2014B

April 30, 2022

Date of Issue	February 4, 2015
Date of Maturity	November 1, 2025
Authorized Issue	\$2,275,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 240,000	35,600	275,600
2024	245,000	25,900	270,900
2025	260,000	15,800	275,800
2026	265,000	5,300	270,300
	<hr/> <u>1,010,000</u>	<hr/> <u>82,600</u>	<hr/> <u>1,092,600</u>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Note Payable of 2021

April 30, 2022

Date of Issue	December 28, 2021
Date of Maturity	January 1, 2031
Authorized Issue	\$3,960,126
Interest Rates	Non-Interest
Interest Dates	Non-Interest
Principal Maturity Date	December 31
Payable at	Illinois Department of Revenue

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 396,013	—	396,013
2024	396,013	—	396,013
2025	396,013	—	396,013
2026	396,013	—	396,013
2027	396,013	—	396,013
2028	396,013	—	396,013
2029	396,013	—	396,013
2030	396,013	—	396,013
2031	396,013	—	396,013
2032	297,006	—	297,006
	3,861,123	—	3,861,123

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2011

April 30, 2022

Date of Issue	October 20, 2011
Date of Maturity	October 20, 2030
Authorized Issue	\$1,566,760
Interest Rate	0.00%
Interest Dates	October 20 and April 20
Principal Maturity Date	October 20 and April 20
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 57,875	—	57,875
2024	57,875	—	57,875
2025	57,875	—	57,875
2026	57,875	—	57,875
2027	57,875	—	57,875
2028	57,875	—	57,875
2029	57,875	—	57,875
2030	57,875	—	57,875
2031	28,940	—	28,940
	<hr/> <u>491,940</u>	<hr/> <u>—</u>	<hr/> <u>491,940</u>