

CITY OF NORTH CHICAGO, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2023

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CITY OF NORTH CHICAGO, ILLINOIS

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FINANCIAL SECTION

This section includes:

- Independent Auditor's Reports
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITOR'S REPORTS

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



August 20, 2024

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

Report on the Audit of the Financial Statements

Opinion

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 (the City), Illinois, as of and for the year ended April 30, 2023, 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, 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 management's discussion and analysis, the budgetary comparison schedules, and supplementary pension and other post-employment benefit (OPEB) schedules, 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.

City of North Chicago, Illinois
August 20, 2024

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP



INDEPENDENT AUDITOR'S 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

August 20, 2024

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, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 20, 2024.

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. Accordingly, 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
August 20, 2024
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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

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

Our discussion and analysis of the City of North Chicago (City), Illinois' financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2023. Please read it in conjunction with the City's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The City's net position increased as a result of this year's operations. Net position of the governmental activities increased by \$17,777,123, or 17.1 percent, and net position of business-type activities increased by \$2,715,434, or 13.0 percent.
- During the year, government-wide revenues for the primary government totaled \$43,834,191, while expenses totaled \$23,341,634, resulting in an increase to net position of \$20,492,557.
- The City's net position totaled a deficit \$62,497,568 on April 30, 2023, which includes \$17,974,753 net investment in capital assets, \$10,197,072 subject to external restrictions, and a deficit \$90,669,393 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported an increase this year of \$5,609,024 or 37.0 percent, resulting in ending fund balance of \$20,788,173.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position reports information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, is needed to assess the overall health of the City.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements - Continued

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, economic development, and highways and streets. The business-type activities of the City include water, sewer, and refuse operations.

The City includes one separate legal entity in its report. The North Chicago Public Library is presented as a discretely presented component unit. Although legally separate, this “component unit” is important because the City is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Downtown TIF Redevelopment Projects Area Debt Service 2007B Fund, and the Capital Improvement Fund, which are considered a major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of the governmental funds, except the DCEO Infrastructure. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

USING THIS ANNUAL REPORT - Continued

Fund Financial Statements - Continued

Proprietary Funds

The City maintains two proprietary fund types: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes enterprise funds to account for its water, sewer, and refuse operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses internal service funds to account for its dental and vision program and also its retiree's insurance program. This service predominantly benefits governmental rather than business-type functions, and therefore, has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Refuse Fund, which is considered to be a major fund of the City. Conversely, the internal service fund is presented in the proprietary fund financial statements in a single column. Individual fund data for the internal service fund is provided elsewhere in this report.

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F., police and fire employee pension obligations, post-employment retirement benefit obligations and budgetary comparison schedules for the General Fund. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds is presented immediately following the required supplementary information on pensions.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City, liabilities/deferred inflows exceeded assets/deferred outflows by \$62,497,568.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 53,657,605	56,080,433	8,749,221	8,044,852	62,406,826	64,125,285
Noncurrent Assets	7,110,173	5,449,828	15,711,221	16,458,776	22,821,394	21,908,604
Total assets	60,767,778	61,530,261	24,460,442	24,503,628	85,228,220	86,033,889
Deferred Outflows	20,100,064	22,589,423	773,206	240,497	20,873,270	22,829,920
Total Assets and Deferred Outflows	80,867,842	84,119,684	25,233,648	24,744,125	106,101,490	108,863,809
Noncurrent Liabilities	93,251,332	121,228,838	1,008,581	1,733,708	94,259,913	122,962,546
Current Liabilities	13,821,383	14,686,783	384,183	694,929	14,205,566	15,381,712
Total Liabilities	107,072,715	135,915,621	1,392,764	2,428,637	108,465,479	138,344,258
Deferred Inflows	59,905,956	52,092,015	227,623	1,417,661	60,133,579	53,509,676
Total Liabilities and Deferred Inflows	166,978,671	188,007,636	1,620,387	3,846,298	168,599,058	191,853,934
Net Position						
Net Investment in Capital Assets	2,697,596	5,449,828	15,277,157	14,956,836	17,974,753	20,406,664
Restricted	10,197,072	14,182,696	—	—	10,197,072	14,182,696
Unrestricted (Deficit)	(99,005,497)	(123,520,476)	8,336,104	5,940,991	(90,669,393)	(117,579,485)
Total Net Position	(86,110,829)	(103,887,952)	23,613,261	20,897,827	(62,497,568)	(82,990,125)

A portion of the City's net position, \$17,974,753, reflects its investment in capital assets (for example, land, construction in progress, land improvements, building and improvements, infrastructure, machinery and equipment, and underground equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$10,197,072, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining portion, a deficit \$90,669,393, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 3,335,615	2,789,885	7,595,183	8,478,897	10,930,798	11,268,782
Operating Grants/Contributions	3,705,782	1,483,302	—	—	3,705,782	1,483,302
Capital Grants/Contributions	1,001,602	1,947,312	—	—	1,001,602	1,947,312
General Revenues:						
Taxes						
Property Taxes	10,925,054	10,440,350	—	285,613	10,925,054	10,725,963
Intergovernmental						
Sales Tax	2,345,496	2,177,039	—	—	2,345,496	2,177,039
Income Tax	4,969,990	4,577,472	—	—	4,969,990	4,577,472
Other Taxes	7,439,973	7,223,031	—	—	7,439,973	7,223,031
Investment Income (Loss)	507,763	(772,305)	149,661	(56,934)	657,424	(829,239)
Other General Revenues	1,830,912	1,335,516	27,160	51,224	1,858,072	1,386,740
Extraordinary Item -						
Pollution Remediation	—	(6,388,741)	—	—	—	(6,388,741)
Total Revenues	36,062,187	24,812,861	7,772,004	8,758,800	43,834,191	33,571,661
Expenses						
General Government						
and Administration	5,102,206	7,707,496	—	—	5,102,206	7,707,496
Public Safety	6,409,803	12,673,007	—	—	6,409,803	12,673,007
Economic Development	2,815,888	3,343,490	—	—	2,815,888	3,343,490
Highways and Streets	3,517,184	3,490,694	—	—	3,517,184	3,490,694
Interest on Long-Term Debt	439,983	661,373	—	—	439,983	661,373
Water, Sewer, and Refuse	—	—	5,056,570	5,165,552	5,056,570	5,165,552
Total Expenses	18,285,064	27,876,060	5,056,570	5,165,552	23,341,634	33,041,612
Change Before Transfers	17,777,123	(3,063,199)	2,715,434	3,593,248	20,492,557	530,049
Internal Activity-Transfers	—	2,430,000	—	(2,430,000)	—	—
Change in Net Position	17,777,123	(633,199)	2,715,434	1,163,248	20,492,557	530,049
Net Position-Beginning	(103,887,952)	(103,254,753)	20,897,827	19,734,579	(82,990,125)	(83,520,174)
Net Position-Ending	(86,110,829)	(103,887,952)	23,613,261	20,897,827	(62,497,568)	(82,990,125)

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the City's governmental activities increased by 17.1 percent (deficit \$86,110,829 in 2023 compared to deficit \$103,887,952 in 2022). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$99,005,497 at April 30, 2023.

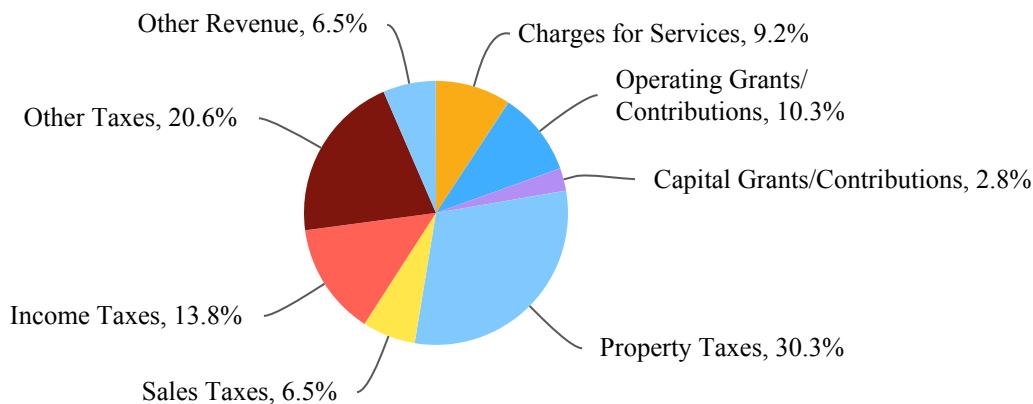
Net position of business-type activities increased by 13.0 percent (\$23,613,261 in 2023 compared to \$20,897,827 in 2022).

Governmental Activities

Revenues for governmental activities totaled \$36,062,187, while the cost of all governmental functions totaled \$18,285,064. This results in a surplus of \$17,777,123. In 2022, expenses of \$27,876,060 exceeded revenues of \$24,812,861, resulting in a deficit of \$3,063,199 prior to transfers in of \$2,430,000. The significant increase in 2023 was due to increases in charges for services, grants and contributions, property taxes, intergovernmental revenues, investment income and other general revenues, as well as large decreases in public safety expenses due to change in the net pension liabilities of the police and firefighters pension funds.

The following table graphically depicts the major revenue sources of the City. It depicts very clearly the reliance of property taxes, income taxes and other taxes to fund governmental activities. It also clearly identifies the less significant percentage the City receives from sales taxes.

Governmental Revenues by Source



CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

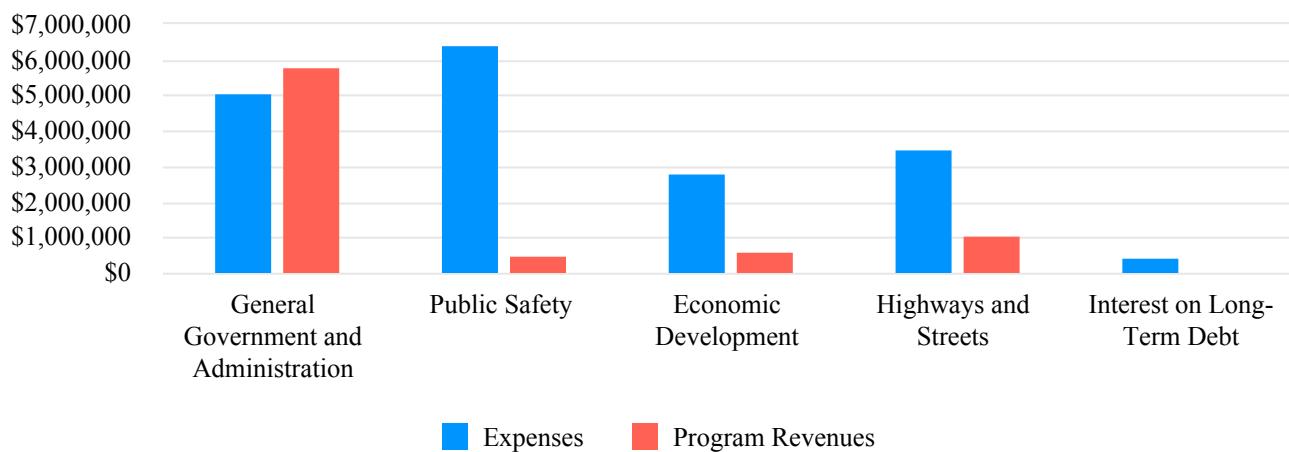
April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where expenses greatly exceed program revenues.

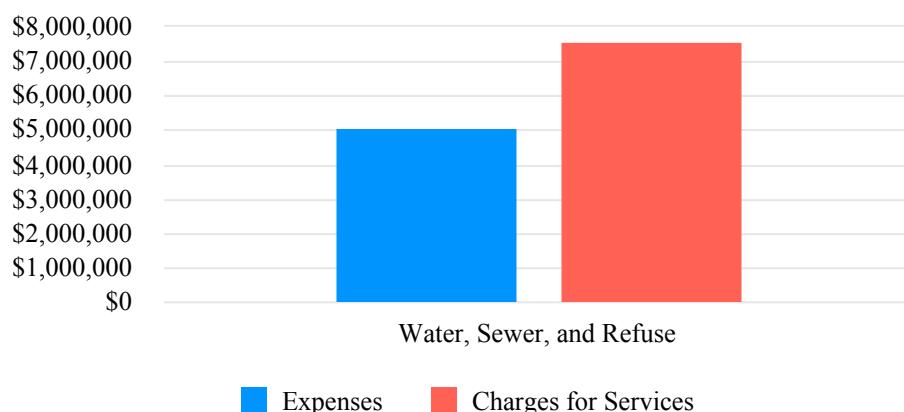
Expenses and Program Revenues - Governmental Activities



Business-Type activities

Business-Type activities posted total revenues of \$7,772,004, while the cost of all business-type activities totaled \$5,056,570. This results in a surplus of \$2,715,434. In 2022, revenues of \$8,758,800 exceed expenses of \$5,165,552, resulting in a surplus of \$3,593,248 prior to transfers out of \$2,430,000. The increase in the current year is due a slight decrease in expenses from the prior year, but was mainly due to the City not making a transfer out of the fund in the current as was done in the prior year.

Expenses and Program Revenues - Business-Type Activities



The above graph compares program revenues to expenses for water, sewer, and refuse operations.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combining ending fund balances of \$29,453,232, which is \$62,254, or 0.2 percent, lower than last year's total of \$29,515,486. Of the \$29,453,232 total, \$18,403,188, or approximately 62.5 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$5,609,024, an increase of 37.0 percent. This was due in large part to an increase in property tax revenues and, more significantly, an increase in intergovernmental revenues related to a large reimbursement from the State of Illinois.

The General Fund is the chief operating fund of the City. At April 30, 2023, unassigned fund balance in the General Fund was \$20,057,812, which represents 96.5 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 77.7 percent of total General Fund expenditures.

The Downtown TIF Redevelopment Projects Area Debt Service 2007B Fund reported a decrease of \$121,057, or 98.1 percent, from the prior year. The decrease was primarily due to early repayment of the general obligation bonds of 2007B in the current year, offset by a transfer in from other funds.

The Capital Improvement Fund reported a decrease of \$752,236 from the prior year. The decrease was primarily due to increased capital outlay expenditures related to various capital projects that took place in the current year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City reports the Water, Sewer, and Refuse Fund as a major proprietary fund. The Water, Sewer, and Refuse Fund accounts for all of the operations of the municipal water and sewer system, as well as the City's refuse operations. Refuse services are provided by LRS Waste Management Services at a monthly rate of \$79,178. Water is sold to all municipal customers at a rate of \$5.11 per thousand gallons for water and a rate of \$2.41 for sewer. The spread between purchase and sale rates is intended to finance the operations of the water, sewer, and refuse operations, including labor costs, supplies, and infrastructure maintenance.

The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water, Sewer, and Refuse Fund during the current fiscal year was \$2,715,434, while the previous fiscal year reported a surplus of \$1,163,248. Unrestricted net position in the Water, Sewer, and Refuse Fund totaled \$8,336,104 at April 30, 2023.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made no budget/appropriations amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$30,994,380, compared to budgeted revenues of \$25,239,185. All line items came in over budget, except for licenses and permits, but the largest overage was in intergovernmental revenues due to a large reimbursement from the State of Illinois that was not budgeted for.

The General Fund actual expenditures for the year were \$1,407,691 under budget (\$25,803,025 actual compared to \$27,210,716 budgeted). All functions came in under budget, except for debt service and capital outlay. The largest underage was in public safety where actual expenditures for salaries and wages and purchased services came in well under budget for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2023 was \$22,821,394 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, improvements, infrastructure, equipment, and underground equipment.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 728,006	356,831	4,491	2,435	732,497	359,266
Construction in Progress	525,171	492,288	762,457	694,032	1,287,628	1,186,320
Land Improvements	1,974,024	2,102,500	81,780	95,875	2,055,804	2,198,375
Improvements	1,891,009	1,467,798	3,071,965	3,247,785	4,962,974	4,715,583
Infrastructure	40,764	42,246	—	—	40,764	42,246
Equipment	1,951,199	988,165	608,617	820,134	2,559,816	1,808,299
Underground Equipment	—	—	11,181,911	11,598,515	11,181,911	11,598,515
	7,110,173	5,449,828	15,711,221	16,458,776	22,821,394	21,908,604

This year's major additions included:

Land	\$ 373,231
Construction in Progress	101,308
Buildings and Improvements	551,995
Machinery and Equipment	1,307,823
	<u>2,334,357</u>

Additional information on the City's long-term debt can be found in Note 3 of this report.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Debt Administration

At year-end, the City had total outstanding debt of \$9,476,725 as compared to \$17,739,416 the previous year, a decrease of 46.6 percent. The following is a comparative statement of outstanding debt:

	Outstanding Long-Term Debt					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 4,065,000	10,790,000	—	1,010,000	4,065,000	11,800,000
Notes Payable	3,399,108	3,861,123	—	—	3,399,108	3,861,123
TIF Notes Payable	1,528,153	1,528,153	—	—	1,528,153	1,528,153
Lawsuit Settlement Liability	50,400	58,200	—	—	50,400	58,200
IEPA Loans Payable	—	—	434,064	491,940	434,064	491,940
	9,042,661	16,237,476	434,064	1,501,940	9,476,725	17,739,416

The City has maintained a BBB rating from S&P Global Ratings for its general obligation debt for the last five years. In response to S&P Global Ratings' concerns, the City has actively addressed three major issues: severe pension underfunding and the absence of a plan to improve it, a high debt burden, and the Fire Pension Board intercept. Since the 2018 rating, the City has implemented a pension fund policy, reducing its pension liability. Additionally, the City has paid off 61% of its debt since 2018 and entered into an agreement with the Fire Pension Board to increase annual contribution to the pension. Through these actions, the City has demonstrated a commitment to reducing its liabilities.

Additional information on the City's long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Unemployment rates for April 30, 2023 for Lake County was 4.4 percent and the state and national unemployment rates were 4.2 and 3.4 percent, respectively.

These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are \$31,663,992, an increase of 17.25 percent from the final 2023 budget of \$27,210,716. The City anticipates an increase in tax revenues, budgeting \$27,701,915 for 2024 as compared to the final 2023 budget of \$25,239,185, an increase of 9.8 percent. The City has added no major new programs or initiatives in the 2024 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Comptroller Office, City of North Chicago, 1850 Lewis Avenue, North Chicago, Illinois 60064.

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, 2023

See Following Page

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position

April 30, 2023

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals	Unit
				North Chicago Public Library
ASSETS				
Current Assets				
Cash and Investments	\$ 31,267,756	8,163,301	39,431,057	1,381,391
Receivables - Net of Allowances	17,378,270	679,658	18,057,928	781,379
Due from Other Governments	215,655	—	215,655	—
Internal Balances	93,738	(93,738)	—	—
Prepays	672,584	—	672,584	2,886
Land Held for Resale	4,029,602	—	4,029,602	—
Total Current Assets	53,657,605	8,749,221	62,406,826	2,165,656
Noncurrent Assets				
Capital assets				
Nondepreciable	1,253,177	766,948	2,020,125	71,966
Depreciable	15,258,405	43,853,738	59,112,143	1,443,158
Accumulated Depreciation	(9,401,409)	(28,909,465)	(38,310,874)	(990,799)
Total Noncurrent Assets	7,110,173	15,711,221	22,821,394	524,325
Total Assets	60,767,778	24,460,442	85,228,220	2,689,981
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	1,447,759	601,822	2,049,581	179,699
Deferred Items - Police Pension	9,843,411	—	9,843,411	—
Deferred Items - Firefighters' Pension	6,535,089	—	6,535,089	—
Deferred Items - Retiree Benefits Plan	2,273,805	171,384	2,445,189	102,188
Total Deferred Outflows of Resources	20,100,064	773,206	20,873,270	281,887
Total Assets and Deferred Outflows of Resources	80,867,842	25,233,648	106,101,490	2,971,868

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	North Chicago Public Library
	LIABILITIES			
Current Liabilities				
Accounts Payable	\$ 1,954,024	279,610	2,233,634	80,819
Accrued Payroll	232,106	19,799	251,905	8,453
Retainage Payable	42,667	—	42,667	—
Accrued Interest Payable	122,153	—	122,153	—
Other Liabilities	3,594,564	—	3,594,564	—
Other Payables	6,284,571	—	6,284,571	—
Current Portion of Long-Term Debt	1,591,298	84,774	1,676,072	5,750
Total Current Liabilities	13,821,383	384,183	14,205,566	95,022
Noncurrent Liabilities				
Compensated Absences Payable	1,509,866	107,597	1,617,463	22,998
Net Pension Liability - IMRF	402,042	167,126	569,168	49,902
Net Pension Liability - Police Pension	47,760,630	—	47,760,630	—
Net Pension Liability - Firefighters' Pension	24,268,347	—	24,268,347	—
Notes Payable	3,003,095	—	3,003,095	—
Total OPEB Liability - Retiree Benefits Plan	4,745,299	357,669	5,102,968	213,261
General Obligation Bonds Payable - Net	3,345,000	—	3,345,000	—
Lawsuit Settlement Liability	42,600	—	42,600	—
Pollution Remediation Liability	6,388,741	—	6,388,741	—
TIF Notes Payable	1,528,153	—	1,528,153	—
Installment Contracts Payable	257,559	—	257,559	—
IEPA Loans Payable	—	376,189	376,189	—
Total Noncurrent Liabilities	93,251,332	1,008,581	94,259,913	286,161
Total Liabilities	107,072,715	1,392,764	108,465,479	381,183
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	11,886,732	—	11,886,732	766,500
Deferred Items - IMRF	120,593	50,130	170,723	14,968
Deferred Items - Police Pension	32,913,009	—	32,913,009	—
Deferred Items - Firefighters' Pension	12,630,768	—	12,630,768	—
Deferred Items - Retiree Benefits Plan	2,354,854	177,493	2,532,347	105,831
Total Deferred Inflows of Resources	59,905,956	227,623	60,133,579	887,299
Total Liabilities and Deferred Inflows of Resources	166,978,671	1,620,387	168,599,058	1,268,482
NET POSITION				
Net Investment in Capital Assets	2,697,596	15,277,157	17,974,753	524,325
Restricted - Public Safety	131,567	—	131,567	—
Restricted - Economic Development	3,790,898	—	3,790,898	—
Restricted - Highways and Streets	3,526,959	—	3,526,959	—
Restricted - Debt Service	1,854,839	—	1,854,839	—
Restricted - Capital Projects	892,809	—	892,809	—
Restricted - Public Library	—	—	—	1,179,061
Unrestricted (Deficit)	(99,005,497)	8,336,104	(90,669,393)	—
Total Net Position	(86,110,829)	23,613,261	(62,497,568)	1,703,386

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, 2023

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government and Administration	\$ 5,102,206	3,015,128	2,822,419	—
Public Safety	6,409,803	320,487	170,925	—
Economic Development	2,815,888	—	—	643,810
Highways and Streets	3,517,184	—	712,438	357,792
Interest on Long-Term Debt	439,983	—	—	—
Total Governmental Activities	18,285,064	3,335,615	3,705,782	1,001,602
Business-Type Activities				
Water, Sewer, and Refuse	5,056,570	7,595,183	—	—
Total Primary Government	23,341,634	10,930,798	3,705,782	1,001,602
Component Unit				
North Chicago Public Library	887,467	2,644	156,801	—
General Revenues				
Taxes				
Property Taxes				
State Use Taxes				
Utility Taxes				
Hotel/Motel Taxes				
Video Gaming Taxes				
Telecommunications Taxes				
Home Rule Sales Taxes				
Other Taxes				
Intergovernmental - Unrestricted				
State Replacement				
State Income Taxes				
State Sales Taxes				
American Rescue Plan				
Investment Income				
Miscellaneous				
Totals				
Change in Net Position				
Net position - Beginning				
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
735,341	—	735,341	—
(5,918,391)	—	(5,918,391)	—
(2,172,078)	—	(2,172,078)	—
(2,446,954)	—	(2,446,954)	—
(439,983)	—	(439,983)	—
<u>(10,242,065)</u>	—	<u>(10,242,065)</u>	—
—	2,538,613	2,538,613	—
<u>(10,242,065)</u>	2,538,613	<u>(7,703,452)</u>	—
—	—	—	<u>(728,022)</u>
10,925,054	—	10,925,054	747,368
1,261,269	—	1,261,269	—
2,171,320	—	2,171,320	—
250,301	—	250,301	—
747,912	—	747,912	—
475,984	—	475,984	—
358,173	—	358,173	—
1,508,457	—	1,508,457	—
1,024,730	—	1,024,730	—
4,969,990	—	4,969,990	—
1,987,323	—	1,987,323	—
290,000	—	290,000	—
507,763	149,661	657,424	31,472
1,540,912	27,160	1,568,072	11,784
<u>28,019,188</u>	176,821	<u>28,196,009</u>	<u>790,624</u>
17,777,123	2,715,434	20,492,557	62,602
<u>(103,887,952)</u>	20,897,827	<u>(82,990,125)</u>	<u>1,640,784</u>
<u>(86,110,829)</u>	23,613,261	<u>(62,497,568)</u>	<u>1,703,386</u>

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, 2023

	Debt Service				
	Downtown TIF Redevelopment Project Area Debt Service		Capital Projects Capital		
	General	2007B	Improvement	Nonmajor	Totals
ASSETS					
Cash and Investments	\$ 18,354,462	2,346	5,548,081	7,152,550	31,057,439
Receivables - Net of Allowances					
Taxes	11,931,743	—	—	1,496,535	13,428,278
Accounts	3,549,025	—	—	—	3,549,025
Other	108,747	—	290,000	2,220	400,967
Due from Other Governments	94,237	—	—	121,418	215,655
Due from Other Funds	1,099,419	—	—	20,864	1,120,283
Land Held for Resale	58,235	—	—	3,971,367	4,029,602
Prepays	672,126	—	—	458	672,584
Total Assets	<u>35,867,994</u>	<u>2,346</u>	<u>5,838,081</u>	<u>12,765,412</u>	<u>54,473,833</u>
LIABILITIES					
Accounts Payable	853,551	—	79,957	1,019,908	1,953,416
Accrued Payroll	232,106	—	—	—	232,106
Retainage Payable	—	—	—	42,667	42,667
Other Liabilities	3,593,464	—	—	1,100	3,594,564
Due to Other Funds	10,503	—	371,175	644,867	1,026,545
Total Liabilities	<u>4,689,624</u>	<u>—</u>	<u>451,132</u>	<u>1,708,542</u>	<u>6,849,298</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	10,390,197	—	—	1,496,535	11,886,732
Grants	—	—	6,271,106	13,465	6,284,571
Total Deferred Inflows of Resources	<u>10,390,197</u>	<u>—</u>	<u>6,271,106</u>	<u>1,510,000</u>	<u>18,171,303</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,079,821</u>	<u>—</u>	<u>6,722,238</u>	<u>3,218,542</u>	<u>25,020,601</u>
FUND BALANCES					
Nonspendable	730,361	—	—	458	730,819
Restricted	—	2,346	—	10,316,879	10,319,225
Unassigned	20,057,812	—	(884,157)	(770,467)	18,403,188
Total Fund Balances	<u>20,788,173</u>	<u>2,346</u>	<u>(884,157)</u>	<u>9,546,870</u>	<u>29,453,232</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>35,867,994</u>	<u>2,346</u>	<u>5,838,081</u>	<u>12,765,412</u>	<u>54,473,833</u>

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, 2023**

Total Governmental Fund Balances	\$ 29,453,232
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	7,110,173
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	1,327,166
Deferred Items - IMRF	(23,069,598)
Deferred Items - Police Pension	(6,095,679)
Deferred Items - Firefighters' Pension	(81,049)
Internal service funds are used by the City 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.	209,709
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(1,887,333)
Net Pension Liability - IMRF	(402,042)
Net Pension Liability - Police Pension	(47,760,630)
Net Pension Liability - Firefighters' Pension	(24,268,347)
Total OPEB Liability - Retiree Benefits Plan	(4,745,299)
General Obligation Bonds Payable	(4,065,000)
Notes Payable	(3,399,108)
Lawsuit Settlement Liability	(50,400)
Pollution Remediation Liability	(6,388,741)
TIF Notes Payable	(1,528,153)
Installment Contracts Payable	(347,577)
Accrued Interest Payable	(122,153)
Net Position of Governmental Activities	<u><u>(86,110,829)</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, 2023

	Debt Service				
	Downtown TIF		Capital Projects		
	Redevelopment		Capital		
	Project Area	Debt Service	Projects	Capital	
	General	2007B	Improvement	Nonmajor	Totals
Revenues					
Taxes	\$ 15,335,546	199,694	—	2,163,230	17,698,470
Intergovernmental	10,968,569	—	290,000	1,720,858	12,979,427
Charges for Services	2,410,381	—	—	—	2,410,381
Licenses and Permits	604,747	—	—	—	604,747
Fines and Forfeitures	320,487	—	—	—	320,487
Investment Income (Loss)	411,988	(2,611)	—	93,728	503,105
Miscellaneous	942,662	—	—	598,250	1,540,912
Total Revenues	30,994,380	197,083	290,000	4,576,066	36,057,529
Expenditures					
General Government and					
Administration	5,478,551	—	—	—	5,478,551
Public Safety	15,420,620	—	—	4,045	15,424,665
Economic Development	1,319,911	—	—	825,506	2,145,417
Highways and Streets	2,191,767	—	—	676,639	2,868,406
Capital Outlay	881,606	—	1,056,836	1,404,311	3,342,753
Debt Service					
Principal Retirement	510,570	4,740,000	—	1,985,000	7,235,570
Interest and Fiscal Charges	—	249,685	—	338,501	588,186
Total Expenditures	25,803,025	4,989,685	1,056,836	5,234,002	37,083,548
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	5,191,355	(4,792,602)	(766,836)	(657,936)	(1,026,019)
Other Financing Sources (Uses)					
Disposal of Capital Assets	21,537	—	14,600	531,496	567,633
Debt Issuance	396,132	—	—	—	396,132
Transfers In	—	4,671,545	—	1,890,784	6,562,329
Transfers Out	—	—	—	(6,562,329)	(6,562,329)
	417,669	4,671,545	14,600	(4,140,049)	963,765
Net Change in Fund Balances	5,609,024	(121,057)	(752,236)	(4,797,985)	(62,254)
Fund Balances - Beginning	15,179,149	123,403	(131,921)	14,344,855	29,515,486
Fund Balances - Ending	20,788,173	2,346	(884,157)	9,546,870	29,453,232

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 the Statement of Activities - Governmental Activities For the Fiscal Year Ended April 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (62,254)

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	2,180,170
Depreciation Expense	(519,825)
Disposals - Cost	(299,589)
Disposals - Accumulated Depreciation	299,589

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

Change in Deferred Items - IMRF	4,202,245
Change in Deferred Items - Police Pension	(14,463,203)
Change in Deferred Items - Firefighters' Pension	932,938
Change in Deferred Items - Retiree Benefits Plan	(334,167)

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

202,421

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	(50,833)
Change in Net Pension Liability/(Asset) - IMRF	(4,053,768)
Change in Net Pension Liability - Police Pension	21,713,437
Change in Net Pension Liability - Firefighters' Pension	932,155
Change in Total OPEB Liability - Retiree Benefits Plan	102,366
Issuance of Debt	(396,132)
Retirement of Debt	7,243,370

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.

148,203

Changes in Net Position of Governmental Activities

17,777,123

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, 2023

	Business-Type Activities - Enterprise Fund	Governmental Activities Water, Sewer, and Refuse	Internal Service
ASSETS			
Current Assets			
Cash and Investments	\$ 8,163,301	210,317	—
Receivables - Net of Allowances			
Accounts	575,116	—	—
Other	104,542	—	—
Total Current Assets	<u>8,842,959</u>	<u>210,317</u>	<u>—</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	766,948	—	—
Depreciable	43,853,738	—	—
Accumulated Depreciation	<u>(28,909,465)</u>	<u>—</u>	<u>—</u>
Total Noncurrent Assets	<u>15,711,221</u>	<u>—</u>	<u>—</u>
Total Assets	<u>24,554,180</u>	<u>210,317</u>	<u>—</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	601,822	—	—
Deferred Items - Retiree Benefits Plan	<u>171,384</u>	<u>—</u>	<u>—</u>
Total Deferred Outflows of Resources	<u>773,206</u>	<u>—</u>	<u>—</u>
Total Assets and Deferred Outflows of Resources	<u>25,327,386</u>	<u>210,317</u>	<u>—</u>

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

	Business-Type Activities - <u>Enterprise Fund</u>	Governmental Activities Water, Sewer, and Refuse
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 279,610	608
Accrued Payroll	19,799	—
Due to Other Funds	93,738	—
Compensated Absences Payable	26,899	—
IEPA Loans Payable	57,875	—
Total Current Liabilities	<u>477,921</u>	<u>608</u>
Noncurrent Liabilities		
Compensated Absences	107,597	—
Net Pension Liability - IMRF	167,126	—
Total OPEB Liability - Retiree Benefits Plan	357,669	—
IEPA Loans Payable	376,189	—
Total Noncurrent Liabilities	<u>1,008,581</u>	<u>—</u>
Total Liabilities	<u>1,486,502</u>	<u>608</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	50,130	—
Deferred Items - RBP	<u>177,493</u>	<u>—</u>
Total Deferred Inflows of Resources	<u>227,623</u>	<u>—</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,714,125</u>	<u>608</u>
NET POSITION		
Net Investment in Capital Assets	15,277,157	—
Unrestricted	<u>8,336,104</u>	<u>209,709</u>
Total Net Position	<u>23,613,261</u>	<u>209,709</u>

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, 2023

	Business-Type Activities - Enterprise Fund	Governmental Activities Water, Sewer, and Refuse	Internal Service
Operating Revenues			
Charges for Services	\$ 7,595,183	—	—
Miscellaneous	27,160	—	—
Interfund Services	—	397,496	—
Total Operating Revenues	<u>7,622,343</u>	<u>397,496</u>	
Operating Expenses			
Operations			—
Water	2,837,501	—	—
Sewer	345,036	—	—
Refuse	915,073	—	—
Premiums and Claims Payments	—	199,733	—
Depreciation	<u>901,742</u>	—	—
Total Operating Expenses	<u>4,999,352</u>	<u>199,733</u>	
Operating Income	<u>2,622,991</u>	<u>197,763</u>	
Nonoperating Revenues (Expenses)			
Investment Income	149,661	4,658	—
Interest Expense	<u>(57,218)</u>	—	—
	<u>92,443</u>	<u>4,658</u>	
Change in Net Position	2,715,434	202,421	
Net Position - Beginning	<u>20,897,827</u>	<u>7,288</u>	
Net Position - Ending	<u>23,613,261</u>	<u>209,709</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, 2023

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Water, Sewer, and Refuse	Internal Service
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 8,763,310	—
Receipts from Interfund Services	—	397,496
Payments to Employees	(977,840)	(10,635)
Payments to Suppliers	<u>(4,277,787)</u>	<u>(216,602)</u>
	<u>3,507,683</u>	<u>170,259</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(154,187)	—
Retirement of Debt	(1,067,876)	—
Interest Expense	<u>(57,218)</u>	<u>—</u>
	<u>(1,279,281)</u>	<u>—</u>
Cash Flows from Investing Activities		
Investment Income	<u>149,661</u>	<u>4,658</u>
Net Change in Cash and Cash Equivalents	2,378,063	174,917
Cash and Cash Equivalents - Beginning	5,785,238	35,400
Cash and Cash Equivalents - Ending	<u>8,163,301</u>	<u>210,317</u>
Reconciliation of Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Operating Income	2,622,991	197,763
Adjustments to Reconcile Operating Income to Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	901,742	—
(Increase) Decrease in Current Assets	1,140,967	—
Increase (Decrease) in Current Liabilities	<u>(1,158,017)</u>	<u>(27,504)</u>
Net Cash Provided by Operating Activities	<u>3,507,683</u>	<u>170,259</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, 2023**

	Pension Trust
ASSETS	
Cash and Cash Equivalents	\$ 3,538,832
Investments	
Illinois Police Officers' Pension Investment Trust	11,274,810
Illinois Firefighters Pension Investment Trust	11,244,997
Insurance Contracts	2,961,329
Prepaids	<u>4,030</u>
Total Assets	29,023,998
LIABILITIES	
Accounts Payable	<u>17,278</u>
NET POSITION	
Net Position Restricted for Pensions	<u>29,006,720</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, 2023**

	Pension Trust
Additions	
Contributions - Employer	\$ 3,913,650
Contributions - Plan Members	650,991
Other	57,460
Total Contributions	<u>4,622,101</u>
Investment Income (Loss)	
Interest Earned	219,981
Net Change in Fair Value	<u>130,040</u>
	350,021
Less Investment Expenses	<u>(22,091)</u>
Net Investment Income	<u>327,930</u>
	<u>4,950,031</u>
Total Additions	<u>4,950,031</u>
Deductions	
Administration	119,514
Benefits and Refunds	<u>5,323,008</u>
Total Deductions	<u>5,442,522</u>
Change in Fiduciary Net Position	<u>(492,491)</u>
Net Position Restricted for Pensions	
Beginning	<u>29,499,211</u>
Ending	<u>29,006,720</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, 2023

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 accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are two fiduciary component units that are required to be included in the financial statements of the City as pension trust funds and there is one discretely component unit to include in the reporting entity.

Blended Component Units

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, 2023

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 and GASB Statement No. 84 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, 2023. 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, 2023

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 nine 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 2007B, a major fund, is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district. 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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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."

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. The City passed the Appropriation Ordinance 2022-13 and made no amendments during the year. Annual budgets are adopted (at the fund level) for all funds, except for DCEO Infrastructure, 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 for the fiscal year:

Fund	Actual	Budget	Appropriation
Downtown TIF Redevelopment Project Area Debt Service 2014A	\$ 1,078,119	1,077,650	5,421,540
Downtown TIF Redevelopment Project Area Debt Service 2007B	4,989,685	236,281	315,810

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

DEFICIT FUND BALANCE

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

Fund	Deficit
Grant	\$ 481,747
Capital Improvement	884,157
Community Development Block Grant	285,340
Grant Place Operating	3,380

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.

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.

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 \$22,506,401 and the bank balances totaled \$22,047,005. In addition, the City has \$4,599,982 invested in the Illinois Funds, \$506,104 invested in IPRIME, \$752,458 invested in IMET, and \$4,029,602 in land held for resale.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasuries	\$ 5,948,416	293,196	4,002,385	1,652,835	—
U.S. Agencies	122,916	—	122,916	—	—
Corporate Bonds	3,442,572	1,429,097	2,013,475	—	—
Municipal Bonds	1,552,208	301,498	—	1,250,710	—
Totals	11,066,112	2,023,791	6,138,776	2,903,545	—

The City has the following recurring fair value measurements as of April 30, 2023:

		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					
U.S. Treasuries	\$ 5,948,416	5,948,416	—	—	—
U.S. Agencies	122,916	—	122,916	—	—
Corporate Bonds	3,442,572	—	3,442,572	—	—
Municipal Bonds	1,552,208	—	1,552,208	—	—
Land Held for Resale	4,029,602	—	4,029,602	—	—
Total Investments by Fair Value Level	15,095,714	5,948,416	9,147,298		
Investments Measured at the Net Asset Value (NAV)					
Illinois Funds	4,599,982				
IPRIME	506,104				
IMET	752,458				
Total Investments at the (NAV)	5,858,544				
Total Investments Measured at Fair Value	20,954,258				

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, 2023

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 corporate bonds to the top three ratings issued by nationally recognized statistical rating organizations and to the top four ratings for municipal bonds. 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 investments in U.S. agencies are rated AA+ by Standard & Poor's, corporate bonds are rated A- to AAA by Standard & Poor's, municipal bonds are rated AA to AAA by Standard & Poor's, the Illinois Funds is rated AAAmmf by Fitch, IPRIME is rated AAAf by Standard & Poor's and IMET is rated AAAf/bf by Moody'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 102% 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. The policy states that no more than 25% of its investments may be invested in any individual financial holding or investment and no financial institution may be responsible for more than 45% of the City's investment portfolio. U.S. Treasuries may not exceed 50%, commercial paper may not exceed 25%, and IL Funds or other money market securities may not exceed 35% of the City's investment portfolio.

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, 2023

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 comprehensive financial report. For additional information on IPOPIF's investments, please refer to their annual comprehensive financial report, which can be obtained from IPOPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org.

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 \$2,831,269 and the bank balances totaled \$2,831,269.

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 \$11,274,810 invested in IPOPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The fund may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF. The Fund also has \$2,961,329 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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.86%. 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, 2023

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 comprehensive financial report, which can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org.

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 \$707,563 and the bank balances totaled \$707,563.

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 \$11,244,997 invested in IFPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.19%. 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, 2023

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 \$1,381,391 and the bank balances totaled \$1,381,675.

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.

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 did not have any investments.

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 did not have any investments.

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 2022 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, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND BALANCES

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages or the result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Improvement	\$ 371,175
General	Nonmajor Governmental	635,664
General	Water, Sewer and Refuse	92,580
Nonmajor Governmental	General	10,503
Nonmajor Governmental	Nonmajor Governmental	9,203
Nonmajor Governmental	Water, Sewer and Refuse	<u>1,158</u>
		<u>1,120,283</u>

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Downtown TIF Redevelopment Project Area Debt Service 2007B	Nonmajor Governmental	\$ 4,671,545 (1)
Nonmajor Governmental	Nonmajor Governmental	<u>1,890,784 (2)</u>
		<u>6,562,329</u>

Transfers are used to (1) move receipts restricted to debt service from the funds collecting the receipts to the Downtown TIF Redevelopment Project Area Debt Service 2007B Fund as debt service payments become due and (2) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 356,831	371,175	—	728,006
Construction in Progress	492,288	32,883	—	525,171
	<u>849,119</u>	<u>404,058</u>	<u>—</u>	<u>1,253,177</u>
Depreciable Capital Assets				
Land Improvements	2,697,216	—	—	2,697,216
Buildings and Improvements	4,501,523	551,995	—	5,053,518
Infrastructure	44,469	—	—	44,469
Machinery and Equipment	6,538,674	1,224,117	299,589	7,463,202
	<u>13,781,882</u>	<u>1,776,112</u>	<u>299,589</u>	<u>15,258,405</u>
Less Accumulated Depreciation				
Land Improvements	594,716	128,476	—	723,192
Buildings and Improvements	3,033,725	128,784	—	3,162,509
Infrastructure	2,223	1,482	—	3,705
Machinery and Equipment	5,550,509	261,083	299,589	5,512,003
	<u>9,181,173</u>	<u>519,825</u>	<u>299,589</u>	<u>9,401,409</u>
Total Net Depreciable Capital Assets	4,600,709	1,256,287	—	5,856,996
Total Net Capital Assets	5,449,828	1,660,345	—	7,110,173

Depreciation expense was charged to governmental activities as follows:

General Government and Administration	\$ 262,694
Public Safety	100,465
Economic Development	89,179
Highways and Streets	<u>67,487</u>
	<u>519,825</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 2,435	2,056	—	4,491
Construction in Progress	694,032	68,425	—	762,457
	<u>696,467</u>	<u>70,481</u>	<u>—</u>	<u>766,948</u>
Depreciable Capital Assets				
Land Improvements	219,773	—	—	219,773
Buildings	8,570,265	—	—	8,570,265
Machinery and Equipment	5,158,145	83,706	—	5,241,851
Underground Equipment	29,821,849	—	—	29,821,849
	<u>43,770,032</u>	<u>83,706</u>	<u>—</u>	<u>43,853,738</u>
Less Accumulated Depreciation				
Land Improvements	123,898	14,095	—	137,993
Buildings	5,322,480	175,820	—	5,498,300
Machinery and Equipment	4,338,011	295,223	—	4,633,234
Underground Equipment	18,223,334	416,604	—	18,639,938
	<u>28,007,723</u>	<u>901,742</u>	<u>—</u>	<u>28,909,465</u>
Total Net Depreciable Capital Assets	15,762,309	(818,036)	—	14,944,273
Total Net Capital Assets	16,458,776	(747,555)	—	15,711,221

Depreciation expense of \$901,742 was charged to the Water, Sewer and Refuse Fund.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Component Unit - North Chicago Public Library

	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	1,335,401	—	—	1,335,401
Machinery and Equipment	98,357	—	—	98,357
	1,443,158	—	—	1,443,158
Less Accumulated Depreciation				
Land Improvements	9,400	—	—	9,400
Buildings and Improvements	853,411	29,631	—	883,042
Machinery and Equipment	95,157	3,200	—	98,357
	957,968	32,831	—	990,799
Total Net Depreciable Capital Assets	485,190	(32,831)	—	452,359
Total Net Capital Assets	557,156	(32,831)	—	524,325

Depreciation expense of \$32,831 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, 2023

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	\$ 290,000	—	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	4,725,000	—	660,000	4,065,000
\$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	1,035,000	—	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	1,010,000	—	1,010,000	—
		<u>11,800,000</u>	<u>—</u>	<u>7,735,000</u>	<u>4,065,000</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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	\$ 491,940	—	57,876	434,064

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
\$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	\$ 3,861,123	—	462,015	3,399,108

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	\$ 1,528,153	—	—	1,528,153

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Installment Contract Payable

The City also issues installment contracts payable to provide funds for the purchase of capital assets. Installment contracts currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$43,262 Installment Contract of 2022 - due in monthly installments of \$904 at zero percent interest through April 1, 2026.	General	\$ —	43,262	10,725	32,537
\$38,238 Installment Contract of 2022A - due in monthly installments of \$799 at zero percent interest through April 1, 2026.	General	—	38,238	9,480	28,758
\$38,238 Installment Contract of 2022B - due in monthly installments of \$799 at zero percent interest through April 1, 2026.	General	—	38,238	9,480	28,758
\$38,665 Installment Contract of 2022C - due in monthly installments of \$806 at zero percent interest through May 1, 2026.	General	—	38,665	8,841	29,824
\$61,076 Installment Contract of 2022D - due in monthly installments of \$1,032 at zero percent interest through October 1, 2027.	General	—	61,076	5,336	55,740
\$70,363 Installment Contract of 2023 - due in monthly installments of \$1,191 at zero percent interest through January 1, 2028.	General	—	70,363	2,462	67,901
\$62,445 Installment Contract of 2023A - due in monthly installments of \$1,041 at zero percent interest through February 1, 2028.	General	—	62,445	2,081	60,364
\$43,845 Installment Contract of 2023B - due in monthly installments of \$930 at zero percent interest through March 1, 2027.	General	—	43,845	150	43,695
		—	396,132	48,555	347,577

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due Within One Year
Governmental Activities					
Compensated Absences	\$ 1,836,500	101,666	50,833	1,887,333	377,467
Net Pension Liability/(Asset) - IMRF	(3,651,726)	4,053,768	—	402,042	—
Net Pension Liability - Police Pension	69,474,067	—	21,713,437	47,760,630	—
Net Pension Liability - Firefighters Pension	25,200,502	—	932,155	24,268,347	—
Total OPEB Liability - RBP	4,847,665	—	102,366	4,745,299	—
General Obligation Bonds	10,790,000	—	6,725,000	4,065,000	720,000
Notes Payable	3,861,123	—	462,015	3,399,108	396,013
TIF Notes Payable	1,528,153	—	—	1,528,153	—
Installment Contracts Payable	—	396,132	48,555	347,577	90,018
Lawsuit Settlement Liability	58,200	—	7,800	50,400	7,800
Pollution Remediation Liability	6,388,741	—	—	6,388,741	—
	120,333,225	4,551,566	30,042,161	94,842,630	1,591,298
Business-Type Activities					
Compensated Absences	135,530	1,034	2,068	134,496	26,899
Net Pension Liability/(Asset) - IMRF	(1,523,086)	1,690,212	—	167,126	—
Total OPEB Liability - RBP	421,219	—	63,550	357,669	—
General Obligation Bonds	1,010,000	—	1,010,000	—	—
IEPA Loans Payable	491,940	—	57,876	434,064	57,875
	535,603	1,691,246	1,133,494	1,093,355	84,774
Component Unit - North Chicago Public Library					
Compensated Absences	33,941	5,193	10,386	28,748	5,750
Net Pension Liability/(Asset) - IMRF	(514,289)	564,191	—	49,902	—
Total OPEB Liability - RBP	279,311	—	66,050	213,261	—
	(201,037)	569,384	76,436	291,911	5,750

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liability Activity - Continued

For governmental activities, the compensated absences, the net pension liabilities/(asset), 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, the installment contracts payable, and the lawsuit settlement liability. The Skokie Highway TIF #3 makes payments on the TIF notes payable.

For business-type activities, compensated absences, the net pension liability/(asset), 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.

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 Obligation Bonds		Notes Payable		Installment Contracts Payable		IEPA Loans					
	Principal	Interest	Principal	Interest	Principal	Interest						
2024	\$ 720,000	222,671	396,013	—	90,018	—	57,875	—				
2025	765,000	178,046	396,013	—	90,018	—	57,875	—				
2026	810,000	130,718	396,013	—	90,016	—	57,875	—				
2027	860,000	80,534	396,013	—	50,203	—	57,875	—				
2028	910,000	27,346	396,013	—	27,322	—	57,875	—				
2029	—	—	396,013	—	—	—	57,875	—				
2030	—	—	396,013	—	—	—	57,875	—				
2031	—	—	396,013	—	—	—	28,939	—				
2032	—	—	231,004	—	—	—	—	—				
	4,065,000	639,315	3,399,108	—	347,577	—	434,064	—				

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Defeased Debt

On December 8, 2022, the City defeased the General Obligation Refunding Bonds of 2014B by placing the payment for the future debt payments in an irrevocable trust to provide for all future debt service payments. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the City reduced its total debt service by \$31,380.

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.

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2023:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation		\$ 7,110,173
Less Capital Related Debt:		
General Obligation Bonds of 2007C		(4,065,000)
Installment Contracts Payable		<u>(347,577)</u>
Net Investment in Capital Assets		<u>2,697,596</u>
Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation		15,711,221
Less Capital Related Debt:		
IEPA Loan Payable		<u>(434,064)</u>
Net Investment in Capital Assets		<u>15,277,157</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

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.

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. 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.

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.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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

	General	2007B	Debt Service	Capital Projects	Capital Improvement	Nonmajor	Totals
Fund Balances							
Nonspendable							
Land Held for Resale	\$ 58,235	—	—	—	—	—	58,235
Prepays	672,126	—	—	—	458	672,584	
	<u>730,361</u>	—	—	—	458	730,819	
Restricted							
Public Safety	—	—	—	—	131,567	131,567	
Economic Development	—	—	—	—	3,790,898	3,790,898	
Highways and Streets	—	—	—	—	3,526,959	3,526,959	
Debt Service	—	2,346	—	—	1,974,646	1,976,992	
Capital Projects	—	—	—	—	892,809	892,809	
	<u>—</u>	<u>2,346</u>	<u>—</u>	<u>—</u>	<u>10,316,879</u>	<u>10,319,225</u>	
Unassigned	20,057,812	—	(884,157)	(770,467)	—	18,403,188	
Total Fund Balances	20,788,173	2,346	(884,157)	9,546,870	—	29,453,232	

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.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

COMMITMENTS

Construction Commitments

The City has certain contracts for various funds for construction projects which were in progress at April 30, 2023. Remaining commitments under these contracts approximated \$10,841,482.

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, 2023, the City rebated a total of \$148,522 in taxes under these agreements.

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 \$50,400 has been recorded as a liability at April 30, 2023. From time to time, the City is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

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.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

The aggregate amounts recognized for the three pension plans are:

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense/ (Revenue)
IMRF				
City	\$ 569,168	2,049,581	170,723	(24,822)
Library	49,902	179,699	14,968	10,708
Police Pension	47,760,630	9,843,411	32,913,009	5,086,584
Firefighters' Pension	24,268,347	6,535,089	12,630,768	(115,093)
	<hr/>	<hr/>	<hr/>	<hr/>
	72,648,047	18,607,780	45,729,468	4,957,377

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.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. 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, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	116
Inactive plan members entitled to but not yet receiving benefits	66
Active plan members	<u>62</u>
Total	<u>244</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, 2023, the City's contribution was 5.23% of covered payroll.

Net Pension Liability/(Asset). The City's net pension liability/(asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, 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:

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%

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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 project 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 liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the City calculated using the discount rate as well as what the City's net pension liability/(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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City	\$ 3,528,732	569,168	(1,812,623)
Library	309,385	49,902	(158,924)
Net Pension Liability/(Asset)	3,838,117	619,070	(1,971,547)

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	City	Library	Totals
Total Pension Liability			
Service Cost	\$ 339,082	29,729	368,811
Interest	1,757,100	214,637	1,971,737
Differences Between Expected and Actual Experience	(270,910)	(23,752)	(294,662)
Change of Assumptions	—	—	—
Benefit Payments, Including			
Refunds of Member Contributions	(1,440,400)	(126,289)	(1,566,689)
Net Change in Total Pension Liability	384,872	94,325	479,197
Total Pension Liability - Beginning	26,206,693	1,588,624	27,795,317
 Total Pension Liability - Ending	 26,591,565	 1,682,949	 28,274,514
 Plan Fiduciary Net Position			
Contributions - Employer	223,103	19,561	242,664
Contributions - Members	154,456	13,542	167,998
Net Investment Income	(3,991,936)	(349,997)	(4,341,933)
Benefit Payments, Including Refunds of Member Contributions	(1,440,400)	(126,289)	(1,566,689)
Other (Net Transfer)	(304,331)	(26,683)	(331,014)
Net Change in Plan Fiduciary Net Position	(5,359,108)	(469,866)	(5,828,974)
Plan Net Position - Beginning	31,381,505	2,102,913	33,484,418
 Plan Net Position - Ending	 26,022,397	 1,633,047	 27,655,444
 Employer's Net Pension Liability	 569,168	 49,902	 619,070

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2023, the City recognized pension revenue of \$24,822, and the Library recognized pension expense of \$10,708. At April 30, 2023, 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	\$ —	(170,723)	—	(14,968)	(185,691)
Change in Assumptions	—	—	—	—	—
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,010,973	—	176,314	—	2,187,287
	2,010,973	(170,723)	176,314	(14,968)	2,001,596
Pension Contributions Made Subsequent to the Measurement Date	38,608	—	3,385	—	41,993
Total Deferred Amounts Related to IMRF	<u>2,049,581</u>	<u>(170,723)</u>	<u>179,699</u>	<u>(14,968)</u>	<u>2,043,589</u>

\$41,993 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 liability/(asset) in the reporting year ended April 30, 2024. 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 Outflows/(Inflows) of Resources		
	City	Library	Totals
2024	\$ (358,765)	(31,455)	(390,220)
2025	287,519	25,208	312,727
2026	676,636	59,325	735,961
2027	1,234,860	108,268	1,343,128
2028	—	—	—
Thereafter	—	—	—
Total	<u>1,840,250</u>	<u>161,346</u>	<u>2,001,596</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2023, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	47
Inactive Plan Members Entitled to but not yet Receiving Benefits	22
Active Plan Members	<u>44</u>
 Total	 <u>113</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, 2023

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 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, 2023, the City's contribution was 49.36% 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, 2023, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal (Level %)
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	2.93% - 11.45%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates were based on the PubS-2010(A) Study, improved fully generationally using MP-2019 improvement rates.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability, while the prior year used 4.57%. 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 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 project 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 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 56,497,172	47,760,630	40,599,242

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2022	\$ 87,076,293	17,602,226	69,474,067
Changes for the Year:			
Service Cost	1,692,642	—	1,692,642
Interest on the Total Pension Liability	3,925,633	—	3,925,633
Changes of Benefit Terms	(71,504)	—	(71,504)
Difference Between Expected and Actual			
Experience of the Total Pension Liability	418,847	—	418,847
Changes of Assumptions	(24,925,258)	—	(24,925,258)
Contributions - Employer	—	2,163,650	(2,163,650)
Contributions - Employees	—	406,963	(406,963)
Contributions - Other	—	57,460	(57,460)
Net Investment Income	—	173,888	(173,888)
Benefit Payments, including Refunds of Employee Contributions	(3,298,428)	(3,298,428)	—
Administrative Expenses	—	(48,164)	48,164
Net Changes	(22,258,068)	(544,631)	(21,713,437)
Balances at April 30, 2023	64,818,225	17,057,595	47,760,630

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2023, the City recognized pension revenue of \$5,086,584. At April 30, 2023, 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	\$ 519,599	(4,349,387)	(3,829,788)
Change in Assumptions	8,581,665	(28,563,622)	(19,981,957)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	742,147	—	742,147
Total Deferred Amounts Related to Police Pension	9,843,411	(32,913,009)	(23,069,598)

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 Outflows/ (Inflows) of Resources
2024	\$ (7,848,113)
2025	(7,501,457)
2026	(7,930,961)
2027	210,933
2028	—
Thereafter	—
Total	<u><u>(23,069,598)</u></u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2023, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	34
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	27
Total	76

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, 2023

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, 2023, the City's contribution was 61.93% 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, 2023, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal (Level %)
Asset valuation method	Fair Value
Actuarial assumptions	
Interest rate	7.00%
Salary increases	2.64% - 10.88%
Cost of living adjustments	2.25%
Inflation	2.25%

Mortality rates were based on the PubS-2010(A) Study, improved fully generationally using MP-2019 improvement rates.

Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability, while the prior year used 6.39%. 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 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 project 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.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 29,396,309	24,268,347	20,090,318

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2022	\$ 37,097,487	11,896,985	25,200,502
Changes for the year:			
Service Cost	647,678	—	647,678
Interest on the Total Pension Liability	2,381,843	—	2,381,843
Changes of Benefit Terms	(78,157)	—	(78,157)
Difference Between Expected and Actual			
Experience of the Total Pension Liability	1,192,090	—	1,192,090
Changes of Assumptions	(2,998,889)	—	(2,998,889)
Contributions - Employer	—	1,750,000	(1,750,000)
Contributions - Employees	—	244,028	(244,028)
Net Investment Income	—	154,042	(154,042)
Benefit Payments, Including Refunds			
of Employee Contributions	(2,024,580)	(2,024,580)	—
Other (Net Transfer)	—	(71,350)	71,350
Net changes	(880,015)	52,140	(932,155)
Balances at April 30, 2023	36,217,472	11,949,125	24,268,347

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2023, the City recognized pension revenue of \$115,093. At April 30, 2023, 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	\$ 1,940,808	(1,459,361)	481,447
Change in assumptions	3,897,961	(11,171,407)	(7,273,446)
Net difference between projected and actual earnings on pension plan investments	696,320	—	696,320
 Total deferred amounts related to Firefighters' Pension	 6,535,089	 (12,630,768)	 (6,095,679)

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
2024	\$ (1,991,819)
2025	(2,192,819)
2026	(1,154,600)
2027	(756,441)
2028	—
Thereafter	—
 Total	 <u>(6,095,679)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2023, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	20
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>131</u>
Total	<u><u>151</u></u>

Total OPEB Liability

The City's total OPEB liability was measured as of April 30, 2023 and was determined by an actuarial valuation as of April 30, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2023 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	4.14%
Healthcare Cost Trend Rates	Initial trend rate of 6.00% in 2023 with an ultimate trend rate of 4.50% in years 2041 and later.
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, 2023

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, 2022	\$ 5,268,884	279,311	5,548,195
Changes for the Year:			
Service Cost	38,666	1,616	40,282
Interest on the Total OPEB Liability	264,529	(48,062)	216,467
Difference Between Expected and Actual Experience	(323,204)	(13,507)	(336,711)
Changes of Assumptions or Other Inputs	63,950	2,673	66,623
Benefit Payments	(209,857)	(8,770)	(218,627)
Net changes	(165,916)	(66,050)	(231,966)
Balance at April 30, 2023	<u>5,102,968</u>	<u>213,261</u>	<u>5,316,229</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 4.14%, while the prior year rate was calculated using 3.98%, 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 (3.14%)	Current Discount Rate (4.14%)	1% Increase (5.14%)
City	\$ 4,412,274	5,102,968	6,000,311
Library	184,396	213,261	250,763
Total OPEB Liability	<u>4,596,670</u>	<u>5,316,229</u>	<u>6,251,074</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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	\$ 6,009,949	5,102,968	4,393,426
Library	251,166	213,261	183,609
Total OPEB Liability	6,261,115	5,316,229	4,577,035

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

For the year ended April 30, 2023, the City recognized OPEB expense of \$406,210, and the Library recognized OPEB revenue of \$39,053. At April 30, 2023, 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	\$ —	(667,279)	—	(27,887)	(695,166)
Change in Assumptions	2,445,189	(1,865,068)	102,188	(77,944)	604,365
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—	—	—
Total Deferred Amounts Related to OPEB	2,445,189	(2,532,347)	102,188	(105,831)	(90,801)

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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
2024	\$ 105,979	4,429	110,408
2025	105,979	4,429	110,408
2026	105,979	4,429	110,408
2027	(26,576)	(1,111)	(27,687)
2028	(127,469)	(5,327)	(132,796)
Thereafter	(251,050)	(10,492)	(261,542)
Total	<u>(87,158)</u>	<u>(3,643)</u>	<u>(90,801)</u>

SUBSEQUENT EVENT

On May 19, 2023, the City was awarded a 30-year loan from the Illinois Environmental Protection Agency in an amount not to exceed \$10,505,285 with an interest rate of 0.93%.

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, 2023

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	Excess/(Deficiency)			
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	Totals	309,749	309,749	—	3,828,335		8.09%
2023	City	184,292	184,292	—	3,526,512		5.23%
	Library	16,158	16,158	—	309,191		5.23%
	Totals	200,450	200,450	—	3,835,703		5.23%

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 (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.

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, 2023

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	(Deficiency)		
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%
2023	3,556,299	2,163,650	(1,392,649)	4,383,046	49.36%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	90% Funded over 19 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, 2023

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	(Deficiency)		
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%
2023	1,962,455	1,750,000	(212,455)	2,825,731	61.93%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % pay (closed)
Remaining Amortization Period	19 years
Asset Valuation Method	5-Year Smoothed Fair value
Inflation	2.25%
Salary Increases	2.64% - 10.88%
Investment Rate of Return	6.50%
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

Illinois Municipal Retirement Fund

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

April 30, 2023

		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.

				12/31/2022		
				City	Library	Totals
12/31/2018	12/31/2019	12/31/2020	12/31/2021			
548,419	547,796	512,356	389,170	339,082	29,729	368,811
1,813,605	1,902,000	1,959,495	1,940,555	1,757,100	214,637	1,971,737
285,360	(116,087)	(836,373)	(287,650)	(270,910)	(23,752)	(294,662)
757,516	—	(201,520)	—	—	—	—
(1,287,468)	(1,415,548)	(1,630,340)	(1,636,890)	(1,440,400)	(126,289)	(1,566,689)
2,117,432	918,161	(196,382)	405,185	384,872	94,325	479,197
24,550,921	26,668,353	27,586,514	27,390,132	26,206,693	1,588,624	27,795,317
<u>26,668,353</u>	<u>27,586,514</u>	<u>27,390,132</u>	<u>27,795,317</u>	<u>26,591,565</u>	<u>1,682,949</u>	<u>28,274,514</u>
456,774	335,211	379,488	346,995	223,103	19,561	242,664
269,498	221,003	194,388	175,645	154,456	13,542	167,998
(1,398,107)	4,536,102	3,941,597	5,147,345	(3,991,936)	(349,997)	(4,341,933)
(1,287,468)	(1,415,548)	(1,630,340)	(1,636,890)	(1,440,400)	(126,289)	(1,566,689)
309,344	(148,271)	(630,052)	(460,109)	(304,331)	(26,683)	(331,014)
(1,649,959)	3,528,497	2,255,081	3,572,986	(5,359,108)	(469,866)	(5,828,974)
25,777,813	24,127,854	27,656,351	29,911,432	31,381,505	2,102,913	33,484,418
<u>24,127,854</u>	<u>27,656,351</u>	<u>29,911,432</u>	<u>33,484,418</u>	<u>26,022,397</u>	<u>1,633,047</u>	<u>27,655,444</u>
<u>2,540,499</u>	<u>(69,837)</u>	<u>(2,521,300)</u>	<u>(5,689,101)</u>	<u>569,168</u>	<u>49,902</u>	<u>619,070</u>
90.47%	100.25%	109.21%	120.47%	97.86%	97.03%	97.81%
5,336,150	4,908,990	4,244,842	3,903,209	3,432,356	300,936	3,733,292
47.61%	(1.42%)	(59.40%)	(145.75%)	16.58%	16.58%	16.58%

CITY OF NORTH CHICAGO, ILLINOIS

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2023

	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 2023.

4/30/2017	4/30/2018	4/30/2019	4/30/2020	4/30/2021	4/30/2022	4/30/2023
2,077,064	2,162,639	2,001,215	1,769,787	2,921,273	2,396,555	1,692,642
3,495,010	3,311,058	3,460,534	3,689,710	3,527,900	3,502,406	3,925,633
—	—	—	404,320	—	—	(71,504)
882,242	24,748	(453,236)	609,119	(1,409,879)	(6,658,288)	418,847
(8,324,912)	(1,858,694)	(7,313,198)	25,408,469	(4,368,056)	(13,448,677)	(24,925,258)
(2,437,558)	(2,750,999)	(2,793,059)	(2,911,005)	(2,820,621)	(3,068,708)	(3,298,428)
(4,308,154)	888,752	(5,097,744)	28,970,400	(2,149,383)	(17,276,712)	(22,258,068)
86,049,134	81,740,980	82,629,732	77,531,988	106,502,388	104,353,005	87,076,293
<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>	<u>64,818,225</u>
1,245,337	1,340,164	2,074,877	1,631,561	2,131,165	1,978,193	2,163,650
422,719	391,043	380,089	405,485	447,914	462,546	406,963
4,502	—	—	—	—	—	57,460
1,225,102	1,044,192	1,009,187	(142,088)	4,272,721	(321,925)	173,888
(2,437,558)	(2,750,999)	(2,793,059)	(2,911,005)	(2,820,621)	(3,068,708)	(3,298,428)
(52,857)	(50,720)	(57,945)	(97,012)	(51,359)	(50,831)	(48,164)
407,245	(26,320)	613,149	(1,113,059)	3,979,820	(1,000,725)	(544,631)
14,742,116	15,149,361	15,123,041	15,736,190	14,623,131	18,602,951	17,602,226
<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>17,057,595</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>	<u>47,760,630</u>
18.53%	18.30%	20.30%	13.73%	17.83%	20.21%	26.32%
4,204,648	4,351,811	3,966,822	4,239,961	4,687,717	4,186,033	4,383,046
1583.76%	1551.23%	1557.82%	2166.98%	1829.25%	1659.66%	1089.67%

CITY OF NORTH CHICAGO, ILLINOIS

Firefighter's Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2023

	<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 2023.

4/30/2017	4/30/2018	4/30/2019	4/30/2020	4/30/2021	4/30/2022	4/30/2023
987,334	1,032,949	1,130,220	790,979	1,080,817	985,103	647,678
1,834,010	1,773,804	1,842,246	2,052,011	2,173,465	2,157,569	2,381,843
—	—	—	290,099	—	—	(78,157)
1,058,782	18,391	1,072,746	372,655	843,541	(2,256,829)	1,192,090
(3,796,674)	(314,947)	(7,164,842)	8,290,037	(2,512,459)	(7,726,485)	(2,998,889)
(1,349,682)	(1,423,522)	(1,487,888)	(1,610,191)	(1,632,423)	(1,785,353)	(2,024,580)
(1,266,230)	1,086,675	(4,607,518)	10,185,590	(47,059)	(8,625,995)	(880,015)
40,372,024	39,105,794	40,192,469	35,584,951	45,770,541	45,723,482	37,097,487
<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>	<u>36,217,472</u>
788,096	998,114	1,401,723	1,105,680	1,504,416	1,600,000	1,750,000
227,874	245,118	258,049	243,305	260,984	243,247	244,028
21,325	16,784	—	10,972	—	—	—
899,900	504,213	923,175	(1,045,960)	3,119,053	(534,147)	154,042
(1,349,682)	(1,423,522)	(1,487,888)	(1,610,191)	(1,632,423)	(1,785,353)	(2,024,580)
(59,543)	(56,079)	(56,029)	(50,780)	(76,171)	(61,459)	(71,350)
—	—	—	—	—	—	—
527,970	284,628	1,039,030	(1,346,974)	3,175,859	(537,712)	52,140
8,754,184	9,282,154	9,566,782	10,605,812	9,258,838	12,434,697	11,896,985
9,282,154	9,566,782	10,605,812	9,258,838	12,434,697	11,896,985	11,949,125
<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>	<u>24,268,347</u>
23.74%	23.80%	29.80%	20.23%	27.20%	32.07%	32.99%
2,387,259	2,470,813	2,778,373	2,625,739	2,765,493	2,572,678	2,825,731
1249.28%	1239.50%	899.06%	1390.53%	1203.72%	979.54%	858.83%

CITY OF NORTH CHICAGO, ILLINOIS

Police Pension Fund

Schedule of Investment Returns

April 30, 2023

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%)
2023	0.86%

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, 2023

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%)
2023	6.19%

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, 2023**

		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 2023.

		4/30/2023		
4/30/2021	4/30/2022	City	Library	Totals
47,619	56,652	38,666	1,616	40,282
163,471	142,880	264,529	(48,062)	216,467
(536,435)	—	(323,204)	(13,507)	(336,711)
2,608,098	(2,346,515)	63,950	2,673	66,623
(196,982)	(224,923)	(209,857)	(8,770)	(218,627)
—	—	—	—	—
2,085,771	(2,371,906)	(165,916)	(66,050)	(231,966)
5,834,330	7,920,101	5,268,884	279,311	5,548,195
7,920,101	5,548,195	5,102,968	213,261	5,316,229
10,749,251	11,179,115	10,153,129	424,316	10,577,445
73.68%	49.63%	50.26%	50.26%	50.26%

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Taxes	\$ 14,738,410	14,738,410	15,335,546
Intergovernmental	7,590,070	7,590,070	10,968,569
Charges for Services	1,638,500	1,638,500	2,410,381
Licenses and Permits	653,500	653,500	604,747
Fines and Forfeitures	213,600	213,600	320,487
Investment Income	45,005	45,005	411,988
Miscellaneous	360,100	360,100	942,662
Total Revenues	25,239,185	25,239,185	30,994,380
Expenditures			
General Government and Administration	5,532,813	5,532,813	5,478,551
Public Safety	16,643,415	16,643,415	15,420,620
Economic Development	1,599,975	1,599,975	1,319,911
Highways and Streets	2,844,368	2,844,368	2,191,767
Capital Outlay	541,590	541,590	881,606
Debt Service			
Principal Retirement	48,555	48,555	510,570
Total Expenditures	27,210,716	27,210,716	25,803,025
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(1,971,531)	(1,971,531)	5,191,355
Other Financing Sources			
Disposal of Capital Assets	10,000	10,000	21,537
Debt Issuance	—	—	396,132
Transfers In	32,000	32,000	—
	42,000	42,000	417,669
Change in Fund Balance	(1,929,531)	(1,929,531)	5,609,024
Fund Balance - Beginning			<u>15,179,149</u>
Fund Balance - Ending			<u>20,788,173</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
- Budgetary Comparison Schedules - 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 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.

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.

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.

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.

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, 2023

	Budget		
	Original	Final	Actual
Taxes			
Property Taxes	\$ 8,719,500	8,719,500	8,562,130
State Use Taxes	1,054,410	1,054,410	1,261,269
Utility Taxes	2,575,000	2,575,000	2,171,320
Hotel/Motel Taxes	190,000	190,000	250,301
Video Gaming Taxes	600,000	600,000	747,912
Telecommunications Taxes	470,000	470,000	475,984
Other Taxes	1,129,500	1,129,500	1,508,457
Home Rule Sales Taxes	—	—	358,173
Total Taxes	14,738,410	14,738,410	15,335,546
Intergovernmental			
State Income Taxes	3,979,200	3,979,200	4,969,990
State Sales Taxes	2,550,000	2,550,000	1,987,323
Replacement Taxes	522,000	522,000	1,024,730
Grants	125,000	125,000	164,107
Other	413,870	413,870	2,822,419
Total Intergovernmental	7,590,070	7,590,070	10,968,569
Charges for Services	1,638,500	1,638,500	2,410,381
Licenses and Permits	653,500	653,500	604,747
Fines and Forfeitures	213,600	213,600	320,487
Investment Income	45,005	45,005	411,988
Miscellaneous	360,100	360,100	942,662
Total Revenues	25,239,185	25,239,185	30,994,380

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
General Government and Administration			
Mayor's Office			
Salaries and Wages	\$ 280,000	280,000	182,129
Employee Benefits	70,040	70,040	33,844
Employee - Other	32,500	32,500	35,458
Professional Services	144,400	144,400	159,565
Purchased Services	975	975	1,041
Utilities	2,750	2,750	2,570
Commodities	4,300	4,300	3,916
Other Expenditures	29,100	29,100	26,194
	564,065	564,065	444,717
City Clerk's Office			
Salaries and Wages	145,300	145,300	145,295
Employee Benefits	42,180	42,180	37,937
Employee - Other	2,020	2,020	810
Professional Services	750	750	—
Purchased Services	5,000	5,000	4,788
Commodities	2,150	2,150	449
Other Expenditures	200	200	180
	197,600	197,600	189,459
Legislative			
Salaries and Wages	77,000	77,000	77,000
Employee Benefits	54,465	54,465	57,954
Employee - Other	4,000	4,000	4,328
Other Expenditures	42,000	42,000	28,934
	177,465	177,465	168,216
City Treasurer			
Salaries and Wages	18,000	18,000	16,958
Employee Benefits	3,000	3,000	6,848
Employee - Other	5,995	5,995	6,162
Purchased Services	1,500	1,500	653
Commodities	800	800	599
Other Expenditures	2,320	2,320	2,567
	31,615	31,615	33,787

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
General Government and Administration - Continued			
Comptroller's Office			
Salaries and Wages	\$ 387,840	387,840	202,391
Employee Benefits	134,360	134,360	50,703
Employee - Other	5,120	5,120	2,441
Professional Services	755,261	755,261	749,723
Purchased Services	2,170	2,170	7,188
Commodities	4,250	4,250	2,341
Other Expenditures	8,500	8,500	25,619
	<u>1,297,501</u>	<u>1,297,501</u>	<u>1,040,406</u>
Board and Commissions			
Salaries and Wages	20,200	20,200	5,450
Employee Benefits	1,560	1,560	417
Employee - Other	3,125	3,125	—
Professional Services	53,400	53,400	52,501
Purchased Services	2,400	2,400	—
Other Expenditures	100	100	191
	<u>80,785</u>	<u>80,785</u>	<u>58,559</u>
Administrative Services			
Salaries and Wages	24,500	24,500	—
Employee - Other	6,000	6,000	17
Professional Services	524,400	524,400	429,629
Purchased Services	169,900	169,900	24,498
Insurance	1,140,000	1,140,000	2,132,132
Utilities	86,100	86,100	75,417
Other Expenditures	439,950	439,950	292,214
	<u>2,390,850</u>	<u>2,390,850</u>	<u>2,953,907</u>
Human Resources			
Salaries and Wages	153,775	153,775	157,280
Employee Benefits	37,658	37,658	41,984
Employee - Other	16,827	16,827	13,321
Professional Services	8,070	8,070	10,303
Purchased Services	22,742	22,742	11,138
Insurance	13,000	13,000	11,575
Utilities	660	660	467

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
General Government and Administration - Continued			
Human Resources - Continued			
Commodities	\$ 970	970	1,077
	<u>253,702</u>	<u>253,702</u>	<u>247,145</u>
Information Technology			
Professional Services	422,150	422,150	254,342
Purchased Services	104,930	104,930	77,668
Utilities	5,450	5,450	3,949
Commodities	6,700	6,700	5,697
Other Expenditures	—	—	699
	<u>539,230</u>	<u>539,230</u>	<u>342,355</u>
Total General Government and Administration	<u>5,532,813</u>	<u>5,532,813</u>	<u>5,478,551</u>
Public Safety			
Police Department			
Salaries and Wages	6,191,450	6,191,450	5,777,867
Employee Benefits	3,136,080	3,136,080	3,100,178
Employee - Other	186,940	186,940	95,409
Professional Services	71,000	71,000	195,582
Purchased Services	910,550	910,550	475,596
Insurance	3,000	3,000	2,838
Utilities	30,100	30,100	26,424
Commodities	138,700	138,700	134,931
Other Expenditures	177,750	177,750	92,711
	<u>10,845,570</u>	<u>10,845,570</u>	<u>9,901,536</u>
Fire Department			
Salaries and Wages	3,194,940	3,194,940	2,911,233
Employee Benefits	2,241,565	2,241,565	2,243,718
Employee - Other	71,970	71,970	53,640
Professional Services	1,745	1,745	2,921
Purchased Services	96,480	96,480	167,437
Utilities	6,900	6,900	7,494
Commodities	60,000	60,000	62,091
Equipment	48,245	48,245	47,148

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
Public Safety - Continued			
Fire Department - Continued			
Other Expenditures	\$ 76,000	76,000	23,402
	5,797,845	5,797,845	5,519,084
	<hr/>	<hr/>	<hr/>
Total Public Safety	16,643,415	16,643,415	15,420,620
Economic Development			
Building Division			
Salaries and Wages	640,235	640,235	628,939
Employee Benefits	333,770	333,770	362,225
Employee - Other	11,020	11,020	8,499
Professional Services	188,000	188,000	96,641
Purchased Services	395,900	395,900	190,872
Utilities	4,000	4,000	4,750
Commodities	24,800	24,800	19,719
Other Expenditures	2,250	2,250	1,006
	<hr/>	<hr/>	<hr/>
	1,599,975	1,599,975	1,312,651
Facilities Maintenance Management			
Employee Benefits	—	—	4,039
Purchased Services	—	—	3,221
	<hr/>	<hr/>	<hr/>
	—	—	7,260
	<hr/>	<hr/>	<hr/>
Total Economic Development	1,599,975	1,599,975	1,319,911
Highways and Streets			
Street Operations			
Salaries and Wages	861,350	861,350	789,778
Employee Benefits	306,985	306,985	232,143
Employee - Other	29,950	29,950	31,054
Professional Services	242,500	242,500	384,537
Purchased Services	1,045,103	1,045,103	622,675
Utilities	4,000	4,000	2,934
Commodities	106,250	106,250	81,805
Other Expenditures	248,230	248,230	46,841
	<hr/>	<hr/>	<hr/>
Total Highways and Streets	2,844,368	2,844,368	2,191,767

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
Capital Outlay	\$ 541,590	541,590	881,606
Debt Service			
Principal Retirement	48,555	48,555	510,570
Total Expenditures	<u>27,210,716</u>	<u>27,210,716</u>	<u>25,803,025</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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 205,060	205,060	199,694
Investment Income (Loss)	2,000	2,000	(2,611)
Total Revenues	<u>207,060</u>	<u>207,060</u>	<u>197,083</u>
Expenditures			
Debt Service			
Principal Retirement	—	—	4,740,000
Interest and Fiscal Charges	236,281	236,281	249,685
Total Expenditures	<u>236,281</u>	<u>236,281</u>	<u>4,989,685</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(29,221)	(29,221)	(4,792,602)
Other Financing Sources			
Transfers In	—	—	<u>4,671,545</u>
Change in Fund Balance	<u>(29,221)</u>	<u>(29,221)</u>	<u>(121,057)</u>
Fund Balance - Beginning			<u>123,403</u>
Fund Balance - Ending			<u>2,346</u>

CITY OF NORTH CHICAGO, ILLINOIS**Capital Improvement - Capital Projects Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended April 30, 2023**

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Grants	\$ 3,135,553	3,135,553	290,000
Expenditures			
Capital Outlay	2,238,136	2,238,136	1,056,836
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	897,417	897,417	(766,836)
Other Financing Sources			
Disposal of Capital Assets	1,500	1,500	14,600
Change in Fund Balance	898,917	898,917	(752,236)
Fund Balance - Beginning			(131,921)
Fund Balance - Ending			(884,157)

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental Funds
Combining Balance Sheet
April 30, 2023

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and Investments	\$ 4,424,230	1,974,648	753,672	7,152,550
Receivables - Net of Allowances				
Taxes	—	1,008,470	488,065	1,496,535
Other	2,220	—	—	2,220
Due from Other Governments	121,418	—	—	121,418
Due from Other Funds	6,888	—	13,976	20,864
Land Held for Resale	3,820,000	—	151,367	3,971,367
Prepays	—	458	—	458
Total Assets	8,374,756	2,983,576	1,407,080	12,765,412
LIABILITIES				
Accounts Payable	1,019,906	2	—	1,019,908
Retainage Payable	42,667	—	—	42,667
Other Liabilities	1,100	—	—	1,100
Due to Other Funds	618,661	—	26,206	644,867
Total Liabilities	1,682,334	2	26,206	1,708,542
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	—	1,008,470	488,065	1,496,535
Grants	13,465	—	—	13,465
Total Deferred Inflows of Resources	13,465	1,008,470	488,065	1,510,000
Total Liabilities and Deferred Inflows of Resources	1,695,799	1,008,472	514,271	3,218,542
FUND BALANCES				
Nonspendable	—	458	—	458
Restricted	7,449,424	1,974,646	892,809	10,316,879
Unassigned	(770,467)	—	—	(770,467)
Total Fund Balances	6,678,957	1,975,104	892,809	9,546,870
Total Liabilities, Deferred Inflows of Resources and Fund Balances	8,374,756	2,983,576	1,407,080	12,765,412

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, 2023

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes	\$ —	1,838,695	324,535	2,163,230
Intergovernmental	1,720,858	—	—	1,720,858
Investment Income (Loss)	93,509	(38,933)	39,152	93,728
Miscellaneous	598,250	—	—	598,250
Total Revenues	2,412,617	1,799,762	363,687	4,576,066
Expenditures				
Public Safety	4,045	—	—	4,045
Economic Development	806,761	—	18,745	825,506
Highways and Streets	676,639	—	—	676,639
Capital Outlay	1,404,311	—	—	1,404,311
Debt Service				
Principal Retirement	—	1,985,000	—	1,985,000
Interest and Fiscal Charges	—	338,501	—	338,501
Total Expenditures	2,891,756	2,323,501	18,745	5,234,002
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(479,139)	(523,739)	344,942	(657,936)
Other Financing Sources (Uses)				
Disposal of Capital Asset	531,496	—	—	531,496
Transfers In	650,712	1,240,072	—	1,890,784
Transfers Out	(997,919)	(4,350,422)	(1,213,988)	(6,562,329)
	184,289	(3,110,350)	(1,213,988)	(4,140,049)
Change in Fund Balances	(294,850)	(3,634,089)	(869,046)	(4,797,985)
Fund Balances - Beginning	6,973,807	5,609,193	1,761,855	14,344,855
Fund Balances - Ending	6,678,957	1,975,104	892,809	9,546,870

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Balance Sheet
April 30, 2023

See Following Page

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Balance Sheet
April 30, 2023

	Motor Fuel Tax	Grant	Community Development Block Grant	Federal Forfeited Property (DEA)
ASSETS				
Cash and Investments	\$ 3,849,878	—	249,283	77,627
Receivables - Net of Allowances				
Other	—	—	—	—
Due from Other Governments	121,418	—	—	—
Due from Other Funds	1,158	—	—	90
Land Held for Resale	—	—	—	—
Total Assets	3,972,454	—	249,283	77,717
LIABILITIES				
Accounts Payable	19,723	307,876	534,623	—
Retainage Payable	42,667	—	—	—
Other Liabilities	—	—	—	—
Due to Other Funds	383,105	160,406	—	—
Total Liabilities	445,495	468,282	534,623	—
DEFERRED INFLOWS OF RESOURCES				
Grants	—	13,465	—	—
Total Liabilities and Deferred Inflows of Resources	445,495	481,747	534,623	—
FUND BALANCES				
Restricted	3,526,959	—	—	77,717
Unassigned	—	(481,747)	(285,340)	—
Total Fund Balances	3,526,959	(481,747)	(285,340)	77,717
Total Liabilities, Deferred Inflows of Resources and Fund Balances	3,972,454	—	249,283	77,717

Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area Operating	Totals
85,350	—	1,392	160,700	—	4,424,230
—	—	—	2,220	—	2,220
—	—	—	—	—	121,418
—	—	—	—	5,640	6,888
—	—	520,000	—	3,300,000	3,820,000
85,350	—	521,392	162,920	3,305,640	8,374,756
—	—	—	160,700	(3,016)	1,019,906
—	—	—	—	—	42,667
—	—	—	1,100	—	1,100
31,500	—	—	4,500	39,150	618,661
31,500	—	—	166,300	36,134	1,682,334
—	—	—	—	—	13,465
31,500	—	—	166,300	36,134	1,695,799
53,850	—	521,392	—	3,269,506	7,449,424
—	—	—	(3,380)	—	(770,467)
53,850	—	521,392	(3,380)	3,269,506	6,678,957
85,350	—	521,392	162,920	3,305,640	8,374,756

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, 2023

	Motor Fuel Tax	Grant	Community Development Block Grant	Federal Forfeited Property (DEA)
Revenues				
Intergovernmental	\$ 1,070,230	643,810	—	—
Investment Income (Loss)	97,463	—	(6,556)	86
Miscellaneous	594,852	—	—	—
Total Revenues	1,762,545	643,810	(6,556)	86
Expenditures				
Public Safety	—	—	—	—
Economic Development	—	206,211	542,708	—
Highways and Streets	676,639	—	—	—
Capital Outlay	121,457	1,083,550	—	—
Total Expenditures	798,096	1,289,761	542,708	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	964,449	(645,951)	(549,264)	86
Other Financing Sources				
Disposal of Capital Assets	—	—	—	—
Transfers In	—	25,247	—	—
Transfers Out	—	—	—	—
	—	25,247	—	—
Change in Fund Balances	964,449	(620,704)	(549,264)	86
Fund Balances - Beginning	2,562,510	138,957	263,924	77,631
Fund Balances - Ending	3,526,959	(481,747)	(285,340)	77,717

Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area Operating	Totals
6,818	—	—	—	—	1,720,858
10	—	(11,711)	14,217	—	93,509
—	—	222	2,675	501	598,250
6,828	—	(11,489)	16,892	501	2,412,617
4,045	—	—	—	—	4,045
—	—	202	5,133	52,507	806,761
—	—	—	—	—	676,639
38,604	—	—	160,700	—	1,404,311
42,649	—	202	165,833	52,507	2,891,756
(35,821)	—	(11,691)	(148,941)	(52,006)	(479,139)
—	—	—	531,496	—	531,496
—	—	—	—	625,465	650,712
—	(25,247)	(517,515)	(455,157)	—	(997,919)
—	(25,247)	(517,515)	76,339	625,465	184,289
(35,821)	(25,247)	(529,206)	(72,602)	573,459	(294,850)
89,671	25,247	1,050,598	69,222	2,696,047	6,973,807
53,850	—	521,392	(3,380)	3,269,506	6,678,957

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 722,840	722,840	712,438
Grants	357,792	357,792	357,792
Investment Income	2,500	2,500	97,463
Miscellaneous	572,500	572,500	594,852
Total Revenues	1,655,632	1,655,632	1,762,545
Expenditures			
Highways and Streets			
Professional Services	50,000	50,000	—
Purchased Services	197,500	197,500	33,955
Utilities	1,420,000	1,420,000	529,326
Commodities	120,500	120,500	113,358
Capital Outlay	309,000	309,000	121,457
Total Expenditures	2,097,000	2,097,000	798,096
Change in Fund Balance	(441,368)	(441,368)	964,449
Fund Balance - Beginning			<u>2,562,510</u>
Fund Balance - Ending			<u>3,526,959</u>

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Grants	\$ 1,354,400	1,354,400	643,810
Expenditures			
Economic Development			
Purchased Services	200,000	200,000	3,519
Other Expenditures	569,000	569,000	202,692
Capital Outlay	964,271	964,271	1,083,550
Total Expenditures	1,733,271	1,733,271	1,289,761
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(378,871)	(378,871)	(645,951)
Other Financing Sources			
Transfers In	—	—	25,247
Change in Fund Balance	(378,871)	(378,871)	(620,704)
Fund Balance - Beginning			138,957
Fund Balance - Ending			(481,747)

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Grants	\$ 762,921	762,921	—
Investment Income (Loss)	1,000	1,000	(6,556)
Total Revenues	<u>763,921</u>	<u>763,921</u>	<u>(6,556)</u>
Expenditures			
Economic Development			
Purchased Services	762,921	762,921	542,561
Other Expenditures	—	—	147
Total Expenditures	<u>762,921</u>	<u>762,921</u>	<u>542,708</u>
Change in Fund Balance	<u>1,000</u>	<u>1,000</u>	<u>(549,264)</u>
Fund Balance - Beginning			<u>263,924</u>
Fund Balance - Ending			<u>(285,340)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Federal Forfeited Property (DEA) - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
Revenues			
Investment Income	\$ —	—	86
Expenditures			
Capital Outlay	77,538	77,538	—
Change in Fund Balance	(77,538)	(77,538)	86
Fund Balance - Beginning			77,631
Fund Balance - Ending			77,717

CITY OF NORTH CHICAGO, ILLINOIS**Seized Drug Money (State) - Special Revenue Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended April 30, 2023**

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Seized Funds	\$ 500	500	6,818
Investment Income	200	200	10
Total Revenues	<u>700</u>	<u>700</u>	<u>6,828</u>
Expenditures			
Public Safety			
Other Expenditures	—	—	4,045
Capital Outlay	101,180	101,180	38,604
Total Expenditures	<u>101,180</u>	<u>101,180</u>	<u>42,649</u>
Change in Fund Balance			
	<u>(100,480)</u>	<u>(100,480)</u>	<u>(35,821)</u>
Fund Balance - Beginning			<u>89,671</u>
Fund Balance - Ending			<u>53,850</u>

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Investment (Loss)	\$ —	—	(11,711)
Miscellaneous	—	—	222
Total Revenues	—	—	(11,489)
Expenditures			
Economic Development			
Other Expenditures	—	—	202
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	—	—	(11,691)
Other Financing (Uses)			
Transfers Out	(553,088)	(553,088)	(517,515)
Change in Fund Balance	(553,088)	(553,088)	(529,206)
Fund Balance - Beginning			1,050,598
Fund Balance - Ending			<u>521,392</u>

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Investment Income	\$ 25	25	14,217
Miscellaneous	128,325	128,325	2,675
Total Revenues	128,350	128,350	16,892
Expenditures			
Economic Development			
Professional Services	11,570	11,570	528
Purchased Services	56,385	56,385	2,389
Utilities	16,750	16,750	2,216
Commodities	150	150	—
Other Expenditures	55,240	55,240	—
Capital Outlay	170,000	170,000	160,700
Total Expenditures	310,095	310,095	165,833
Excess (Deficiency) of Revenues Over (Under) Expenditures	(181,745)	(181,745)	(148,941)
Other Financing Sources (Uses)			
Disposal of Capital Assets	570,000	570,000	531,496
Transfers Out	(469,466)	(469,466)	(455,157)
	100,534	100,534	76,339
Change in Fund Balance	(81,211)	(81,211)	(72,602)
Fund Balance - Beginning			69,222
Fund Balance - Ending			(3,380)

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Miscellaneous	\$ —	—	501
Expenditures			
Economic Development			
Professional Services	146,380	146,380	52,507
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(146,380)	(146,380)	(52,006)
Other Financing Sources			
Transfers In	76,380	76,380	625,465
Change in Fund Balance	(70,000)	(70,000)	573,459
Fund Balance - Beginning			2,696,047
Fund Balance - Ending			3,269,506

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Debt Service Funds
Combining Balance Sheet
April 30, 2023

	Downtown TIF Redevelopment Project Area Debt Service 2007A	Grant Place Retail Center Debt Service 2007C	Downtown TIF Redevelopment Project Area Debt Service 2014A	Totals
ASSETS				
Cash and Investments	\$ 489	1,304,618	669,541	1,974,648
Receivables - net of allowances				
Taxes	—	—	1,008,470	1,008,470
Prepays	—	458	—	458
Total Assets	489	1,305,076	1,678,011	2,983,576
LIABILITIES				
Accounts Payable	—	—	2	2
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	—	—	1,008,470	1,008,470
Total Liabilities and Deferred Inflows of Resources	—	—	1,008,472	1,008,472
FUND BALANCES				
Nonspendable	—	458	—	458
Restricted	489	1,304,618	669,539	1,974,646
Total Fund Balances	489	1,305,076	669,539	1,975,104
Total Liabilities, Deferred Inflows of Resources and Fund Balances	489	1,305,076	1,678,011	2,983,576

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, 2023

	Downtown TIF Redevelopment Project Area Debt Service	Grant Place Retail Center Debt Service	Downtown TIF Redevelopment Project Area Debt Service	Totals
	2007A	2007C	2014A	
Revenues				
Taxes	\$ —	908,896	929,799	1,838,695
Investment (Loss)	(2,230)	(10,477)	(26,226)	(38,933)
Total Revenues	(2,230)	898,419	903,573	1,799,762
Expenditures				
Debt Service				
Principal Retirement	290,000	660,000	1,035,000	1,985,000
Interest and Fiscal Charges	11,922	283,460	43,119	338,501
Total Expenditures	301,922	943,460	1,078,119	2,323,501
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,152)	(45,041)	(174,546)	(523,739)
Other Financing Sources (Uses)				
Transfers In	267,400	972,672	—	1,240,072
Transfers Out	—	—	(4,350,422)	(4,350,422)
	267,400	972,672	(4,350,422)	(3,110,350)
Change in Fund Balances	(36,752)	927,631	(4,524,968)	(3,634,089)
Fund Balances - Beginning	37,241	377,445	5,194,507	5,609,193
Fund Balances - Ending	489	1,305,076	669,539	1,975,104

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Investment Income (Loss)	\$ 1,100	1,100	(2,230)
Expenditures			
Debt Service			
Principal Retirement	290,000	290,000	290,000
Interest and Fiscal Charges	12,625	12,625	11,922
Total Expenditures	302,625	302,625	301,922
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(301,525)	(301,525)	(304,152)
Other Financing Sources			
Transfers In	301,600	301,600	267,400
Change in Fund Balance	75	75	(36,752)
Fund Balance - Beginning			37,241
Fund Balance - Ending			489

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 942,653	942,653	908,896
Investment Income (Loss)	1,000	1,000	(10,477)
Total Revenues	<u>943,653</u>	<u>943,653</u>	<u>898,419</u>
Expenditures			
Debt Service			
Principal Retirement	660,000	660,000	660,000
Interest and Fiscal Charges	5,196,718	5,196,718	283,460
Total Expenditures	<u>5,856,718</u>	<u>5,856,718</u>	<u>943,460</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(4,913,065)	(4,913,065)	(45,041)
Other Financing Sources			
Transfers In	<u>4,640,247</u>	<u>4,640,247</u>	<u>972,672</u>
Change in Fund Balance	<u>(272,818)</u>	<u>(272,818)</u>	<u>927,631</u>
Fund Balance - Beginning			<u>377,445</u>
Fund Balance - Ending			<u>1,305,076</u>

CITY OF NORTH CHICAGO, ILLINOIS

Downtown TIF Redevelopment Project Area Debt Service 2014A - Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 960,000	960,000	929,799
Investment Income (Loss)	1,000	1,000	(26,226)
Total Revenues	<u>961,000</u>	<u>961,000</u>	<u>903,573</u>
Expenditures			
Debt Service			
Principal Retirement	1,035,000	1,035,000	1,035,000
Interest and Fiscal Charges	42,650	42,650	43,119
Total Expenditures	<u>1,077,650</u>	<u>1,077,650</u>	<u>1,078,119</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(116,650)	(116,650)	(174,546)
Other Financing (Uses)			
Transfers Out	<u>(377,980)</u>	<u>(377,980)</u>	<u>(4,350,422)</u>
Change in Fund Balance			
	<u>(494,630)</u>	<u>(494,630)</u>	<u>(4,524,968)</u>
Fund Balance - Beginning			<u>5,194,507</u>
Fund Balance - Ending			<u>669,539</u>

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Capital Projects Funds
Combining Balance Sheet
April 30, 2023

	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III	Totals
ASSETS			
Cash and Investments	\$ 8,165	745,507	753,672
Receivables - Net of Allowances			
Taxes	—	488,065	488,065
Due from Other Funds	10,413	3,563	13,976
Land Held for Resale	151,367	—	151,367
 Total Assets	 169,945	 1,237,135	 1,407,080
LIABILITIES			
Due to Other Funds	—	26,206	26,206
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	—	488,065	488,065
Total Liabilities and Deferred Inflows of Resources	—	514,271	514,271
FUND BALANCE			
Restricted	169,945	722,864	892,809
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 169,945	 1,237,135	 1,407,080

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, 2023

	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III	Totals
Revenues			
Taxes	\$ —	324,535	324,535
Investment Income	19,768	19,384	39,152
Total Revenues	19,768	343,919	363,687
Expenditures			
Economic Development	6,250	12,495	18,745
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	13,518	331,424	344,942
Other Financing (Uses)			
Transfers Out	(1,213,988)	—	(1,213,988)
Change in Fund Balances	(1,200,470)	331,424	(869,046)
Fund Balances - Beginning	1,370,415	391,440	1,761,855
Fund Balances - Ending	169,945	722,864	892,809

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, 2023

	Budget		
	Original	Final	Actual
Revenues			
Investment Income	\$ 11,000	11,000	19,768
Expenditures			
Economic Development			
Professional Services	11,400	11,400	6,250
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(400)	(400)	13,518
Other Financing (Uses)			
Transfers Out	—	—	(1,213,988)
Change in Fund Balance	(400)	(400)	(1,200,470)
Fund Balance - Beginning			1,370,415
Fund Balance - Ending			<u>169,945</u>

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, 2023**

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 425,000	425,000	324,535
Investment Income	400	400	19,384
Total Revenues	<u>425,400</u>	<u>425,400</u>	<u>343,919</u>
Expenditures			
Economic Development			
Professional Services	42,500	42,500	12,495
Other Expenditures	50,000	50,000	—
Total Expenditures	<u>92,500</u>	<u>92,500</u>	<u>12,495</u>
Change in Fund Balance	<u>332,900</u>	<u>332,900</u>	<u>331,424</u>
Fund Balance - Beginning			<u>391,440</u>
Fund Balance - Ending			<u>722,864</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, 2023

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services			
Water	\$ 5,168,500	5,168,500	5,333,444
Sewer	1,531,100	1,531,100	1,384,946
Refuse	800,000	800,000	876,793
Miscellaneous	10,000	10,000	27,160
Total Operating Revenues	<u>7,509,600</u>	<u>7,509,600</u>	<u>7,622,343</u>
Operating Expenses			
Water	7,019,834	7,019,834	2,837,501
Sewer	820,000	820,000	345,036
Refuse	991,750	991,750	915,073
Depreciation	—	—	901,742
Total Operating Expenses	<u>8,831,584</u>	<u>8,831,584</u>	<u>4,999,352</u>
Operating Income (Loss)	<u>(1,321,984)</u>	<u>(1,321,984)</u>	<u>2,622,991</u>
Nonoperating Revenues (Expenses)			
Investment Income	14,000	14,000	149,661
Principal Retirement	(243,510)	(243,510)	—
Interest Expense	(96,875)	(96,875)	(57,218)
	<u>(326,385)</u>	<u>(326,385)</u>	<u>92,443</u>
Income (Loss) Before Transfers	<u>(1,648,369)</u>	<u>(1,648,369)</u>	<u>2,715,434</u>
Transfers Out	<u>(205,060)</u>	<u>(205,060)</u>	<u>—</u>
Change in Net Position	<u>(1,853,429)</u>	<u>(1,853,429)</u>	<u>2,715,434</u>
Net Position - Beginning			<u>20,897,827</u>
Net Position - Ending			<u>23,613,261</u>

CITY OF NORTH CHICAGO, ILLINOIS

Water, Sewer, and Refuse - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		
	Original	Final	Actual
Operating Expenses			
Water			
Salaries and Wages	\$ 930,400	930,400	937,161
Employee Benefits	311,985	311,985	128,869
Employee - Other	15,000	15,000	14,874
Professional Services	356,089	356,089	247,523
Purchased Services	323,700	323,700	175,988
Insurance	273,000	273,000	273,000
Utilities	696,160	696,160	435,799
Commodities	226,700	226,700	200,593
Other Expenses	3,886,800	3,886,800	423,694
	<u>7,019,834</u>	<u>7,019,834</u>	<u>2,837,501</u>
Sewer			
Salaries and Wages	111,410	111,410	122,938
Employee Benefits	34,900	34,900	40,679
Employee - Other	3,500	3,500	4,296
Professional Services	80,000	80,000	81,086
Purchased Services	307,100	307,100	11,947
Utilities	1,500	1,500	1,187
Commodities	79,250	79,250	71,960
Other Expenses	202,340	202,340	10,943
	<u>820,000</u>	<u>820,000</u>	<u>345,036</u>
Refuse			
Purchased Services	<u>991,750</u>	<u>991,750</u>	<u>915,073</u>
Depreciation Expense	<u>—</u>	<u>—</u>	<u>901,742</u>
Total Operating Expenses	<u>8,831,584</u>	<u>8,831,584</u>	<u>4,999,352</u>

CITY OF NORTH CHICAGO, ILLINOIS**Internal Service Funds****Combining Statement of Net Position****April 30, 2023**

	Dental and Vision	Retiree's Premium	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 8,305	202,012	210,317
LIABILITIES			
Current Liabilities			
Accounts Payable	608	—	608
NET POSITION			
Unrestricted	7,697	202,012	209,709

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, 2023

	Dental and Vision	Retiree's Premium	Totals
Operating Revenues			
Charges for Services	\$ 45,964	351,532	397,496
Operating Expenses			
Premiums and Claims Payments	10,635	189,098	199,733
Operating Income	35,329	162,434	197,763
Nonoperating Revenues			
Investment Income	258	4,400	4,658
Changes in Net Position	35,587	166,834	202,421
Net Position - Beginning	(27,890)	35,178	7,288
Net Position - Ending	7,697	202,012	209,709

CITY OF NORTH CHICAGO, ILLINOIS

Combining Statement of Cash Flows - Internal Service Funds
For the Fiscal Year Ended April 30, 2023

	Dental and Vision	Retiree's Premium	Totals
Cash Flows from Operating Activities			
Receipts from Interfund Services	\$ 45,964	351,532	397,496
Payments to Employees	(10,635)	—	(10,635)
Payments to Suppliers	(27,282)	(189,320)	(216,602)
	<u>8,047</u>	<u>162,212</u>	<u>170,259</u>
Cash Flows from Investing Activities			
Investment Income	258	4,400	4,658
Net Change in Cash and Cash Equivalents	8,305	166,612	174,917
Cash and Cash Equivalents - Beginning	—	35,400	35,400
Cash and Cash Equivalents - Ending	<u>8,305</u>	<u>202,012</u>	<u>210,317</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	35,329	162,434	197,763
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:			
Increase (Decrease) in Current Liabilities	<u>(27,282)</u>	<u>(222)</u>	<u>(27,504)</u>
Net Cash Provided by Operating Activities	<u>8,047</u>	<u>162,212</u>	<u>170,259</u>

CITY OF NORTH CHICAGO, ILLINOIS**Dental and Vision - Internal Service Fund****Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual****For the Fiscal Year Ended April 30, 2023**

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services	\$ 15,000	45,000	45,964
Operating Expenses			
Personnel Services	16,000	16,000	10,635
Operating Income (Loss)	(1,000)	29,000	35,329
Nonoperating Revenues			
Investment Income	50	50	258
Change in Net Position	(950)	29,050	35,587
Net Position - Beginning			(27,890)
Net Position - Ending			7,697

CITY OF NORTH CHICAGO, ILLINOIS**Retiree's Premium - Internal Service Fund****Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual****For the Fiscal Year Ended April 30, 2023**

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services	\$ 290,000	290,000	351,532
Operating Expenses			
Premiums and Claims Payments	217,100	217,100	189,098
Operating Income	72,900	72,900	162,434
Nonoperating Revenues			
Investment Income	10	10	4,400
Change in Net Position	72,910	72,910	166,834
Net Position - Beginning			35,178
Net Position - Ending			202,012

CITY OF NORTH CHICAGO, ILLINOIS

Pension Trust Funds

Combining Statement of Fiduciary Net Position

April 30, 2023

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 2,831,269	707,563	3,538,832
Investments			
Illinois Police Officers' Pension Investment Trust	11,274,810	—	11,274,810
Illinois Firefighters Pension Investment Trust	—	11,244,997	11,244,997
Insurance Contracts	2,961,329	—	2,961,329
Prepays	—	4,030	4,030
Total Assets	17,067,408	11,956,590	29,023,998
LIABILITIES			
Accounts Payable	9,813	7,465	17,278
NET POSITION			
Net Position Restricted for Pensions	17,057,595	11,949,125	29,006,720

CITY OF NORTH CHICAGO, ILLINOIS

Pension Trust Funds

Combining Statement of Changes of Fiduciary Net Position
For the Fiscal Year Ended April 30, 2023

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 2,163,650	1,750,000	3,913,650
Contributions - Plan Members	406,963	244,028	650,991
Other	57,460	—	57,460
Total Contributions	<u>2,628,073</u>	<u>1,994,028</u>	<u>4,622,101</u>
Investment Income (Loss)			
Interest Earned	95,809	124,172	219,981
Net Change in Fair Value	90,881	39,159	130,040
	<u>186,690</u>	<u>163,331</u>	<u>350,021</u>
Less Investment Expenses	(12,802)	(9,289)	(22,091)
Net Investment Income	<u>173,888</u>	<u>154,042</u>	<u>327,930</u>
Total Additions	<u>2,801,961</u>	<u>2,148,070</u>	<u>4,950,031</u>
Deductions			
Administration	48,164	71,350	119,514
Benefits and Refunds	<u>3,298,428</u>	<u>2,024,580</u>	<u>5,323,008</u>
Total Deductions	<u>3,346,592</u>	<u>2,095,930</u>	<u>5,442,522</u>
Change in Fiduciary Net Position	(544,631)	52,140	(492,491)
Net Position Restricted for Pensions			
Beginning	<u>17,602,226</u>	<u>11,896,985</u>	<u>29,499,211</u>
Ending	<u>17,057,595</u>	<u>11,949,125</u>	<u>29,006,720</u>

CITY OF NORTH CHICAGO, ILLINOIS

Component Unit - North Chicago Public Library
Balance Sheet and Statement of Net Position
April 30, 2023

	Public Library	Adjustments	Statement of Net Position
ASSETS			
Cash and Investments	\$ 1,381,391	—	1,381,391
Receivables - Net of Allowances			
Taxes	766,500	—	766,500
Accounts	14,879	—	14,879
Prepays	2,886	—	2,886
Capital Assets			
Nondepreciable	—	71,966	71,966
Depreciable	—	1,443,158	1,443,158
Accumulated Depreciation	—	(990,799)	(990,799)
Total Assets	<u>2,165,656</u>	<u>524,325</u>	<u>2,689,981</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	—	179,699	179,699
Deferred Items - RBP	—	102,188	102,188
Total Deferred Outflows of Resources	—	281,887	281,887
Total Assets and Deferred Outflow of Resources	<u>2,165,656</u>	<u>806,212</u>	<u>2,971,868</u>
LIABILITIES			
Accounts Payable	80,819	—	80,819
Accrued Payroll	8,453	—	8,453
Compensated Absences Payable	—	28,748	28,748
Net Pension Liability - IMRF	—	49,902	49,902
Total OPEB Liability - RBP	—	213,261	213,261
Total Liabilities	<u>89,272</u>	<u>291,911</u>	<u>381,183</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	766,500	—	766,500
Deferred Items - IMRF	—	14,968	14,968
Deferred Items - RBP	—	105,831	105,831
Total Deferred Inflows of Resources	<u>766,500</u>	<u>120,799</u>	<u>887,299</u>
Total Liabilities and Deferred Inflows of Resources	<u>855,772</u>	<u>412,710</u>	<u>1,268,482</u>
FUND BALANCES/NET POSITION			
Investment in Capital Assets	—	524,325	524,325
Nonspendable	2,886	(2,886)	—
Unassigned	1,306,998	(1,306,998)	—
Unrestricted	—	1,179,061	1,179,061
Total Fund Balances/Net Position	<u>1,309,884</u>	<u>393,502</u>	<u>1,703,386</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>2,165,656</u>	<u>806,212</u>	<u>2,971,868</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, 2023

	Public Library	Adjustments	Statement of Activities
Revenues			
Taxes			
Property Taxes	\$ 747,368	—	747,368
Intergovernmental	156,801	—	156,801
Fines and Forfeitures	2,644	—	2,644
Investment Income	31,472	—	31,472
Miscellaneous	11,784	—	11,784
Total Revenues	<u>950,069</u>	—	<u>950,069</u>
Expenditures			
Culture and Recreation	905,832	(18,365)	887,467
Capital Outlay	7,270	(7,270)	—
Total Expenditures	<u>913,102</u>	(25,635)	<u>887,467</u>
Net Change in Fund Balance/Net Position	36,967	25,635	62,602
Fund Balance/Net Position - Beginning	<u>1,272,917</u>	367,867	<u>1,640,784</u>
Fund Balances/Net Position - Ending	<u>1,309,884</u>	393,502	<u>1,703,386</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	\$ 764,332	764,332	747,368	(16,964)
Intergovernmental				
Grants	134,160	134,160	156,801	22,641
Fines and Forfeitures	3,000	3,000	2,644	(356)
Investment Income	13,700	13,700	31,472	17,772
Miscellaneous	41,700	41,700	11,784	(29,916)
Total Revenues	956,892	956,892	950,069	(6,823)
Expenditures				
Culture and Recreation				
Salaries and Wages	485,240	485,240	399,251	(85,989)
Employee Benefits	166,075	166,075	123,511	(42,564)
Employee - Other	8,900	8,900	7,168	(1,732)
Professional Services	56,500	56,500	38,867	(17,633)
Purchased Services	169,437	169,437	255,020	85,583
Insurance	17,800	17,800	17,800	—
Utilities	12,100	12,100	14,453	2,353
Commodities	44,000	44,000	28,546	(15,454)
Other Expenditures	489,000	489,000	21,216	(467,784)
Capital Outlay	12,000	12,000	7,270	(4,730)
Total Expenditures	1,461,052	1,461,052	913,102	(547,950)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(504,160)	(504,160)	36,967	541,127
Other Financing (Uses)				
Transfers Out	(32,000)	(32,000)	—	32,000
Net Change in Fund Balance	(536,160)	(536,160)	36,967	573,127
Fund Balance - Beginning			<u>1,272,917</u>	
Fund Balance - Ending			<u>1,309,884</u>	

CITY OF NORTH CHICAGO, ILLINOIS**Consolidated Year-End Financial Report****April 30, 2023**

CSFA #	Program Name	State	Federal	Other	Totals
420-00-1771	Construction and/or Renovation to Buildings, Additions, or Structures	\$ 528,709	—	—	528,709
444-80-2984	City of North Chicago	64,614	—	—	64,614
494-00-2356	Local REBUILD ILLINOIS Bond Program	357,792	—	—	357,792
546-00-2940	American Rescue Plan Act SFY23	290,000	—	—	290,000
	Other Grant Programs and Activities	—	79,548	—	79,548
	All Other Costs Not Allocated	—	—	22,020,971	22,020,971
<hr/>		<hr/>			
	Totals	1,241,115	79,548	22,020,971	23,341,634

SUPPLEMENTAL SCHEDULES

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2007C

April 30, 2023

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
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
	<hr/> <u>4,065,000</u>	<hr/> <u>639,315</u>	<hr/> <u>4,704,315</u>

CITY OF NORTH CHICAGO, ILLINOIS**Long-Term Debt Requirements****Note Payable of 2021****April 30, 2023**

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
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	231,004	—	231,004
	<hr/> <hr/> 3,399,108	<hr/> <hr/> —	<hr/> <hr/> 3,399,108

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2022

April 30, 2023

Date of Issue	April 5, 2022
Date of Maturity	April 1, 2026
Authorized Issue	\$43,262
Interest Rates	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 10,846	—	10,846
2025	10,846	—	10,846
2026	10,845	—	10,845
<hr/>		<hr/>	<hr/>
32,537		—	32,537

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2022A

April 30, 2023

Date of Issue	April 5, 2022
Date of Maturity	April 1, 2026
Authorized Issue	\$38,238
Interest Rate	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 9,586	—	9,586
2025	9,586	—	9,586
2026	9,586	—	9,586
<hr/>		<hr/>	<hr/>
28,758		—	28,758

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2022B

April 30, 2023

Date of Issue	April 5, 2022
Date of Maturity	April 1, 2026
Authorized Issue	\$38,238
Interest Rate	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 9,586	—	9,586
2025	9,586	—	9,586
2026	9,586	—	9,586
<hr/> <hr/>		28,758	<hr/> <hr/>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2022C

April 30, 2023

Date of Issue	May 2, 2022
Date of Maturity	May 1, 2026
Authorized Issue	\$38,665
Interest Rate	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 9,673	—	9,673
2025	9,673	—	9,673
2026	9,672	—	9,672
2027	806	—	806
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	29,824	—	29,824
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2022D

April 30, 2023

Date of Issue	October 27, 2022
Date of Maturity	October 1, 2027
Authorized Issue	\$61,076
Interest Rate	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 12,387	—	12,387
2025	12,387	—	12,387
2026	12,387	—	12,387
2027	12,386	—	12,386
2028	6,193	—	6,193
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	55,740	—	55,740

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2023

April 30, 2023

Date of Issue	January 30, 2023
Date of Maturity	January 1, 2028
Authorized Issue	\$70,363
Interest Rates	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 14,295	—	14,295
2025	14,295	—	14,295
2026	14,295	—	14,295
2027	14,295	—	14,295
2028	10,721	—	10,721
	<hr/> <u>67,901</u>	<hr/> <u>—</u>	<hr/> <u>67,901</u>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2023A

April 30, 2023

Date of Issue	February 1, 2023
Date of Maturity	February 1, 2028
Authorized Issue	\$62,445
Interest Rate	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 12,489	—	12,489
2025	12,489	—	12,489
2026	12,489	—	12,489
2027	12,489	—	12,489
2028	10,408	—	10,408
	60,364	—	60,364

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2023B

April 30, 2023

Date of Issue	March 27, 2023
Date of Maturity	March 1, 2027
Authorized Issue	\$43,845
Interest Rate	No Interest
Interest Dates	No Interest
Principal Maturity Date	Monthly
Payable at	Enterprise Fleet Management

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 11,156	—	11,156
2025	11,156	—	11,156
2026	11,156	—	11,156
2027	10,227	—	10,227
	<hr/> <u>43,695</u>	<hr/> <u>—</u>	<hr/> <u>43,695</u>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2011

April 30, 2023

Date of Issue	October 20, 2011
Date of Maturity	October 20, 2030
Authorized Issue	\$1,566,760
Interest Rate	No Interest
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
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	28,939	—	28,939
	<hr/>	<hr/>	<hr/>
	434,064	—	434,064
	<hr/>	<hr/>	<hr/>