



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
APRIL 30, 2019**

CITY OF NORTH CHICAGO, ILLINOIS

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2019

CITY OF NORTH CHICAGO, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials	i
Organizational Chart	ii
Letter of Transmittal	iii-vi
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4-5
Statement of Activities	6-7
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	8
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	11-12

CITY OF NORTH CHICAGO, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Proprietary Funds

Statement of Net Position 13-14

Statement of Revenues, Expenses, and Changes in Net Position..... 15

Statement of Cash Flows 16-17

Fiduciary Funds

Statement of Fiduciary Net Position..... 18

Statement of Changes in Fiduciary Net Position..... 19

Notes to Financial Statements 20-75

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 General Fund 76

Schedule of Change in the Employer's Total OPEB Liability
 and Related Ratios
 Other Postemployment Benefits Plan..... 77

Schedule of Employer Contributions
 Illinois Municipal Retirement Fund 78
 Police Pension Fund 79
 Firefighters' Pension Fund 80

Schedule of Changes in the Employer's Net Pension Liability
 and Related Ratios
 Illinois Municipal Retirement Fund 81
 Police Pension Fund 82
 Firefighters' Pension Fund 83

Schedule of Investment Returns
 Police Pension Fund..... 84
 Firefighters' Pension Fund 85

Notes to Required Supplementary Information 86-87

CITY OF NORTH CHICAGO, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual - General Fund.....	88-89
Schedule of Expenditures - Budget and Actual - General Fund	90-100
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Downtown Tax Increment Financing Redevelopment Project Area Debt Series 2014A Fund	101

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	103
Nonmajor Special Revenue Funds	
Combining Balance Sheet	104-105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	106-109
Nonmajor Capital Projects Funds	
Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	111
Nonmajor Debt Service Funds	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	113

MAJOR ENTERPRISE FUND

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Water, Sewer and Refuse Fund.....	114
Schedule of Operating Revenues - Budget and Actual - Water, Sewer, and Refuse Fund	115
Schedule of Expenses by Department - Budget and Actual - Water, Sewer, and Refuse Fund	116-117

CITY OF NORTH CHICAGO, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES (Continued)**

INTERNAL SERVICE FUNDS

Combining Statement of Net Position.....	118
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	119
Combining Statement of Cash Flows.....	120

FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position Pension Trust Funds.....	121
Combining Statement of Changes in Fiduciary Net Position Pension Trust Funds.....	122

COMPONENT UNIT - PUBLIC LIBRARY

Governmental Fund Balance Sheet/Statement of Net Position.....	123
Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities.....	124
Major Governmental Fund Library Operating Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	125

SUPPLEMENTAL DATA

Schedule of Annual Debt Requirements General Obligation Bond Series 2007A.....	126
General Obligation Bond Series 2007B.....	127
General Obligation Bond Series 2007C.....	128
General Obligation Bond Series 2014A Refunding.....	129
General Obligation Bond Series 2014B Refunding.....	130
Consolidated Year End Financial Report.....	131

CITY OF NORTH CHICAGO, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
STATISTICAL SECTION	
Financial Trends	
Net Position by Components	132-133
Change in Net Position	134-137
Fund Balances of Governmental Funds	138-139
Changes in Fund Balances of Governmental Funds	140-141
Revenue Capacity	
Assessed Value and Actual Value of Taxable Property	142
Property Tax Rates - Direct and Overlapping Governments	143-144
Principal Property Taxpayers	145
Property Tax Levies and Collections	146
Taxable Sales by Category	147
Direct and Overlapping Sales Tax Rates	148
Debt Capacity	
Ratios of Outstanding Debt by Type	149
Ratios of General Bonded Debt Outstanding	150
Direct and Overlapping Governmental Activities Debt	151
Schedule of Legal Debt Margin	152
Demographic and Economic Information	
Demographic and Economic Information	153
Principal Employers	154
Operating Information	
Full-Time Equivalent Employees	155
Operating Indicators	156
Capital Asset Statistics	157

INTRODUCTORY SECTION

City Officials

Leon Rockingham, Jr.

Mayor

Ernest Fisher
Alderman, Ward 1

Bobby Allen
Alderman, Ward 4

Bonny Mayfield
Alderman, Ward 2

Torrance Markham
Alderman, Ward 5

Carl Evans
Alderman, Ward 3

Bob Runnels, Sr.
Alderman, Ward 6

Kathy January
Alderman, Ward 7

Kenneth Robinson
City Treasurer

Lori Collins
City Clerk

Staff
Deb Waszak
Chief of Staff

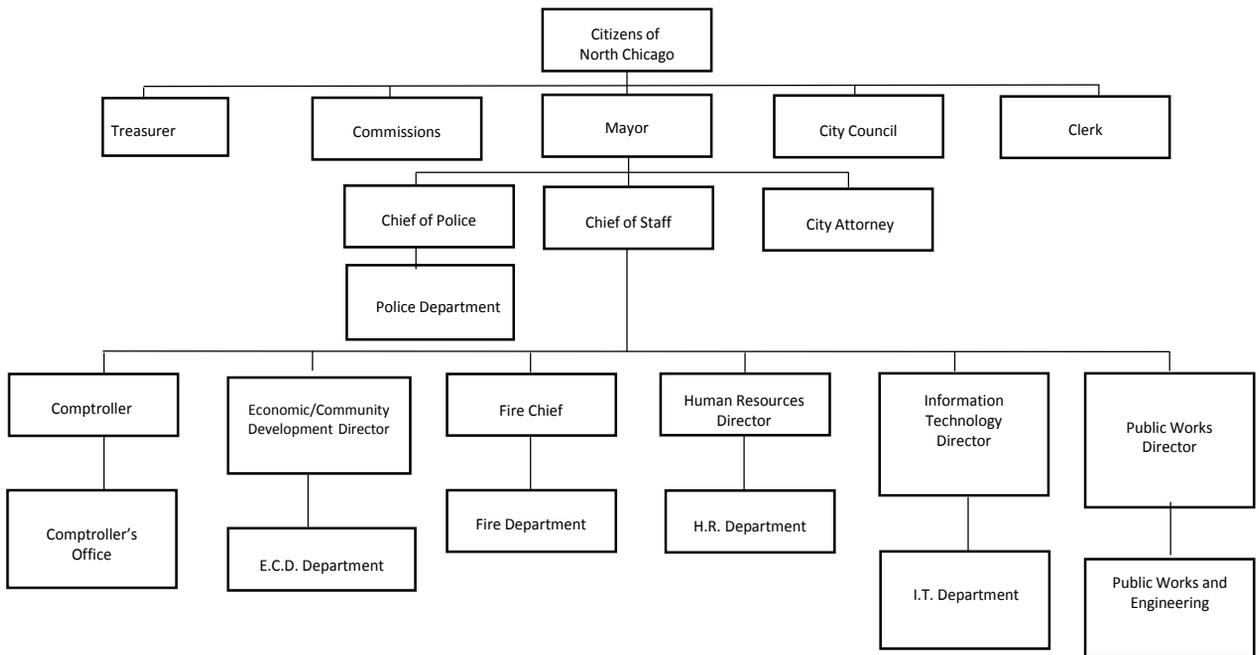
Department Directors

Daniela Partipilo
Victor Barrera
Elizabeth Black
Edward Wilmes

Dell Urban
Lazaro Perez
Joan Battley

Acting Comptroller
Economic Development Director
Human Resources Director
Public Works (Streets, Water & Sewer)
Director
Fire Chief
Chief of Police
Library Director

City of North Chicago Organizational Chart





Comptroller's Office

January 30, 2020

The Honorable Mayor
City Council Alderman
City of North Chicago, Illinois 60064

The Comprehensive Annual Financial Report (CAFR) of the City of North Chicago for the year ended April 30, 2019, is hereby submitted as required by the Illinois Compiled Statutes. State law requires that the City issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

To the best knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. Included are all the disclosures to enable the reader to gain an understanding of the City's financial activities.

The City's financial statements have been audited by Sikich LLP, a firm of license certified public accountants. The objective of the independent audit was to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors report on pages 1-3 rendered an unmodified opinion that the City's financial statements are fairly represents in conformity with GAAP.

The City was required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* during fiscal year 2019.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the City of North Chicago

The City of North Chicago (City) is located 33 miles of downtown Chicago and 48 miles south of Milwaukee in Lake County, Illinois. The City was incorporated as a village in 1895 and as a city in 1901. It is home to the Great Lakes Naval Station, the Lovell Federal Health Care Center, healthcare giants AbbVie and Abbot, as well as the Rosalind Franklin University. The City's 2010 Census places the population at 32,574, but according to the American Fact Finder Survey 2012-2016, the population is

Over 100 Years of Municipal Service

City of North Chicago

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estimated at 30,023. It has an area of 7.8 square miles. It is a home rule community as defined by the Illinois Constitution.

The Equalized Assessed Valuation (EAV) of the City saw a significant reduction during the most recent recession, but the last three years that EAV has risen. The EAV, at its lowest in 2015, was \$148,134,948; the 2018 EAV, \$166,817,574 which represents an increase of 11.2%.

The City has also passed a no-increase tax levy for tax years 2018 and 2019; it is also expected to not increase the tax levy for tax year 2019. In addition, the City has formulated and passed a resolution in fall 2018, to fund the police and fire pensions with additional City contributions from its General Fund and not its tax levy.

The City operates under a Mayor/City Council form of government. Policymaking and legislative authority are vested in the City Council, which consists of 7 aldermen from the City's established 7 wards. The City Council is responsible, among other things, for passing and adopting the City budget. The Mayor is responsible overseeing the day-to-day operations assisted by the Chief of Staff. The aldermen are elected for four-year staggered terms. The Mayor is elected to a four-year term.

The City provides a full range of general government services including public safety, community development, public works, as well as construction and management of the City's infrastructure. The City operates a water treatment plant and provides water and sewer services.

As required by generally accepted accounting principles, these financial statements present the City and its component units. The decision to include the component unit in the reporting entity was made based upon the significance of their operational or financial relationship to the City.

The CAFR includes the financial activity of the City of North Chicago Public Library as a discretely presented component unity. It is reported separate to emphasize that it is legally separate from the City.

Major Initiatives

For the year ended April 30, 2019

During 2018-19, the City resources were concentrated on increasing contributions to the police and pension funds and included a budget amendment to accomplish this plan by reducing its operating expenses through outsourcing fleet maintenance, consolidate the City's dispatch services with the Village of Mundelein, and concessions obtained by the firefighters' union.

The City Council also approved the City's first Capital Improvement Plan (CIP) through the year 2022 which set in motion a plan and strategy for future improvements of the City's infrastructure, facilities and fleet. This plan allows the City to save for these identified capital projects.

The fiscal year was also focused on maintaining fund balance as established by the approved Fund Balance policy (March 2018); controlling operational expenses; continue to invest in the City's infrastructure and preparing for future capital investment; continue to deliver quality and efficient services residents expect from City of North Chicago.



City staff, following Mayor and Council directives, has been involved in a multitude of projects throughout the fiscal year ending April 30, 2019. The most significant projects are noted below:

- Consolidation of dispatch services project to be completed in January 2020 that will result in an estimated \$500,000 in annual future savings;
- \$1.8Million in street resurfacing and reconstruction projects;
- Continue the City's efforts with blight busting;
- Facilitated the sale of property with the Skokie Highway TIF which will increase property tax revenue in future years;
- Outsourced fleet maintenance operations which is estimated to save the City \$300,000 in its full year of operation;
- Adoption of the CIP FY19-22.

For the Future

The City is committed to continue to maintain its aging facilities and infrastructure, while preserving the safety and welfare of the community and supporting level of public services provided to the residents while also maintain sustainability in fund balances of the government's operating funds.

Below is a short descriptions of some of the more significant initiatives proposed for the following year. The proposed projects will be funded from grant revenues, operating revenues and use of excess governmental fund reserves.

- Improvement of the Metra Train Station (grant revenue);
- Blight busting through demolition (grant revenue);
- Improvement to City Hall building (grant revenue);
- 14th Street reconstruction (federal grant funding and City funds);
- Sewer televising and cleaning (operating revenues);
- Continued funding of police and fire pensions per the approved plan (operating revenues);
- Continued reinvestment of excess cash to maximize interest income;
- Major focus on Census 2020 for the City designated as a hard to count community so that federal funding needed is not cut or reduced.

Relevant Financial Information

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that assets of the City are protected from loss, theft, or misuse and to ensure that adequate data is maintained to allow for the preparation of financial statements that conform to GAAP.

The City has financial policies that guide the development of the annual budget and set the framework for the preparation of the current fiscal year financial statements. The City will continue to implement and approve policies which are considered best practices.



Budgeting Controls

The City maintains budgetary controls, whose objective is to comply with legal provisions. Activities of the General Fund, special revenue funds, debt service funds, enterprise funds are included in the annual budget. The Police and Fire pensions engage separate auditing firms and actuarial firm for the completion of their annual audits. The information for these funds is contained within the notes of the City's CAFR.

The level budgetary control is established at the fund level (i.e. the level at which expenditures cannot legally exceed the appropriated amount). All annual appropriation end at year-end and must be re-budgeted in the new fiscal year.

Cash management policies and practices

The City has an approved Investment Policy that must be adhered to. Collateralization is established at 110% per the policy. The policy also stipulates that the City may invest in any type of security as allowed for in the Illinois Compiled Statutes (30ILCS 235/2).

Fund Balance

The City has a fund balance policy that establishes minimum amounts. Generally, the General Fund balance must maintain 30-40% of total expenditures, including transfers out. Enterprise Fund balance must maintain at least 60 days of operating expenses. The insurance (Dental and Vision Fund) should maintain a balance revenues equaling expenditures.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Comptroller's Office. I would like to express my appreciation to the entire department. Credit must also be given to the Mayor and the City Council for their continued support.

Respectfully,

Daniela Partipilo

Daniela Partipilo
Acting Comptroller

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Chicago, Illinois (the City), as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of North Chicago, Illinois Police and Firefighters' Pension Funds, which represents 100% of the fiduciary fund information. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to data included for the City of North Chicago, Illinois Police and Firefighters' Pension Funds, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the North Chicago Public Library were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the City's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

Opinions

In our opinion, based on our audit and the audit report of others, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 12 to the basic financial statements. Our opinion is not modified with respect to this matter.

Additionally, the City changed the reporting entity by reclassifying the North Chicago Public Library from a special revenue fund of the City to a discretely presented component unit in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
January 30, 2020

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

Management's Discussion and Analysis (Unaudited)

As management of the City of North Chicago, we offer readers of the City of North Chicago's financial statements this narrative overview and analysis of the financial activities of the City of North Chicago, for the fiscal year ended April 30, 2019.

Financial Highlights

- The assets and deferred outflows of the City of North Chicago (the City) net of its liabilities and deferred inflows at the close of the most recent fiscal year resulted in a net deficit of \$68,363,231.
- The financial position of the Water and Sewer Fund improved at April 30, 2019. Net position equal to \$16,100,120, due to capital project improvements.
- As of April 30, 2019, the City's governmental funds reported combined ending fund balances of \$21,183,854. Of this amount, \$8,574,587, or 40 percent, of total general fund balance was unassigned, and available for spending at the City's discretion (unassigned fund balance).
- At April 30, 2019, the City's outstanding General Obligation Bond principal was \$17,595,000 which is a decrease of \$1,680,000 from the prior fiscal year.

Overview of the Financial Statements

The management's discussion and analysis serves as an introduction to the City's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. Also included in the report is required supplementary information, supplementary financial information, and other supplementary information.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The statement of net position (deficit) presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position (deficit) changed during the most recent fiscal year. All changes in net position (deficit) 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).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government 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 administration and general government, public safety, public works, library, and economic development. The business-type activities of the City include the water and wastewater (sanitary and storm sewer) operations.

The government-wide financial statements can be found on pages 4-7 of this report.

Overview of the Financial Statements (Continued)

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 state and 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, unlike the government-wide financial statements, 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 this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Downtown Tax Increment Financing Redevelopment Project Area Funds, which are considered to be major funds. Data for the other 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 its General Fund and certain other funds. A budgetary comparison statement has been provided for the General Fund and any major special revenue funds to demonstrate compliance with the budget. In addition, the supplementary financial information also contains budgetary comparison statements for all nonmajor funds.

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension in June 2015, which became effective for the City beginning with its year and has been implemented. The primary objective of this Statement is to improve accounting and financial reporting by state and local government for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of statement No. 45, Accounting and Financial Reporting by Employers for Postemployment benefit other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The basic governmental fund financial statements can be found on pages 8-12 of this report.

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 maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater (sanitary and storm sewer) operations. Internal service funds are an accounting device used to report activities that provide goods or services to City departments. The City uses internal service funds to account for employee dental and vision self-insurance and retiree's medical insurance programs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the water and wastewater operations, which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Unrestricted net position of the enterprise funds at April 30, 2019 amounted to \$6,833,230 and those of the internal service funds amounted to \$128,302.

The basic proprietary fund financial statements can be found on pages 13-17 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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. Fiduciary funds are used to account for pension trust funds that are audited by a separate accounting firm, and agency funds.

The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a better understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-75 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 76-87 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, enterprise, internal service, fiduciary and component unit funds are presented following the required supplementary information on pensions in the supplementary financial information section. Combining and individual fund statements and budgetary comparison schedules for nonmajor governmental funds and internal service funds can be found on pages 88-125 of this report, respectively.

Government-Wide Financial Analysis

As noted earlier, net position (deficit) may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets and deferred outflows by \$68,363,231 (net deficit) at the close of FY 2019.

The largest portion of the City's net deficit reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment) less any related outstanding debt used to acquire those assets and pension liabilities. 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 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. The following table reflects condensed information for the City's net position (deficit):

CITY OF NORTH CHICAGO Net Position (Deficit) Condensed financial information

Governmental Activities: The City's changes in net position (deficit) and total revenues, expenses, and transfers for governmental and business-type activities are reflected in the following:

	Governmental Activities		Business type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	33,480,363.0	34,179,049	8,811,207	9,241,137	42,291,570	43,420,186
Capital assets	12,287,048	20,705,273	12,191,252	15,613,228	24,478,300	36,318,501
Total assets	45,767,411	54,884,322	21,002,459	24,854,365	66,769,870	79,738,687
Deferred outflows related to pensions	12,150,672	12,860,357	805,696	351,523	12,956,368	13,211,880
Loss on refunding of bonds	130,951	149,659	63,437	76,489	194,388	226,148
Total deferred outflows	12,281,623	13,010,016	869,133	428,012	13,150,756	13,438,028
Current and other liabilities	4,229,225	2,578,998	1,820,658	660,850	6,049,883	3,239,848
Noncurrent liabilities	107,248,712	119,348,487	3,557,449	3,028,421	110,806,161	122,376,908
Total liabilities	111,477,937	121,927,485	5,378,107	3,689,271	116,856,044	125,616,756
Deferred inflow- property taxes	10,085,919	4,356,084	284,821	138,090	10,370,740	4,494,174
Deferred inflow- pension & OPEB	20,948,529	12,193,855	108,848	748,046	21,057,377	12,941,901
Total deferred Inflows of resources	31,034,448	16,549,939	393,669	886,136	31,428,117	17,436,075
Net position:						
Net investment in capital assets	5,909,106	8,727,281	9,801,110	12,512,685	15,710,216	21,239,966
Restricted	11,428,397	6,978,882	0	0	11,428,397	6,978,882
Unrestricted	(101,800,854)	(86,289,249)	6,299,010	8,194,285	(95,501,844)	(78,094,964)
Total Net Position	(84,463,351)	(70,583,086)	16,100,120	20,706,970	(68,363,231)	(49,876,116)

Current Year Impacts on Net Position

At the fiscal year end April 30, 2019, the primary government total net deficit position is \$68,363,271 or \$18,487,155 more than the net deficit position at April 30, 2018.

Governmental Activities combined *restricted* and *unrestricted* net deficit position increase by \$10,721,587; this correlates to the new accounting guidance, GASB Statement No. 75. The reconciliation of these amounts is noted on page 9 of this report. The *restricted* Governmental Activities is for street improvements, employee benefits and pensions, public safety, fire service purposes and debt repayment. The *restricted* amounts increased by \$4,449,515. The Governmental Activities *unrestricted* net position increased by \$15,511,605. The Business-type Activities of the City total net position decreased by \$4,606,850.

CITY OF NORTH CHICAGO **Condensed financial information** Changes in Net Position (Deficit)

	Governmental Activities		Business type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Charges for services	3,509,863	2,992,433	8,335,936	7,496,557	11,845,799	10,488,990
Operating grants	1,049,915	1,462,570	0	0	1,049,915	1,462,570
General revenues:						
Property taxes	9,861,893	10,539,522	276,008	281,751	10,137,901	10,821,273
Other taxes	5,022,888	5,139,710	0	0	5,022,888	5,139,710
Intergovernmental	6,810,039	6,842,086	0	0	6,810,039	6,842,086
Other	1,157,039	728,114	194,708	71,156	1,351,747	799,270
Transfers	3,100,000	2,638,000	(3,100,000)	(2,638,000)	0	0
Total revenues	30,511,637	30,342,435	5,706,652	5,211,464	36,218,289	35,553,899
Expenditures						
General government	5,825,398	9,905,176	5,789,722	5,480,805	11,615,120	15,385,981
Public safety	14,125,587	19,586,574	0	0	14,125,587	19,586,574
Economic development	1,910,684	3,099,813	0	0	1,910,684	3,099,813
Highways and streets	2,166,676	382	0	0	2,166,676	382
Interest and fiscal changes	759,386	655,927	60,884	63,773	820,270	719,700
Total expenditures	24,787,731	33,247,872	5,850,606	5,544,578	30,638,337	38,792,450
Net Position, May 1	(70,583,086)	-67677649	20,706,970	21,040,084	(49,876,116)	(46,637,565)
Change in accounting principle/prior year adjustment	(19,604,171)	0	(4,462,896)	0	(24,067,067)	0
Net position May 1- Restated	(90,187,257)	(67,677,649)	16,244,074	21,040,084	(73,943,183)	(46,637,565)
Change in Net Position	5,723,906	(2,905,437)	(143,954)	333,114	5,579,952	(2,572,323)
Net position, April 30	(84,463,351)	(70,583,086)	16,100,120	21,373,198	(68,363,231)	(49,209,888)

Current Year Impacts

For the fiscal year ended April 30, 2019, revenues from Governmental Activities totaled \$30,511,637 which is slightly more than revenues more than the preceding year in the amount of \$169,202. The largest revenue categories for the City during the fiscal year are property taxes, state income taxes and sales tax totaling \$13,189,817 and represents 43.23% of all revenues of Governmental Activities. This fiscal year the City received a one-time additional sales tax revenue of over \$300,000. Additionally, there were several large parcel of real estate that changes ownership which accounted for increased real estate transfer tax receipts.

Other taxes, including telecommunications tax, food and beverage tax, local use tax, and hotel tax, totaled \$5,849,766 and represents 19.1% of all revenues.

Charges for Services came in at \$3,509,863 and comprises building permits, engineering service charges, ambulance fees, cable franchise fees. The Water and Sewer Funds revenues in this category came in \$839,379 more than the prior fiscal year.

Financial Analysis of the City's Funds

As previously noted, 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. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of April 30, 2019, the combined ending fund balances of the City's governmental funds were \$21,183,854, a decrease of \$ 5,924,699 in comparison with the prior year. Approximately 40% or \$8.6 million constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is classified as nonspendable/restricted to indicate that it is not available for spending because it has already been spent for 1) inventory- \$4,000; 2) prepaid items- 863,479; 3) property held for resale-\$152,000. Additionally, the following fund balances are restricted: 4) highways and streets-\$904,862; 5) debt service-\$2,819,584 6) capital projects-\$45,243, 6) economic development \$6,873,352 and 7) public safety-\$7,85,356.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, unassigned fund balance of the General Fund was \$8,980,388. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represented 42. % of total General Fund expenditures.

Proprietary Funds: The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but with more detail.

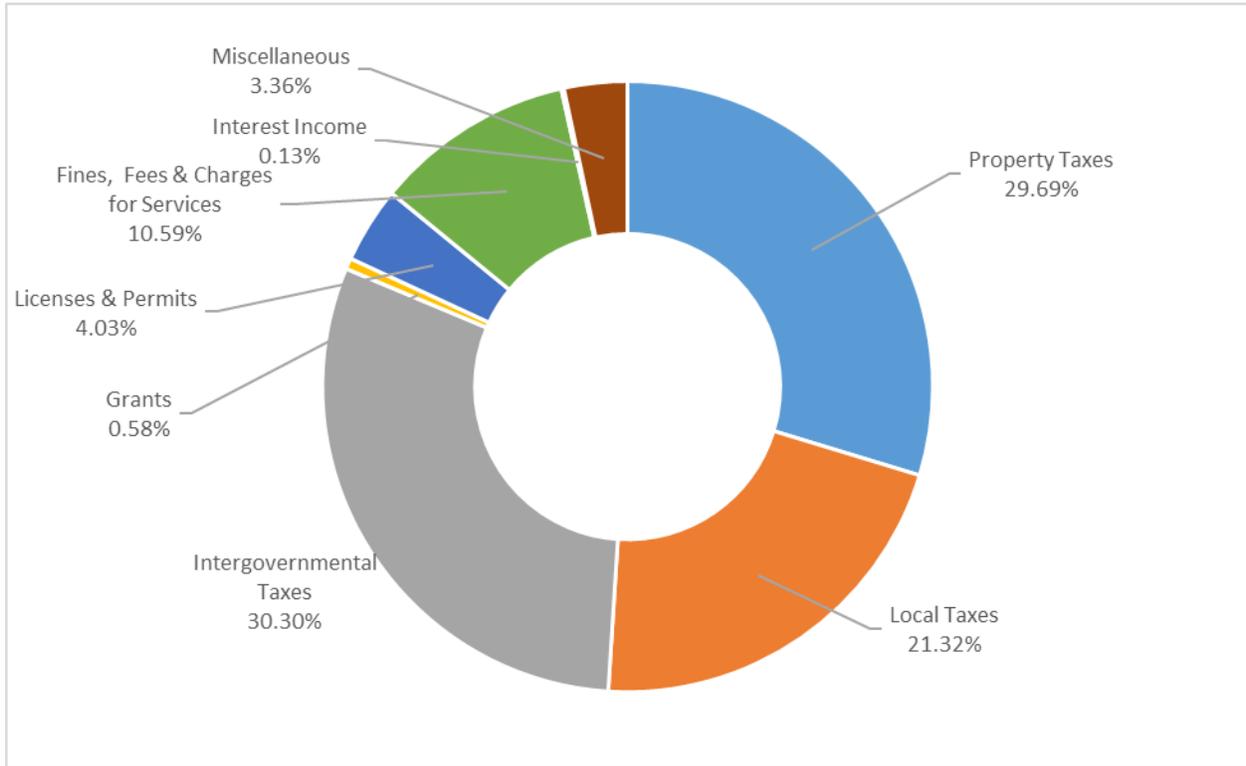
The total net position of the water and sewer operations at the end of the year amounted to \$16,100,120, as compared to \$20,706,970 for the prior year, a decrease of \$4,606,850.

General Fund Budgetary Highlights

Realized revenues and other financing sources were \$22,476,150 compared to the budget of \$20,337,697 a positive variance against budget of \$2,138,453. The difference between the budget and the amount realized was spread across the entire revenue profile of the General Fund. Total expenditures were \$24,523,021, compared to the budget of \$24,628,393 General Fund expenses were under the budget by 105,372

General Fund revenues by category is noted in the graph below.

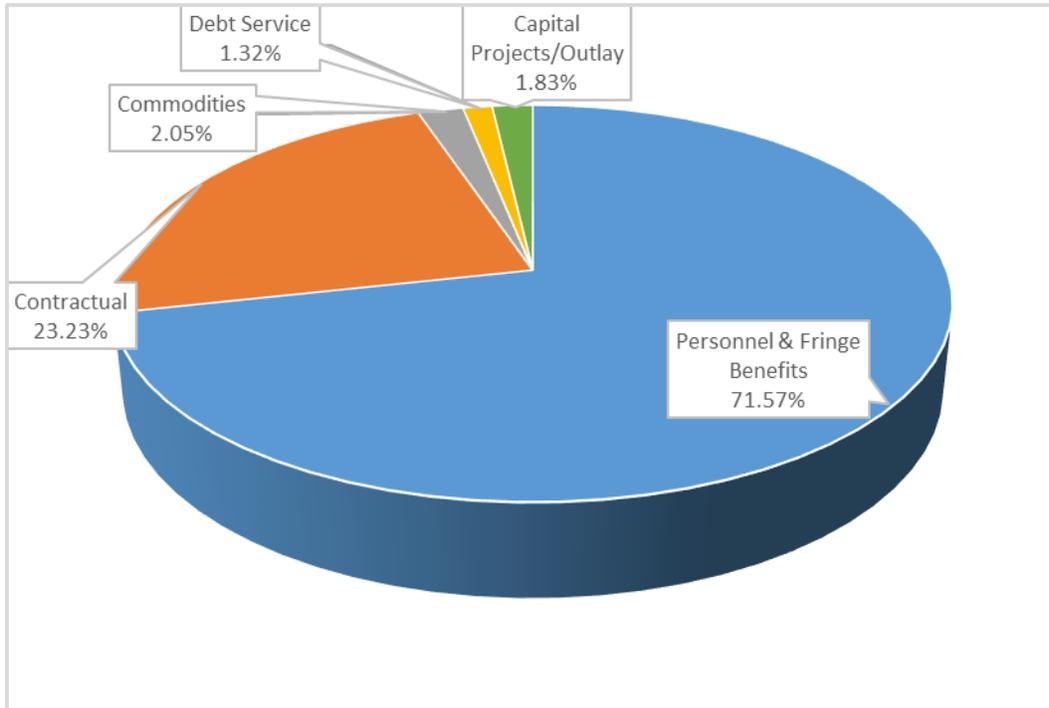
Revenues



General Fund expenditure by category graph is noted below

The City budget was amended in November 2018 to reallocate expenses to allow for additional contributions to the insurance reserve account and the police and fire pension funds. To accomplish these additional contributions, the City consolidated dispatch services, outsourced fleet management and reduced staffing in the records division of the police department.

Expenditures



Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of April 30, 2019, amounts to \$24,478,300 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, and machinery and equipment.

Capital asset by category of asset is listed as follows:

	Governmental activity	Business-type activity	Total
	2019	2019	2019
Land	2,781,140	2,435	2,783,575
Land improvements	333,058	94,653	427,711
Buildings and improvements	1,815,252	3,660,510	5,475,762
Infrastructure	3,558,609	0	3,558,609
Machinery and equipment	1,881,055	1,437,990	3,319,045
Construction in progress	1,917,934	390,307	1,917,934
Underground equipment	0	6,605,357	6,605,357
Total assets net	12,287,048	12,191,252	24,478,300

Additional information on the City's capital assets can be found in Note 4 on pages 31-33 of this report.

Capital Asset and Debt Administration (Continued)

Long-Term Debt: At April 30, 2019, the City had outstanding general obligation debt of \$17,395,000 backed by the full faith and credit of the City.

CITY OF NORTH CHICAGO Long Term Debt

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
GO Bonds:						
Series 2007A	1,055,000	1,275,000	2,330,000	0	1,055,000	1,275,000
Series 2007B	4,740,000	4,740,000	9,480,000	0	4,740,000	4,740,000
Series 2007C	6,370,000	6,820,000	0	0	6,370,000	6,820,000
Series 2014A Refunding	3,755,000	4,560,000	0	0	3,755,000	4,560,000
Series 2014 Refunding	0	0	1,675,000	1,880,000	1,675,000	1,880,000
Total Bonds	15,920,000	17,395,000	13,485,000	\$1,880,000	17,595,000	19,275,000
Other:						
Bond issuance premium	178,455	257,120	113,317	135,980	291,772	393,100
Compensated Absences	2,147,470	2,029,994	117,728	159,967	2,265,198	2,189,961
Other post-employment benefits	4,684,751	151,937	675,235	0	5,359,986	151,937
Lawsuit settlement liability	66,200	66,200	0	0	66,200	66,200
Note payable to Lake Forest Bank	79,890	157,447	0	0	79,890	157,447
Note Payable to IFA	60,000	80,000	0	0	60,000	80,000
Note payable to IL Department of Revenue	560,490	771,690	0	0	560,490	771,690
Net Firefighter, Police and IMRF Pension (asset) liability	85,698,390	98,132,378	628,423	0	86,326,813	98,132,378
Note payable to Abbott Laboratories	0	0	71,146	129,034	71,146	129,034
	0	0	665,566	723,441	665,566	723,441
Total Other	\$93,475,646	\$101,646,766	\$2,271,415	\$1,148,422	\$95,747,061	\$102,795,188
Total	\$109,395,646	\$119,041,766	\$15,756,415	\$3,028,422	\$113,342,061	\$122,070,188

Additional information on the City's long-term debt can be found in Note F on pages 34-40 of this report

Economic Factors:

North Chicago is a diverse community consisting primarily of residential homes, several non-profit organizations, and major corporations including Abbott Laboratories, AbbVie, Rosalind Franklin University, and Naval Station Great Lakes, which is the only recruit training facility in the United States. The City property tax revenues remained stable during this with other fees and taxes generally increasing, although slightly, as compared to the prior fiscal year. Ideally, this is an indication that the local economy has begun to stabilize. However, caution and a conservative approach to all aspects of budgeting and financial execution, with an emphasis formulating a plan to fund Police/Fire pension while continuing to provide the best service to the City's residents.

Bond Rating: The City's general obligation bonds are rated "BBB" by Standard & Poor's Rating Services.

Requests for Information

This financial report is designed to provide a general overview of the City of North Chicago's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, City of North Chicago, 1850 Lewis Avenue, North Chicago, Illinois 60064 or on the City website at www.northchicago.org.

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	North Chicago Public Library
ASSETS				
Cash and investments	\$ 16,299,024	\$ 7,434,739	\$ 23,733,763	\$ 1,481,290
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	10,085,919	284,821	10,370,740	764,390
Intergovernmental	1,483,311	-	1,483,311	31,928
Accounts	-	784,710	784,710	-
Other	140,783	49,432	190,215	-
Inventory	4,000	-	4,000	-
Prepaid items	893,029	7,505	900,534	-
Interfund balances	(250,000)	250,000	-	-
Due from fiduciary funds	20,857	-	20,857	-
Land held for resale	4,803,440	-	4,803,440	-
Capital assets, not being depreciated	4,699,074	392,742	5,091,816	71,966
Capital assets, being depreciated (net of accumulated depreciation)	7,587,974	11,798,510	19,386,484	548,232
Total assets	45,767,411	21,002,459	66,769,870	2,897,806
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized charge on refunding	130,951	63,741	194,692	-
Pension items - IMRF	1,826,932	651,611	2,478,543	155,699
Pension items - police pension	6,346,094	-	6,346,094	-
Pension items - firefighters' pension	2,908,609	-	2,908,609	-
OPEB items	1,069,037	154,085	1,223,122	18,500
Total deferred outflows of resources	12,281,623	869,437	13,151,060	174,199
Total assets and deferred outflows of resources	58,049,034	21,871,896	79,920,930	3,072,005
LIABILITIES				
Accounts payable	965,156	1,443,998	2,409,154	37,941
Accrued wages	647,236	58,840	706,076	15,541
Interest payable				-
Unearned revenues	467,451	-	467,451	-
Other liabilities	2,445	-	2,445	-
Noncurrent liabilities				
Due within one year	2,146,937	317,820	2,464,757	49,104
Due in more than one year	107,248,712	3,557,449	110,806,161	492,561
Total liabilities	111,477,937	5,378,107	116,856,044	595,147
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	10,085,919	284,821	10,370,740	764,390
Pension items - IMRF	213,075	75,997	289,072	18,159
Pension items - police pension	11,716,453	-	11,716,453	-
Pension items - firefighters' pension	8,791,083	-	8,791,083	-
Pension items - OPEB	227,918	32,851	260,769	3,944
Total deferred inflows of resources	31,034,448	393,669	31,428,117	786,493
Total liabilities and deferred inflows of resources	142,512,385	5,771,776	148,284,161	1,381,640

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	North Chicago Public Library
NET POSITION				
Net investment in capital assets	\$ 5,909,106	\$ 9,801,110	\$ 15,710,216	\$ 356,113
Restricted for				
Highways and streets	904,862	-	904,862	-
Economic development	6,873,352	-	6,873,352	-
Public safety	785,356	-	785,356	-
Capital projects	45,243	-	45,243	-
Debt service	2,819,584	-	2,819,584	-
Unrestricted	(101,800,854)	6,299,010	(95,501,844)	1,334,252
TOTAL NET POSITION	\$ (84,463,351)	\$ 16,100,120	\$ (68,363,231)	\$ 1,690,365

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government and administration	\$ 5,825,398	\$ 995,944	\$ -	\$ -
Public safety	14,125,587	2,111,000	128,951	-
Economic development	1,910,684	-	62,542	-
Highways and streets	2,166,676	402,919	858,422	-
Interest and fiscal charges	759,386	-	-	-
Total governmental activities	<u>24,787,731</u>	<u>3,509,863</u>	<u>1,049,915</u>	<u>-</u>
Business-Type Activities				
Water and sewerage	5,050,351	7,536,078	-	-
Refuse	800,255	799,858	-	-
Total business-type activities	<u>5,850,606</u>	<u>8,335,936</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 30,638,337</u>	<u>\$ 11,845,799</u>	<u>\$ 1,049,915</u>	<u>\$ -</u>
North Chicago Public Library				
Culture and recreation	\$ 1,032,980	\$ 16,305	\$ 110,190	\$ -
Interest and fiscal charges	10,662	-	-	-
Total North Chicago Public Library	<u>\$ 1,043,642</u>	<u>\$ 16,305</u>	<u>\$ 110,190</u>	<u>\$ -</u>

	Net (Expense) Revenue and Change in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	North Chicago Public Library
	\$ (4,829,454)	\$ -	\$ (4,829,454)	\$ -
	(11,885,636)	-	(11,885,636)	-
	(1,848,142)	-	(1,848,142)	-
	(905,335)	-	(905,335)	-
	(759,386)	-	(759,386)	-
	(20,227,953)	-	(20,227,953)	-
	-	2,485,727	2,485,727	-
	-	(397)	(397)	-
	-	2,485,330	2,485,330	-
	\$ (20,227,953)	\$ 2,485,330	\$ (17,742,623)	\$ -
	-	-	-	(906,485)
	-	-	-	(10,662)
	-	-	-	(917,147)
General Revenues				
Taxes				
Property	\$ 9,861,893	\$ 276,008	\$ 10,137,901	\$ 756,064
Telecommunications	535,227	-	535,227	-
Utility	1,479,073	-	1,479,073	-
Hotel/motel	252,824	-	252,824	-
Food and beverage	296,248	-	296,248	-
Local use	1,007,745	-	1,007,745	-
Other	1,451,771	-	1,451,771	-
Intergovernmental				
Shared sale taxes	3,348,919	-	3,348,919	-
Shared income taxes	3,167,477	-	3,167,477	-
Personal property replacement taxes	272,786	-	272,786	-
Foreign fire	20,857	-	20,857	-
Investment income	127,478	122,914	250,392	1,428
Miscellaneous	1,029,561	71,794	1,101,355	10,631
Transfers	3,100,000	(3,100,000)	-	-
Total	25,951,859	(2,629,284)	23,322,575	768,123
CHANGE IN NET POSITION	5,723,906	(143,954)	5,579,952	(149,024)
NET POSITION, MAY 1	(70,583,086)	20,706,970	(49,876,116)	1,832,488
Change in accounting principle/prior period adjustment	(19,604,171)	(4,462,896)	(24,067,067)	6,901
NET POSITION, MAY 1 (RESTATED)	(90,187,257)	16,244,074	(73,943,183)	1,839,389
NET POSITION, APRIL 30	\$ (84,463,351)	\$ 16,100,120	\$ (68,363,231)	\$ 1,690,365

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2019

	General	Downtown Tax Increment Financing Redevelopment Project Area Debt Series 2014A	Nonmajor	Total
ASSETS				
Cash and investments	\$ 9,763,828	\$ 3,075,330	\$ 3,274,384	\$ 16,113,542
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	6,665,149	1,963,300	1,457,470	10,085,919
Intergovernmental	1,297,155	-	186,156	1,483,311
Other	128,764	-	-	128,764
Prepaid items	892,201	-	828	893,029
Inventories	4,000	-	-	4,000
Due from other funds	-	-	868,179	868,179
Due from fiduciary funds	20,857	-	-	20,857
Property held for resale	152,000	-	4,651,440	4,803,440
TOTAL ASSETS	18,923,954	5,038,630	10,438,457	34,401,041
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	758,688	475	\$ 136,794	\$ 895,957
Accrued wages	647,236	-	-	647,236
Unearned revenues	442,451	-	25,000	467,451
Other liabilities	-	-	2,445	2,445
Due to other funds	-	500,000	368,179	868,179
Advances from other funds	250,000	-	-	250,000
Total liabilities	2,098,375	500,475	532,418	3,131,268
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	6,665,149	1,963,300	1,457,470	10,085,919
Total liabilities and deferred inflows of resources	8,763,524	2,463,775	1,989,888	13,217,187
FUND BALANCES				
Nonspendable in form				
Prepaid items	892,201	-	828	893,029
Inventories	4,000	-	-	4,000
Property held for resale	152,000	-	-	152,000
Restricted for				
Highways and streets	-	-	904,862	904,862
Economic development	-	-	6,873,352	6,873,352
Public safety	-	-	785,356	785,356
Debt service	-	2,574,855	244,729	2,819,584
Capital projects	-	-	45,243	45,243
Unrestricted				
Assigned for special uses	131,841	-	-	131,841
Unassigned (deficit)	8,980,388	-	(405,801)	8,574,587
Total fund balances	10,160,430	2,574,855	8,448,569	21,183,854
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,923,954	\$ 5,038,630	\$ 10,438,457	\$ 34,401,041

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 21,183,854
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 governmental funds	12,287,048
Total other postemployment benefits liability is not a current financial resource and, therefore, is not reported in the governmental funds	(4,684,751)
The unamortized charge on refunding is not a current financial resource and, therefore, is not reported in the governmental funds	130,951
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds	(15,920,000)
Unamortized premium on general obligation bonds	(178,455)
Notes payable	(766,583)
Compensated absences	(2,147,470)
Net pension liability is shown as a liability	
Illinois Municipal Retirement Fund	(1,761,918)
Police Pension	(61,795,798)
Firefighters' Pension	(22,140,674)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	1,613,857
Police Pension	(5,370,359)
Firefighters' Pension	(5,882,474)
OPEB	841,119
The net position of the internal service funds are included in the governmental activities in the statement of net position	<u>128,302</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (84,463,351)</u></u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2019

	General	Downtown Tax Increment Financing Redevelopment Area Debt Series 2014A	Nonmajor	Total
REVENUES				
Taxes	\$ 11,465,959	\$ 1,783,319	\$ 1,635,504	\$ 14,884,782
Licenses and permits	906,049	-	-	906,049
Intergovernmental	6,810,039	-	920,119	7,730,158
Charges for services	129,796	-	-	129,796
Fines and forfeits	2,379,620	-	-	2,379,620
Investment income	29,960	70,023	27,315	127,298
Miscellaneous	754,727	-	274,831	1,029,558
Total revenues	22,476,150	1,853,342	2,857,769	27,187,261
EXPENDITURES				
Current				
General government and administration	5,778,976	-	-	5,778,976
Public safety	14,954,199	-	43,687	14,997,886
Economic development	1,462,709	-	421,576	1,884,285
Highways and streets	1,341,606	-	2,023,432	3,365,038
Capital outlay	445,222	-	21,981	467,203
Debt service				
Principal retirement	308,754	805,000	670,000	1,783,754
Interest and fiscal charges	10,985	162,999	645,359	819,343
Total expenditures	24,302,451	967,999	3,826,035	29,096,485
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,826,301)	885,343	(968,266)	(1,909,224)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,100,000	-	-	3,100,000
Total other financing sources (uses)	3,100,000	-	-	3,100,000
NET CHANGE IN FUND BALANCES	1,273,699	885,343	(968,266)	1,190,776
FUND BALANCES, MAY 1	12,474,641	2,659,706	11,974,206	27,108,553
Prior period adjustment	(3,587,910)	(970,194)	(2,557,371)	(7,115,475)
FUND BALANCES, MAY 1 (RESTATED)	8,886,731	1,689,512	9,416,835	19,993,078
FUND BALANCES, APRIL 30	\$ 10,160,430	\$ 2,574,855	\$ 8,448,569	\$ 21,183,854

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,190,776

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

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities 2,399,686

Depreciation is shown as a functional expense in governmental activities on the statement of activities (677,180)

The change in the total other postemployment benefits liability is shown as a functional expense on the statement of activities (978,345)

The unamortized loss on refunding is shown as an expense on the statement of activities (18,708)

Long-term liabilities:

The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities

General obligation bonds 1,475,000
Notes payable 308,754

The unamortized premium on bonds is shown as an increase of principal outstanding on the statement of net position and amortized over the life of the bonds 78,665

The (increase) decrease in the compensated absences liability is shown as a functional expense on the statement of activities (153,221)

The change in the net pension liability is reported only in the statement of activities

Illinois Municipal Retirement Fund (2,553,297)
Police Pension 5,710,893
Firefighters' Pension 8,485,013

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2019

Long-term liabilities (Continued):

The change in deferred inflows and outflows of resources is reported only in
the statement of activities

Illinois Municipal Retirement Fund	\$ 2,466,416
Police Pension	(7,259,928)
Firefighters' Pension	(5,584,625)
OPEB	841,119

The change in net position in internal service funds is shown as a governmental
activity on the statement of activities

(7,112)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 5,723,906

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

April 30, 2019

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
CURRENT ASSETS		
Cash and investments	\$ 7,434,739	\$ 185,482
Receivables		
Property taxes	284,821	-
Accounts, net	784,710	-
Other	49,432	12,019
Prepaid items	7,505	-
	<hr/>	<hr/>
Total current assets	8,561,207	197,501
NONCURRENT ASSETS		
Advances to other funds	250,000	-
	<hr/>	<hr/>
Capital assets not being depreciated		
Land	2,435	-
Construction in progress	390,307	-
	<hr/>	<hr/>
Total capital assets not being depreciated	392,742	-
Capital assets being depreciated		
Buildings	8,436,391	-
Machinery and equipment	5,619,437	-
Underground equipment	18,022,332	-
Land improvements	209,814	-
	<hr/>	<hr/>
Subtotal	32,287,974	-
Less accumulated depreciation	(20,489,464)	-
	<hr/>	<hr/>
Net capital assets being depreciated	11,798,510	-
	<hr/>	<hr/>
Total capital assets	12,191,252	-
	<hr/>	<hr/>
Total noncurrent assets	12,441,252	-
	<hr/>	<hr/>
Total assets	21,002,459	197,501
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunding	63,741	-
OPEB items	154,085	-
Pension items - IMRF	651,611	-
	<hr/>	<hr/>
Total deferred outflows of resources	869,437	-
	<hr/>	<hr/>
Total assets and deferred outflows of resources	21,871,896	197,501

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

April 30, 2019

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
CURRENT LIABILITIES		
Accounts payable	\$ 1,443,998	\$ 69,199
Accrued wages	58,840	-
Compensated absences	23,545	-
Net other postemployment benefits obligation	21,400	-
Illinois EPA revolving loan	57,875	-
General obligation bonds payable	215,000	-
Total current liabilities	<u>1,820,658</u>	<u>69,199</u>
NONCURRENT LIABILITIES		
Compensated absences payable	94,183	-
Net other postemployment benefits obligation	653,835	-
IMRF net pension liability	628,423	-
Illinois EPA revolving loan	607,691	-
General obligation bonds payable	1,573,317	-
Total noncurrent liabilities	<u>3,557,449</u>	<u>-</u>
Total liabilities	<u>5,378,107</u>	<u>69,199</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for a future period	284,821	-
OPEB items	32,851	-
Pension items - IMRF	75,997	-
Total deferred inflows of resources	<u>393,669</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>5,771,776</u>	<u>69,199</u>
NET POSITION		
Net investment in capital assets	9,801,110	-
Unrestricted	6,299,010	128,302
TOTAL NET POSITION	<u>\$ 16,100,120</u>	<u>\$ 128,302</u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2019

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
OPERATING REVENUES		
Charges for services		
Water and sewer	\$ 7,536,078	\$ 224,196
Refuse	799,858	-
Miscellaneous	71,794	-
	<hr/>	<hr/>
Total operating revenues	8,407,730	224,196
	<hr/>	<hr/>
OPERATING EXPENSES		
Operations		
Water and sewer	4,333,581	231,488
Refuse	800,255	-
Depreciation	655,886	-
	<hr/>	<hr/>
Total operating expenses	5,789,722	231,488
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	2,618,008	(7,292)
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	276,008	-
Investment income	122,914	180
Interest expense and fiscal charges	(60,884)	-
	<hr/>	<hr/>
Total non-operating revenues (expenses)	338,038	180
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	2,956,046	(7,112)
	<hr/>	<hr/>
TRANSFERS (OUT)	(3,100,000)	-
	<hr/>	<hr/>
CHANGE IN NET POSITION	(143,954)	(7,112)
	<hr/>	<hr/>
NET POSITION, MAY 1	20,706,970	135,414
	<hr/>	<hr/>
Change in accounting principle/prior period adjustment	(4,462,896)	-
	<hr/>	<hr/>
NET POSITION, MAY 1 (RESTATED)	16,244,074	-
	<hr/>	<hr/>
NET POSITION, APRIL 30	\$ 16,100,120	\$ 128,302
	<hr/>	<hr/>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2019

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 8,194,444	\$ -
Receipts from internal services transactions	-	222,935
Payments to suppliers	(2,556,124)	(187,722)
Payments to employees	(1,879,908)	-
Net cash from operating activities	<u>3,758,412</u>	<u>35,213</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	418,850	-
Interfund transfers	(3,100,000)	-
Interfund borrowing	185,769	(9,050)
Net cash from noncapital financing activities	<u>(2,495,381)</u>	<u>(9,050)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(1,462,812)	-
Principal paid on bonds	(205,000)	-
Principal paid on Illinois EPA Loans	(57,875)	-
Interest paid on bonds	(60,884)	-
Net cash from capital and related financing activities	<u>(1,786,571)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	122,914	180
Net cash from investing activities	<u>122,914</u>	<u>180</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(400,626)	26,343
CASH AND CASH EQUIVALENTS, MAY 1	<u>7,835,365</u>	<u>159,139</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 7,434,739</u></u>	<u><u>\$ 185,482</u></u>

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended April 30, 2019

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,618,008	\$ (7,292)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	655,886	-
Changes in assets and liabilities		
Accounts receivable	(213,286)	(1,261)
Prepaid items	248,538	12,149
Deferred outflows of resources - pension items - IMRF	(300,088)	-
Accounts payable	703,950	42,611
Estimated claims liability	-	(10,994)
Accrued payroll	3,313	-
Deferred inflows of resources - pension items - IMRF	(672,049)	-
Compensated absences payable	(42,237)	-
OPEB items	(240,114)	-
Net pension liability - IMRF	996,491	-
NET CASH FROM OPERATING ACTIVITIES	\$ 3,758,412	\$ 35,213
CASH AND INVESTMENTS		
Cash and cash equivalents	\$ 7,434,739	\$ 185,482
TOTAL CASH AND INVESTMENTS	\$ 7,434,739	\$ 185,482

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

April 30, 2019

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,898,171
Investments, at fair value	
U.S. agency securities	167,219
U.S. Treasuries	1,530,601
Corporate bonds	3,398,585
Insurance contracts	2,829,659
Equity securities	6,728,259
Mutual funds	9,789,063
Receivables	
Accrued interest	31,796
Prepaid items	<u>715</u>
Total assets	<u>26,374,068</u>
LIABILITIES	
Accounts payable	11,209
Due to municipality	<u>20,857</u>
Total liabilities	<u>32,066</u>
NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$ 26,342,002</u></u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended April 30, 2019

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 3,476,600
Plan members	<u>638,138</u>
Total contributions	<u>4,114,738</u>
Investment income	
Net appreciation in fair value of investments	1,532,799
Interest and dividends	<u>543,101</u>
Total investment income	2,075,900
Less investment expense	<u>(143,538)</u>
Net investment income	<u>1,932,362</u>
Total additions	<u>6,047,100</u>
DEDUCTIONS	
Benefits and refunds	4,280,947
Administration	<u>113,974</u>
Total deductions	<u>4,394,921</u>
NET INCREASE	1,652,179
NET POSITION RESTRICTED FOR PENSIONS	
May 1	<u>24,689,823</u>
April 30	<u><u>\$ 26,342,002</u></u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The more significant of the City's accounting policies are described below.

a. Reporting Entity

The City of North Chicago, Illinois (the City) 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 is composed of the Mayor and seven Alderman. The City provides services to the community that include: fire, police, water, wastewater, refuse disposal, community development, public works, street maintenance, and other general services.

The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Discretely Presented Component Unit

North Chicago Public Library

The government-wide financial statements include the North Chicago Public Library (the Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the Mayor with the approval of the City Council. The Library's budget and tax levy is subject to approval by the City Council. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended April 30, 2019. No separate annual financial report is issued for the Library.

b. Fund Accounting

The City uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

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

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted and committed monies (special revenue funds), the acquisition and construction of capital assets (capital projects funds), and the accumulation of restricted, committed, or assigned resources for the payment of principal and interest on general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. When the assets are held under the terms of a formal trust agreement, a trust fund is used (pension trust funds).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements as they are not available to address activities or obligations of the City. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and are reported separately in the supplementary information.

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

The Water, Sewer, and Refuse Fund accounts for the provision of water, sewer and refuse services to the 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, maintenance, billing and collection, and financing and related debt service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following internal service funds:

Internal service funds account for dental and vision insurance claims and insurance premiums of retired employees provided to other funds, on a cost-reimbursement basis.

The City reports the following fiduciary funds:

Pension Trust Funds account for the activities of the accumulation of resources to pay police and firefighters' pension benefits. Resources are contributed by members at rates fixed by state statutes and by the City which are based upon actuarial studies and funded through an annual property tax levy.

d. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension trust fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred.

Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunications taxes which use a 90-day period. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as expenditures related to compensated absences claims and judgements are recorded as expenditures when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Sales taxes owed to the state at year end, franchise taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the City also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, and investments with original maturities of less than three months from the date of purchase.

Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

g. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories, if any, are recorded as expenditures when consumed rather than when purchased.

h. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and the fund financial statements. Reported prepaid expenditures are equally offset by fund balance reserves, which indicate that they do not constitute “available spendable resources” even through they are a component of current assets. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

i. Capital Assets

Capital assets, which include property, plant, equipment, intangibles (software and easements), and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, except for infrastructure, which has a capitalization threshold of \$100,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Building and improvements	45-50
Infrastructure	15-80
Machinery and equipment	5-15
Underground equipment	45

j. Property Held for Resale

The City values its property held for resale, which it intends to sell in the future to residential and commercial developers, at cost, adjusted for impairment.

k. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay, and other employee benefits. Vested or accumulated vacation and sick leave are reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation or sick leave of proprietary funds and governmental activities are recorded as an expense and liability of those funds as the benefits accrue to employees.

Employees accrue one day sick time per month up to 12 per year. IMRF employees can accrue up to 1,920 hours with no buy back, but the employees can apply the time for IMRF credit. 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 rate, if the City budget allows, at the beginning of each fiscal year or, if an employee is in a collective bargaining agreement (CBA), the CBA governs the payout.

l. Long-Term Obligations

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

m. Fund Balances/Net Position

In the fund financial statements, governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items, inventories, and property held for resale. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the City. Special revenue funds are by definition restricted for those specified purposes. Committed fund balance is constrained modified or rescinded by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Amount committed cannot be used for any purpose unless the City removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. Assigned fund balance represents amounts constrained by the City's intent to be used for a specific purpose but are neither restricted or committed. The authority to assign fund balance has been delegated to Comptroller by the City Council. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund is reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned funds and then unassigned funds.

Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balances/Net Position (Continued)

None of the restricted net position or restricted fund balance resulted from enabling legislation adopted by the City.

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

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

n. Interfund Transactions

Interfund services are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

o. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources 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.

p. Deferred Outflows/Inflows of Resources

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

2. DEPOSITS AND INVESTMENTS

The City and pension funds categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

a. City Deposits and Investments

The City's investment policy authorizes the City to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral at 110% of the fair market value of funds secured, with collateral held by a third-party custodian designated by the Investment Officer and evidenced by safekeeping receipts.

Investments

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 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.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy imposes further limits on investment choices and prohibits investment in derivative instruments and in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. 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. The Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk is the risk that the City has a high percentage of its investments invested in one type of investment. It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to limit the risk of loss resulting in overconcentration in a security, maturity, issuer, or class of securities. The City's investment policy, which is more restrictive than state statute, requires the City to diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools (The Illinois Funds), no more than 75% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES - TAXES

a. Property Taxes

Property taxes for levy year 2018 attaches as an enforceable lien on January 1, 2018, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2019 tax levy, which attached as an enforceable lien on the property as of January 1, 2019, has not been recorded as a receivable as of April 30, 2019, as the tax has not yet been levied by the City and will not be levied until December 2019 and, therefore, the levy is not measurable at April 30, 2019.

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

The county collects such taxes and remits them periodically. The 2018 property tax levy is recognized as a receivable and deferred inflows of resources in fiscal 2019. As the taxes become available to finance the period intended to finance, they are recognized as revenues. At April 30, 2019, the property taxes receivable and unearned revenue consisted of the estimated amount collectible from the 2018 levy.

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2019 was as follows:

	Balances May 1, Restated	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,781,140	\$ -	\$ -	\$ 2,781,140
Construction in progress	-	1,917,934	-	1,917,934
Total capital assets not being depreciated	<u>2,781,140</u>	<u>1,917,934</u>	<u>-</u>	<u>4,699,074</u>
Capital assets being depreciated				
Land improvements	493,248	91,277	-	584,525
Buildings and improvements	4,414,759	166,898	-	4,581,657
Infrastructure	11,828,920	-	-	11,828,920
Machinery and equipment	8,119,083	223,577	-	8,342,660
Total capital assets being depreciated	<u>24,856,010</u>	<u>481,752</u>	<u>-</u>	<u>25,337,762</u>

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Balances May 1, Restated	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
(Continued)				
Less accumulated depreciation for				
Land improvements	\$ 231,348	\$ 20,119	\$ -	\$ 251,467
Buildings and improvements	2,669,048	97,357	-	2,766,405
Infrastructure	8,172,815	97,496	-	8,270,311
Machinery and equipment	5,999,397	462,208	-	6,471,605
Total accumulated depreciation	<u>17,072,608</u>	<u>677,180</u>	<u>-</u>	<u>17,749,788</u>
 Total capital assets being depreciated, net	<u>7,783,402</u>	<u>(195,428)</u>	<u>-</u>	<u>7,587,974</u>
 GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 10,564,542</u>	<u>\$ 1,722,506</u>	<u>\$ -</u>	<u>\$ 12,287,048</u>

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

GOVERNMENTAL ACTIVITIES		
General government		\$ 66,566
Public safety		378,515
Highways and streets		<u>232,099</u>
 TOTAL DEPRECIATION EXPENSE -		
 GOVERNMENTAL ACTIVITIES		<u>\$ 677,180</u>

	Balances May 1, Restated	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,435	\$ -	\$ -	\$ 2,435
Construction in progress	-	390,307	-	390,307
Total capital assets not being depreciated	<u>2,435</u>	<u>390,307</u>	<u>-</u>	<u>392,742</u>
Capital assets being depreciated				
Land improvements	209,813	-	-	209,813
Buildings	8,341,724	94,667	-	8,436,391
Machinery and equipment	5,216,446	402,991	-	5,619,437
Underground equipment	17,447,484	574,847	-	18,022,331
Total capital assets being depreciated	<u>31,215,467</u>	<u>1,072,505</u>	<u>-</u>	<u>32,287,972</u>

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Balances May 1, Restated	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES (Continued)				
Less accumulated depreciation for				
Land improvements	\$ 112,248	\$ 2,912	\$ -	\$ 115,160
Buildings	4,604,634	171,247	-	4,775,881
Machinery and equipment	3,955,978	225,469	-	4,181,447
Underground equipment	11,160,716	256,258	-	11,416,974
Total accumulated depreciation	<u>19,833,576</u>	<u>655,886</u>	-	<u>20,489,462</u>
Total capital assets being depreciated, net	<u>11,381,891</u>	<u>416,619</u>	-	<u>11,798,510</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 11,384,326</u>	<u>\$ 806,926</u>	<u>\$ -</u>	<u>\$ 12,191,252</u>

5. 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; and injuries to the City's employees.

The City has purchased liability and health insurance from private insurance companies. Premiums have been displayed as expenditures/expenses in appropriate funds. There have been no significant reductions in insurance coverage. Settled claims have not exceeded the coverages in the current or preceding two fiscal years.

Self-insured Dental and Vision

The City has established a self-insurance fund (as an internal service fund). Each participating operating fund of the City makes payments to the self-insurance fund for the amounts which are necessary to fund claims. Such payments are displayed on the financial statements as revenues and expenditures/expenses (quasi-external transfers).

The City self-insures dental and vision insurance claims up to \$2,000 and \$300 per covered employee per year, respectively. The City accounts for the health insurance activity in the separate Dental and Vision Fund.

6. LONG-TERM DEBT

a. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

	Fund Debt Retired by	Balances May 1	Issuances	Reductions	Balances April 30	Due Within One Year
\$2,475,000 General Obligation Bonds, Series 2007A, dated May 9, 2007. Due in annual installments ranging from \$170,000 to \$290,000 with interest at 4% payable on May 1 and November 1. The last payment is due November 1, 2022.	Downtown TIF 2007A	\$ 1,275,000	\$ -	\$ 220,000	\$ 1,055,000	\$ 240,000
\$4,740,000 General Obligation Bonds, Series 2007B, dated May 9, 2007, are due in annual installments ranging from \$300,000 to \$580,000 starting in 2028. Interest is payable on May 1 and November 1 of each year at rates ranging from 4.30% to 4.35%. The last payment is due May 1, 2017.	Downtown TIF 2007B	4,740,000	-	-	4,740,000	-
\$8,860,000 General Obligation Bonds, Series 2007C, dated August 15, 2007 are due in annual installments ranging from \$290,000 to \$910,000 with interest at 5.81% to 6.01% payable on May 1 and November 1 of each year. The last payment is due November 21, 2027.	Grant Place Retail Center	6,820,000	-	450,000	6,370,000	495,000
\$6,010,000 General Obligation Bonds, Series 2014A, dated February 4, 2015 are due in annual installments ranging from \$695,000 to \$1,035,000 with interest at 3% to 4% payable May 1 and November 1 of each year. The last payment is due November 1, 2022.	Downtown TIF 2014A	4,560,000	-	805,000	3,755,000	845,000
TOTAL GOVERNMENTAL ACTIVITIES GENERAL OBLIGATION BONDS		\$ 17,395,000	\$ -	\$ 1,475,000	\$ 15,920,000	\$ 1,580,000

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

	Fund Debt Retired by	Balances May 1	Issuances	Reductions	Balances April 30	Due Within One Year
\$2,275,000 General Obligation Bonds, Series 2014B Refunding, dated February 4, 2015, are due in annual installments ranging from \$195,000 to \$265,000. Interest is payable on May 1 and November 1 of each year at rates ranging from 3% to 4%. The last payment is due November 1, 2025.	Water, Sewer and Refuse	\$ 1,880,000	\$ -	\$ 205,000	\$ 1,675,000	\$ 215,000
TOTAL BUSINESS TYPE ACTIVITIES GENERAL OBLIGATION BONDS		\$ 1,880,000	\$ -	\$ 205,000	\$ 1,675,000	\$ 215,000

Annual debt service to maturity requirements for general obligation bonds are as follows:

Fiscal Year Ending April 30,	General Obligation Bonds					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,580,000	\$ 775,687	\$ 2,355,687	\$ 215,000	\$ 62,700	\$ 277,700
2021	1,710,000	703,528	2,413,528	220,000	54,000	274,000
2022	1,840,000	625,173	2,465,173	230,000	45,000	275,000
2023	1,985,000	540,713	2,525,713	240,000	35,600	275,600
2024	720,000	449,367	1,169,367	245,000	25,900	270,900
2025	765,000	406,095	1,171,095	260,000	15,800	275,800
2026	810,000	360,118	1,170,118	265,000	5,300	270,300
2027	860,000	311,437	1,171,437	-	-	-
2028	910,000	259,751	1,169,751	-	-	-
2029	415,000	205,060	620,060	-	-	-
2030	435,000	187,215	622,215	-	-	-
2031	450,000	168,510	618,510	-	-	-
2032	470,000	149,160	619,160	-	-	-
2033	490,000	128,950	618,950	-	-	-
2034	510,000	107,880	617,880	-	-	-
2035	535,000	85,695	620,695	-	-	-
2036	555,000	62,423	617,423	-	-	-
2037	580,000	38,280	618,280	-	-	-
2038	300,000	6,525	306,525	-	-	-
TOTAL	\$ 15,920,000	\$ 5,571,567	\$ 21,491,567	\$ 1,675,000	\$ 244,300	\$ 1,919,300

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Illinois EPA Loans Payable

In December 2009, the City entered into a loan in the amount of \$1,752,856 with the Illinois Environmental Protection Agency (IEPA) for sanitary sewer replacement construction. The City is required to make semi-annual principal payments, aggregating to \$57,875 annually, through October 2030. The loan is non-interest bearing. The balance outstanding at April 30, 2019 is \$665,566.

Annual debt service to maturity requirements for the IEPA loan are as follows:

Fiscal Year Ending April 30,	Illinois Environmental Protection Agency (IEPA)		
	Business -Type Activities		
	Principal	Interest	Total
2020	\$ 57,875	\$ -	\$ 57,875
2021	57,875	-	57,875
2022	57,875	-	57,875
2023	57,875	-	57,875
2024	57,875	-	57,875
2025	57,875	-	57,875
2026	57,875	-	57,875
2027	57,875	-	57,875
2028	57,875	-	57,875
2029	57,875	-	57,875
2030	57,875	-	57,875
2031	28,941	-	28,941
TOTAL	\$ 665,566	\$ -	\$ 665,566

c. Note Payable - Lake Forest Bank & Trust

In April 2017, the City entered into an agreement with Lake Forest Bank and Trust, in the total amount of \$232,735, to be used for financing the purchase of vehicles for the police department. Principal and interest payments amounting to \$6,774 are due monthly based on a three year amortization schedule. Interest is charged at 3.05%. The loan balance at April 30, 2019 is \$79,890.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Note Payable - Lake Forest Bank & Trust (Continued)

Annual debt service to maturity requirements for the note are as follows:

Fiscal Year Ending April 30,	Note Payable - Lake Forest Bank & Trust		
	Governmental Activities		
	Principal	Interest	Total
2020	\$ 79,893	\$ 1,329	\$ 81,222
TOTAL	\$ 79,893	\$ 1,329	\$ 81,222

d. Note Payable - Illinois Finance Authority

In October 2017, the City entered into an agreement with the Illinois Finance Authority, in the amount of \$100,000, to be used for financing the purchase of an ambulance. Principal and interest payments ranging from \$20,372 to \$21,860 are due annually based on a five-year amortization schedule. Interest is charged at 1.86%. The outstanding loan balance at April 30, 2019 is \$60,000.

Annual debt service to maturity requirements for the note are as follows:

Fiscal Year Ending April 30,	Note Payable - Illinois Financing Authority		
	Governmental Activities		
	Principal	Interest	Total
2020	\$ 20,000	\$ 1,116	\$ 21,116
2021	20,000	744	20,744
2022	20,000	372	20,372
TOTAL	\$ 60,000	\$ 2,232	\$ 62,232

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

e. Note Payable - Illinois Department of Revenue

In January 2012, the City was notified by the State of Illinois that \$2,109,290 in local sales tax was reported to the department in error by a retailer in the City. The sales tax was previously distributed by the state to the City. As such, the City is liable for repayment of the local sales tax to the State. Due to the sizeable amount of the repayment, a monthly installment repayment plan was agreed upon between the City and the state. Monthly payments commenced in January 2012, with \$17,600 being deducted from the City's regular monthly sales tax distribution for a period of 120 months. Further, under the Economic Development Agreement between Abbott Laboratories Purchasing Company (ALPC) and the City, the City paid ALPC 50%, or \$1,054,645, of the local sales tax refund originally received. In 2013, ALPC repaid their refund liabilities portion to the City in full. The note is non-interest bearing. The balance at April 30, 2019 is \$560,490.

The City is obligated for future payments under the agreement as follows:

Fiscal Year Ending April 30,	Note Payable - Illinois Department of Revenue		
	Governmental Activities		
	Principal	Interest	Total
2020	\$ 211,200	\$ -	\$ 211,200
2021	211,200	-	211,200
2022	138,090	-	138,090
TOTAL	\$ 560,490	\$ -	\$ 560,490

f. Lawsuit Settlement Liability

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 payments of \$58,400 has been recorded as a note payable at April 30, 2019.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

g. Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended April 30, 2019:

	Balances May 1, Restated	Issuances/ Increases	Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds payable	\$ 17,395,000	\$ -	\$ 1,475,000	\$ 15,920,000	\$ 1,580,000
Unamortized premium on bonds	257,120	-	78,665	178,455	-
Notes payable*	1,075,337	-	308,754	766,583	311,090
Compensated absences payable*	1,994,249	303,371	150,150	2,147,470	107,374
Net pension liability - IMRF*	-	1,761,918	-	1,761,918	-
Net pension liability - Police Pension*	67,506,691	-	5,710,893	61,795,798	-
Net pension liability - Fire Pension*	30,625,687	-	8,485,013	22,140,674	-
Total other postemployment benefits obligation*	3,706,406	978,345	-	4,684,751	148,473
TOTAL GOVERNMENTAL ACTIVITIES	\$ 122,560,490	\$ 3,043,634	\$ 16,208,475	\$ 109,395,649	\$ 2,146,937

*Notes payable, compensated absences, net pension liabilities, and total other postemployment benefits obligation are retired by the General Fund.

	Balances May 1	Issuances/ Increases	Reductions	Balances April 30	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
General obligation bonds payable	\$ 1,880,000	\$ -	\$ 205,000	\$ 1,675,000	\$ 215,000
Illinois EPA loan payable	723,441	-	57,875	665,566	57,875
Unamortized premium on bonds	135,980	-	22,663	113,317	-
Compensated absences payable	159,966	21,748	63,986	117,728	23,545
Total other postemployment benefit obligation	534,222	141,013	-	675,235	21,400
Net pension liability - IMRF	-	628,423	-	628,423	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 3,433,609	\$ 791,184	\$ 349,524	\$ 3,875,269	\$ 317,820

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

h. Legal Debt Margin

The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the 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 General Assembly has set no limits for home rule municipalities.

7. INDIVIDUAL FUND DISCLOSURES

a. Transfers

Interfund transfers during the year ended April 30, 2019 consisted of the following:

Fund	Transfers In	Transfers Out
General	\$ 3,100,000	\$ -
Water, Sewer, and Refuse	-	3,100,000
TOTAL	\$ 3,100,000	\$ 3,100,000

The purpose of significant transfers is as follows:

- \$3,100,000 transferred from the Water, Sewer, and Refuse Fund to the General Fund for operational support. This amount will not be repaid.

b. Advances

The Water, Sewer and Refuse Fund advanced the General Fund \$250,000 and this will not be repaid within the next year.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Due from/to other funds

Due from/to other funds during the year ended April 30, 2019 consisted of the following:

Fund	Due From	Due To
Downtown TIF Redevelopment 2014A	\$ -	\$ 500,000
Motor Fuel Tax	4,903	-
Grant Place	363,276	-
Grant Place Operating	-	15,484
Motor Fuel Tax	-	347,792-
Downtown TIF Project Area	500,000	4,903
TOTAL	\$ 868,179	\$ 868,179

The purpose of due from/to other funds is as follows:

- \$500,000 owed from the Downtown TIF Redevelopment 2014A Fund to the Downtown TIF Redevelopment Project Area Fund for operating expenses. This amount will be paid within one year.
- \$4,903 owed from the Downtown TIF Redevelopment Project Area Fund to the Motor Fuel Tax Fund for operating expenses. This amount will be paid within one year.
- \$363,276 owed from Grant Place Operating and Sheridan Crossing TIF Funds to Grant Place for operating expenses. This amount will be paid within one year.

8. CONTINGENT LIABILITIES

a. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

b. 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 that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

8. CONTINGENT LIABILITIES (Continued)

c. Commitments

The City has entered into an agreement with a non-profit entity in which the City provides \$7,500 quarterly for the maintenance of certain property. The agreement expires September 2019, but there is an additional five year option. The City's expense related to this agreement was \$30,000 for the year ended April 30, 2019.

d. Economic Incentives

The City has entered into several agreements with local entities to rebate a portion of certain taxes derived from the operation of their businesses over a designated time period based on certain productivity criteria. The City has a total potential commitment to all entities of \$2,508.493 payable in quarterly, semiannual, or annual payments through 2028. \$14,826,354 has been rebated as of April 30, 2019 and \$227,060 was payable as of April 30, 2019.

9. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

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

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2019 (the date of the latest actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	25
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>141</u>
TOTAL	<u><u>166</u></u>
Participating Employers	<u>1</u>

d. Actuarial Assumptions and Other Inputs

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

Actuarial valuation date	May 1, 2018
Measurement date	April 30, 2019
Actuarial cost method	Entry-age normal
Inflation	3.00%
Discount rate	3.21%
Healthcare cost trend rates	3.00% in fiscal 2019, to an ultimate trend rate of 4.50% to 5.00%

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20-year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at April 30, 2019.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2018	<u>\$ 4,304,769</u>
Changes for the period	
Service cost	39,565
Interest	153,133
Changes in assumptions	317,714
Difference between expected and actual experience	(187,427)
Benefit payments	(176,442)
Other changes	<u>985,746</u>
Net changes	<u>1,136,289</u>
BALANCES AT APRIL 30, 2019	<u>\$ 5,441,058</u>

g. Rate Sensitivity

The following is a sensitive analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 3.21% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.21%) or 1 percentage point higher (4.21%) than the current rate:

	<u>1% Decrease (2.21%)</u>	<u>Current Discount Rate (3.21%)</u>	<u>1% Increase (4.21%)</u>
Total OPEB liability	\$ 6,438,738	\$ 5,441,058	\$ 4,673,826

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 3% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (2%) or 1 percentage point higher (4%) than the current rate:

	<u>1% Decrease (2%)</u>	<u>Current Healthcare Rate (3%)</u>	<u>1% Increase (4%)</u>
Total OPEB liability	\$ 4,657,542	\$ 5,441,058	\$ 6,441,240

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended April 30, 2019, the City recognized OPEB expense of \$331,820. At April 30, 2019, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	\$ -	\$ 164,063
Differences between expected and actual experience	1,241,633	100,650
TOTAL	\$ 1,241,623	\$ 264,713

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

Fiscal Year Ending April 30,	
2020	\$ 139,122
2021	139,122
2022	139,122
2023	139,122
2024	139,122
2025	139,122
2026	139,122
Thereafter	3,056
TOTAL	\$ 976,910

10. DEFINED BENEFIT PENSION PLANS

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

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

Plan Membership

At December 31, 2018 (plan measurement date), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	54
Active employees	<u>79</u>
 TOTAL	 <u><u>239</u></u>

The IMRF data included in the table above includes membership of both the City and the Library.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The City's and the Library's actuarially determined contribution rate for the fiscal year ended April 30, 2019 was 7.94% of covered payroll.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%
Asset valuation method	Market value

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability (Continued)

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

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.25%. The discount rate calculated using the December 31, 2017 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City and the Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

City

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2018	\$ 23,097,475	\$ 24,256,922	\$ (1,159,447)
Changes for the period			
Service cost	516,007	-	516,007
Interest	1,706,421	-	1,706,421
Difference between expected and actual experience	268,495	-	268,495
Changes in assumptions	717,798	-	717,798
Employer contributions	-	429,779	(429,779)
Employee contributions	-	253,571	(253,571)
Net investment income	-	(1,315,479)	1,315,479
Benefit payments and refunds	(1,211,379)	(1,211,379)	-
Administrative expense	-	-	-
Other (net transfer)	-	291,062	(291,062)
Net changes	1,997,342	(1,552,446)	3,549,788
BALANCES AT DECEMBER 31, 2018	\$ 25,094,816	\$ 22,704,476	\$ 2,390,341

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Continued)

Library

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2018	\$ 1,453,446	\$ 1,520,891	\$ (67,445)
Changes for the period			
Service cost	32,412	-	32,412
Interest	107,184	-	107,184
Difference between expected and actual experience	16,865	-	16,865
Changes in assumptions	39,719	-	39,719
Employer contributions	-	26,995	(26,995)
Employee contributions	-	15,927	(15,927)
Net investment income	-	(82,628)	82,628
Benefit payments and refunds	(76,089)	(76,089)	-
Administrative expense	-	-	-
Other (net transfer)	-	18,283	(18,283)
Net changes	120,091	(97,512)	217,603
BALANCES AT DECEMBER 31, 2018	\$ 1,573,537	\$ 1,423,379	\$ 150,158

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Continued)

Total

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2018	\$ 24,550,921	\$ 25,777,813	\$ (1,226,892)
Changes for the period			
Service cost	548,419	-	548,419
Interest	1,813,605	-	1,813,605
Difference between expected and actual experience	285,360	-	285,360
Changes in assumptions	757,516	-	757,516
Employer contributions	-	456,774	(456,774)
Employee contributions	-	269,498	(269,498)
Net investment income	-	(1,398,107)	1,398,107
Benefit payments and refunds	(1,287,468)	(1,287,468)	-
Administrative expense	-	-	-
Other (net transfer)	-	309,344	(309,344)
Net changes	2,117,432	(1,649,959)	3,767,391
BALANCES AT DECEMBER 31, 2018	\$ 26,668,353	\$ 24,127,854	\$ 2,540,499

Changes in assumptions related to the discount rate were made since the prior measurement date.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2019, the City recognized pension expense of \$496,152 and the Library recognized pension expense of \$26,648. At April 30, 2019, the City and Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 360,045	\$ 265	\$ 359,780
Changes in assumption	491,705	288,807	202,898
Net difference between projected and actual earnings on pension plan investments	1,530,146	-	1,530,146
Contributions after measurement date	96,647	-	96,647
TOTAL	\$ 2,478,543	\$ 289,072	\$ 2,189,471

Library

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 22,575	\$ 17	\$ 22,558
Changes in assumption	31,126	18,142	12,984
Net difference between projected and actual earnings on pension plan investments	95,939	-	95,939
Contributions after measurement date	6,059	-	6,059
TOTAL	\$ 155,699	\$ 18,159	\$ 137,540

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

Total

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 382,620	\$ 282	\$ 382,338
Changes in assumption	522,831	306,949	215,882
Net difference between projected and actual earnings on pension plan investments	1,626,085	-	1,626,085
Contributions after measurement date	102,706	-	102,706
TOTAL	\$ 2,634,242	\$ 307,231	\$ 2,327,011

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table \$(102,706) will be recognized as a reduction in the net pension liability for the year ending April 30, 2020. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	City	Library	Total
2020	\$ 707,244	\$ 44,344	\$ 751,588
2021	499,441	31,315	530,756
2022	261,186	16,376	277,562
2023	624,953	39,446	664,399
TOTAL	\$ 2,092,824	\$ 131,481	\$ 2,224,305

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset) (City)	\$ 5,617,363	\$ 2,390,341	\$ (260,364)
Net pension liability (asset) (Library)	352,204	150,158	(16,325)
Net pension liability (asset) (Total)	<u>\$ 5,969,567</u>	<u>\$ 2,540,499</u>	<u>\$ (276,689)</u>

Police Pension Plan

Plan Administration

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

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is not included in the report of a public retirement system or another entity. Separate reports are issued for the Police Pension Plan and may be obtained by writing the City of North Chicago at 1850 Lewis Avenue, North Chicago, Illinois, 60064.

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.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Plan Membership

At May 1, 2018 (the actuarial valuation date), the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	49
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>44</u>
TOTAL	<u><u>94</u></u>
 Number of participating employers	 <u><u>1</u></u>

Benefits Provided

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

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55).

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Police Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% the past service cost for the Police Pension Plan. For the year ended April 30, 2019, the City's contribution was 52.31% of covered payroll.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds, and equity securities. During the year ended April 30, 2019, no changes to the investment policy were approved by the Board of Trustees.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	40%	0% to 1%
Equities	57%	3% to 4%
Cash and equivalents	3%	0%

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

The long-term expected rate of return on pension plan investments was determined using an asset allocation study by the Fund's investment manager. The best estimate ranges of expected future real rates of return (net of pension plan investments expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates for arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2019 are listed in the preceding table.

Investment Valuations

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

Investment Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.83%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. At April 30, 2019, \$219,935 of the Fund's deposits were uninsured or uncollateralized. The percentage of the uninsured deposits covered by flow-through FDIC insurance at April 30, 2019 cannot be determined.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities and money market mutual funds as of April 30, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 1,530,601	\$ 203,230	\$ 1,199,433	\$ 127,938	\$ -
TOTAL	\$ 1,530,601	\$ 203,230	\$ 1,199,433	\$ 127,938	\$ -

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Fund.

The Fund has the following recurring fair value measurements as of April 30, 2019: The U.S. Treasury obligations, equity securities and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The insurance contracts are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and corporate bonds. The U.S. agency obligations are either not rated or rated from AA- to AAA. The corporate bonds are rated A- to AAA.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. Although not required by the Fund's investment policy, to limit its exposure, the Fund utilizes an independent third-party institution, selected by the Fund, to act as custodian for its securities and collateral.

Concentrations

There were no investments (other than United States Government guaranteed obligations and mutual funds) in any one organization that represent 5% or more of plan net position for the Police Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 4.85%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate on pension plan investments of 3.79% on long-term municipal bonds was applied to some periods of projected benefit payments to determine the total pension liability.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2018	\$ 82,629,732	\$ 15,123,041	\$ 67,506,691
Changes for the period			
Service cost	2,001,215	-	2,001,215
Interest	3,460,534	-	3,460,534
Difference between expected and actual experience	(453,236)	-	(453,236)
Changes in assumptions	(7,313,198)	-	(7,313,198)
Employer contributions	-	2,074,877	(2,074,877)
Employee contributions	-	380,089	(380,089)
Other contributions	-	-	-
Net investment income	-	1,009,187	(1,009,187)
Benefit payments and refunds	(2,793,059)	(2,793,059)	-
Administrative expense	-	(57,945)	57,945
Net changes	(5,097,744)	613,149	(5,710,893)
BALANCES AT APRIL 30, 2019	\$ 77,531,988	\$ 15,736,190	\$ 61,795,798

The discount rate used in the determination of the total pension liability is 4.85% in 2019. The discount rate used in the prior valuation was 4.26%. In addition, the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed to 3.97%.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	May 1, 2018
Actuarial measurement date	April 30, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.18% to 11.70%
Interest rate	7.00%
Discount rate	4.85%
Cost of living adjustments	3.00%
Asset valuation method	Market

Mortality rates are based on RP-2014 table, adjusted for Plan Status, Collar, and Illinois Pension Data, as appropriate.

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 of 4.85% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.85%) or 1 percentage point higher (5.85%) than the current rate:

	1% Decrease (3.85%)	Current Discount Rate (4.85%)	1% Increase (5.85%)
Net pension liability	\$ 74,834,798	\$ 61,795,798	\$ 51,459,255

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2019, the City recognized police pension expense of \$3,623,912. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 841,295	\$ 369,458
Changes in assumption	5,162,275	11,346,995
Net difference between projected and actual earnings on pension plan investments	342,524	-
TOTAL	<u>\$ 6,346,094</u>	<u>\$ 11,716,453</u>

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

<u>Year Ending April 30,</u>	
2020	\$ (470,944)
2021	(886,449)
2022	(1,695,383)
2023	(1,729,004)
2024	(588,579)
Thereafter	-
TOTAL	<u>\$ (5,730,359)</u>

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

The plan is not included in the report of a public retirement system or another entity. Separate reports are issued for the Firefighters' Pension Plan and may be obtained by writing the City of North Chicago at 1850 Lewis Avenue, North Chicago, Illinois, 60064.

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

Plan Membership

At May 1, 2018 (the actuarial valuation date), the Firefighters' Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>34</u>
 TOTAL	 <u><u>69</u></u>
 Number of participating employers	 <u><u>1</u></u>

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided

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

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the 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 pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55).

The monthly benefit of a Tier 2 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. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Contributions

Covered employees are required by ILCS 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 Firefighters' Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% the past service cost for the Firefighters' Pension Plan. For the year ended April 30, 2019, the City's contribution was 50.45% of covered payroll.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds, and equity securities. During the year ended April 30, 2019, no changes to the investment policy were approved by the Board of Trustees.

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

Asset Class	Target
Large cap equity	45% to 55%
Small cap equity	5% to 10%
International equity	5% to 10%
Fixed income	30% to 35%

The long-term expected rate of return, as determined using an asset allocation study from the plan's investment advisors as of April 30, 2019, is 5.90%.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

The long-term expected rate of return on pension plan investments was determined using an asset allocation study from the plan's investment advisors at April 30, 2019. The best estimated ranges of expected future real rates of return (net pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and adding the expected inflation. Best estimates for arithmetic real rates of return excluding inflation for each major asset class included the Fund's target allocation as of April 30, 2019 are listed in the table above.

Investment Valuations

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

Investment Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policies requires pledging of collateral with fair value of 100% of all bank balances in excess of federal depository insurance.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities and money market mutual funds as of April 30, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. agency obligations	\$ 167,219	\$ -	\$ -	\$ 17,135	\$ 150,084
Corporate bonds	3,398,585	-	3,398,585	-	-
TOTAL	\$ 3,565,804	\$ -	\$ 3,398,585	\$ 17,135	\$ 150,084

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the plan's investment policy, the fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

The Fund has the following recurring fair value measurements as of April 30, 2019: The equity securities and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations and the corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and corporate bonds. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code.

The U.S. agency obligations are rated AAA. The fund policy requires that corporate bonds are rated BBB or better by Standard and Poor's or by Moody's Investors Services or were small issues that were unrated or underrated.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Custodial Credit Risk

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

Concentrations

There were no investments (other than United States Government guaranteed obligations and mutual funds) in any one organization that represent 5% or more of plan net position for the Firefighters' Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate on pension plan investments of 3.79% on long-term municipal bonds was applied to some periods of projected benefit payments to determine the total pension liability.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2018	\$ 40,192,469	\$ 9,566,782	\$ 30,625,687
Changes for the period			
Service cost	1,130,220	-	1,130,220
Interest	1,842,246	-	1,842,246
Difference between expected and actual experience	1,072,746	-	1,072,746
Changes in assumptions	(7,164,842)	-	(7,164,842)
Employer contributions	-	1,401,723	(1,401,723)
Employee contributions	-	258,049	(258,049)
Other contributions	-	-	-
Net investment income	-	923,175	(923,175)
Benefit payments and refunds	(1,487,888)	(1,487,888)	-
Administrative expense	-	(56,029)	56,029
Net changes	(4,607,518)	1,039,030	(5,646,548)
BALANCES AT APRIL 30, 2019	\$ 35,584,951	\$ 10,605,812	\$ 24,979,139

The assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.97% to 3.97%.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	May 1, 2018
Actuarial measurement date	April 30, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	2.89% to 11.13%
Interest rate	6.50%
Cost of living adjustments	3.50%
Asset valuation method	Market

Retirement, disability, and termination rates were based on an independent actuary assumption study for Illinois Firefighters 2016. Mortality table used is the RP-2014 adjusted for plan status, collar, and Illinois public pension data as appropriate.

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 of 6.50% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Net pension liability	\$ 30,644,633	\$ 24,979,139	\$ 20,442,134

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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

For the year ended April 30, 2019, the City recognized firefighter pension expense of \$(1,498,665). At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,704,697	\$ -
Changes in assumption	1,203,912	8,662,617
Net difference between projected and actual earnings on pension plan investments	-	128,466
TOTAL	<u><u>\$ 2,908,609</u></u>	<u><u>\$ 8,791,083</u></u>

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

<u>Year Ending April 30,</u>	
2020	\$ (805,044)
2021	(979,486)
2022	(919,467)
2023	(1,038,982)
2024	(981,052)
Thereafter	<u>(1,158,443)</u>
TOTAL	<u><u>\$ (5,882,474)</u></u>

11. NORTH CHICAGO PUBLIC LIBRARY

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

Custodial Credit Risk

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

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

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

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. NORTH CHICAGO PUBLIC LIBRARY (Continued)

c. Capital Assets

Capital asset activity for the year ended April 30, 2019 was as follows:

	Balances May 1, Restated	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 71,966	\$ -	\$ -	\$ 71,966
Total capital assets not being depreciated	71,966	-	-	71,966
Capital assets being depreciated				
Land improvements	9,400	-	-	9,400
Building and improvements	1,305,586	-	-	1,305,586
Library collections	616,049	-	616,049	-
Machinery and equipment	69,857	-	-	69,857
Total capital assets being depreciated	2,000,892	-	616,049	1,384,843
Less accumulated depreciation for				
Land improvements	9,400	-	-	9,400
Building and improvements	729,807	27,547	-	757,354
Library collections	456,410	-	456,410	-
Machinery and equipment	69,857	-	-	69,857
Total accumulated depreciation	1,265,474	27,547	456,410	836,611
Total capital assets being depreciated, net	735,418	(27,547)	159,639	548,232
LIBRARY				
CAPITAL ASSETS, NET	\$ 807,384	\$ (27,547)	\$ 159,639	\$ 620,198

d. Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2019 was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Notes payable	\$ 306,721	\$ -	\$ 42,636	\$ 264,085	\$ 44,217
Compensated absences	35,745	20,705	10,100	46,350	2,318
IMRF Net pension liability	-	150,158	-	150,158	-
Total OPEB liability	64,141	16,931	-	81,072	2,569
TOTAL	\$ 406,607	\$ 187,794	\$ 52,736	\$ 541,665	\$ 49,104

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. NORTH CHICAGO PUBLIC LIBRARY (Continued)

d. Long-Term Obligations (Continued)

Note Payable to First Midwest Bank

In October 2014, the Library entered into an agreement with First Midwest Bank, in the total amount of \$446,860 to be used for financing building improvements on the Library. Principal and interest payments amounting to \$4,442 are due monthly based on a ten-year amortization schedule for the loan. Interest is charged at 3.65%. The balance at April 30, 2019 is 264,085.

Debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	Principal	Interest	Total
2020	\$ 44,217	\$ 9,087	\$ 53,304
2021	45,909	7,394	53,303
2022	47,634	5,670	53,304
2023	49,426	3,872	53,298
2024	51,284	2,016	53,300
2025	25,615	286	25,901
TOTAL	\$ 264,085	\$ 28,325	\$ 292,410

e. Employee Retirement System

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

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

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. PRIOR PERIOD ADJUSTMENTS

The City recorded the following prior period adjustments (corrections) and changes in accounting principles, including reclassifying the Library as a discretely presented component unit (DCPU) and implementing GASB Statement No. 75.:

Fund/Activity	Correction of Revenue Recognition	Correction in Recording Liabilities	Reclassify Library as DCPU	Total
General	\$ (4,307,906)	\$ 719,996	\$ -	\$ (3,587,910)
Downtown TIF Redevelopment	(970,194)	-	-	(970,194)
Library	-	-	-(1,832,488)	-(1,832,488)
Skokie Highway TIF	(41,648)	-	-	(41,648)
Downtown TIF 2007A	(139,170)	-	-	(139,170)
Downtown TIF 2007B	(105,308)	-	-	(105,308)
Downtown TIF 2007C	(438,757)	-	-	(438,757)
TOTAL	\$ (6,002,983)	\$ 719,996	\$ (1,832,488)	\$ (7,115,475)

	Governmental Activities	Water and Sewer Business-Type Activities	Library
Total from funds	\$ (7,115,475)	\$ -	\$ -
Correct revenue recognition	-	(142,842)	(388,662)
Reclassify library	(555,202)	-	555,202
Eliminate collections as capital assets	-	-	(159,639)
Record OPEB and eliminate NOPEBO	(3,554,469)	(534,222)	-
Correct capital assets	(8,414,770)	(3,785,832)	-
Correct compensated absences	35,745	-	-
TOTAL	\$ (19,604,171)	\$ (4,462,896)	\$ 6,901

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
REVENUES			
Taxes	\$ 11,241,397	\$ 11,465,959	\$ 224,562
Licenses and permits	672,600	906,049	233,449
Intergovernmental	5,500,000	6,810,039	1,310,039
Grant proceeds	58,000	129,796	71,796
Fines and fees	2,333,700	2,379,620	45,920
Investment income	2,500	29,960	27,460
Miscellaneous	529,500	754,727	225,227
	<hr/>		
Total revenues	20,337,697	22,476,150	2,138,453
	<hr/>		
EXPENDITURES			
Current			
General government and administration	5,670,967	5,778,976	108,009
Highways and streets	1,421,650	1,341,606	(80,044)
Public safety	14,965,654	14,954,199	(11,455)
Economic development	1,839,420	1,462,709	(376,711)
Capital outlay	411,000	445,222	34,222
Debt service			-
Principal	232,648	308,754	76,106
Interest and fiscal charges	87,054	10,985	(76,069)
	<hr/>		
Total expenditures	24,628,393	24,302,451	(325,942)
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,290,696)	(1,826,301)	(2,464,395)
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers in	3,100,000	3,100,000	-
	<hr/>		
Total other financing sources (uses)	3,100,000	3,100,000	-
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (1,190,696)</u>	1,273,699	<u>\$ (2,464,395)</u>
FUND BALANCE, MAY 1		<u>12,474,641</u>	
Prior period adjustment		(3,587,910)	
FUND BALANCE, MAY 1 (RESTATED)		<u>8,886,731</u>	
FUND BALANCE, APRIL 30		<u>\$ 10,160,430</u>	

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

Last Fiscal Year

MEASUREMENT DATE APRIL 30,	2019
TOTAL OPEB LIABILITY	
Service cost	\$ 39,565
Interest	153,133
Changes of benefit terms	-
Differences between expected and actual experience	(187,427)
Changes of assumptions	317,714
Benefit payments, including refunds of member contributions	<u>(172,442)</u>
Net change in total OPEB liability	150,543
Total OPEB liability - beginning	<u>4,304,769</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 4,455,312</u></u>
Covered payroll	\$ 10,021,401
Employer's total OPEB liability as a percentage of covered payroll	44.46%

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

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019
Actuarially determined contribution	\$ 424,834	\$ 411,883	\$ 463,985	\$ 409,098
Contributions in relation to the actuarially determined contribution	421,862	421,048	463,986	409,098
CONTRIBUTION DEFICIENCY (Excess)	\$ 2,972	\$ (9,165)	\$ (1)	\$ -
Covered payroll	\$ 4,627,821	\$ 4,669,874	\$ 5,143,963	\$ 5,155,125
Contributions as a percentage of covered payroll	9.12%	9.02%	9.02%	7.94%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percentage of payroll, closed and the amortization period was 25-year closed period until the remaining period reaches 15 years (then a 15-year rolling period); the asset valuation method was five-year smoothed market with a 20.00% corridor; and the significant actuarial assumptions were wage growth at 3.50% annually; price inflation of 2.75% annually; projected salary increases of 3.75% to 14.50%, annually, including inflation; and an investment rate of return of 7.50% annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 2,252,422	\$ 2,350,293	\$ 2,610,816	\$ 2,998,758	\$ 2,743,966
Contributions in relation to the actuarially determined contribution	871,239	1,119,364	1,245,337	1,340,164	2,074,877
CONTRIBUTION DEFICIENCY (EXCESS)	\$ 1,381,183	\$ 1,230,929	\$ 1,365,479	\$ 1,658,594	\$ 669,089
Covered payroll	\$ 4,321,523	\$ 431,455	\$ 4,204,648	\$ 4,351,811	\$ 3,966,822
Contributions as a percentage of covered payroll	20.16%	259.44%	29.62%	30.80%	52.31%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the asset valuation method was a five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.00% annually, projected salary increases assumption of 3.18% to 11.70% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,024,176	\$ 1,174,107	\$ 1,179,755	\$ 1,372,921	\$ 1,235,584
Contributions in relation to the actuarially determined contribution	612,133	702,086	788,096	998,114	1,401,723
CONTRIBUTION DEFICIENCY (EXCESS)	\$ 412,043	\$ 472,021	\$ 391,659	\$ 374,807	\$ (166,139)
Covered payroll	\$ 2,267,983	\$ 2,356,214	\$ 2,387,259	\$ 2,470,813	\$ 2,778,373
Contributions as a percentage of covered payroll	26.99%	29.80%	33.01%	40.40%	50.45%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the asset valuation method was a five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 6.50% annually, projected salary increases assumption of 2.89% to 11.13% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Four Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service cost	\$ 496,614	\$ 477,467	\$ 527,252	\$ 548,419
Interest	1,595,969	1,686,673	1,754,501	1,813,605
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	135,340	(234,768)	496,693	285,360
Changes of assumptions	27,111	(27,863)	(821,061)	757,516
Benefit payments, including refunds of member contributions	(980,356)	(1,031,753)	(1,072,356)	(1,287,468)
Net change in total pension liability	1,274,678	869,756	885,029	2,117,432
Total pension liability - beginning	21,521,458	22,796,136	23,665,892	24,550,921
TOTAL PENSION LIABILITY - ENDING	\$ 22,796,136	\$ 23,665,892	\$ 24,550,921	\$ 26,668,353
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 421,862	\$ 421,048	\$ 463,986	\$ 456,774
Contributions - member	266,754	210,159	231,479	269,498
Contributions - others	-	-	-	-
Net investment income (loss)	109,525	1,474,443	3,965,076	(1,398,107)
Benefit payments, including refunds of member contributions	(980,356)	(1,031,753)	(1,072,356)	(1,287,468)
Other (net transfer)	(487,761)	76,347	(341,468)	309,344
Net change in plan fiduciary net position	(669,976)	1,150,244	3,246,717	(1,649,959)
Plan fiduciary net position - beginning	22,050,828	21,380,852	22,531,096	25,777,813
PLAN FIDUCIARY NET POSITION - ENDING	\$ 21,380,852	\$ 22,531,096	\$ 25,777,813	\$ 24,127,854
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 1,415,284	\$ 1,134,796	\$ (1,226,892)	\$ 2,540,499
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.80%	95.20%	105.00%	90.50%
Covered payroll	\$ 4,627,821	\$ 4,669,874	\$ 5,143,963	\$ 5,336,150
Employer's net pension liability as a percentage of covered payroll	30.60%	24.30%	(23.90%)	47.60%

In 2018, there were changes in assumptions related to the discount rate.

In 2017, there was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.82%. In addition, the mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully generational basis.

In 2016, demographic assumptions were changed from the prior year. The discount rate used in the determination of the total pension liability was changed from 5.65% to 7.00%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 1,964,836	\$ 2,102,749	\$ 2,077,062	\$ 2,162,639	\$ 2,001,215
Interest	2,616,283	2,486,868	3,495,011	3,311,058	3,460,534
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	980,066	882,242	24,748	(453,236)
Changes of assumptions	-	13,134,903	(8,324,912)	(1,858,694)	(7,313,198)
Benefit payments, including refunds of member contributions	(2,286,321)	(2,328,436)	(2,437,557)	(2,750,999)	(2,793,059)
Net change in total pension liability	2,294,798	16,376,150	(4,308,154)	888,752	(5,097,744)
Total pension liability - beginning	67,378,186	69,672,984	86,049,134	81,740,980	82,629,732
TOTAL PENSION LIABILITY - ENDING	\$ 69,672,984	\$ 86,049,134	\$ 81,740,980	\$ 82,629,732	\$ 77,531,988
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 871,239	\$ 1,119,364	\$ 1,245,337	\$ 1,340,164	\$ 2,074,877
Contributions - member	449,402	474,366	422,719	391,043	380,089
Contributions - others	-	-	4,502	-	-
Net investment income (loss)	854,259	(951,250)	1,225,102	1,044,192	1,009,187
Benefit payments, including refunds of member contributions	(2,286,321)	(2,328,436)	(2,437,558)	(2,750,999)	(2,793,059)
Administrative expense	(54,681)	(58,333)	(52,857)	(50,720)	(57,945)
Net change in plan fiduciary net position	(166,102)	(1,744,289)	407,245	(26,320)	613,149
Plan fiduciary net position - beginning	16,652,507	16,486,405	14,742,116	15,149,361	15,123,041
PLAN FIDUCIARY NET POSITION - ENDING	\$ 16,486,405	\$ 14,742,116	\$ 15,149,361	\$ 15,123,041	\$ 15,736,190
EMPLOYER'S NET PENSION LIABILITY	\$ 53,186,579	\$ 71,307,018	\$ 66,591,619	\$ 67,506,691	\$ 61,795,798
Plan fiduciary net position as a percentage of the total pension liability	23.70%	17.10%	18.50%	18.30%	20.30%
Covered payroll	\$ 4,321,523	\$ 4,313,455	\$ 4,204,648	\$ 4,351,811	\$ 3,966,822
Employer's net pension liability as a percentage of covered payroll	1230.70%	1653.10%	1583.80%	1551.20%	1557.80%

In 2019, there were changes in assumptions related to the discount rate.

Year ended April 30, 2018 - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.97%. In addition, the discount rate used in the determination of the total pension liability was changed from 7.00% to 6.75%.

Year ended April 30, 2017 - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.82%. In addition, the mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully generational basis.

Year ended April 30, 2016 - Demographic assumptions were changed from the prior year. The discount rate used in the determination of the total pension liability was changed from 5.65% to 7.00%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND**

Last Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 1,075,887	\$ 986,970	\$ 987,334	\$ 1,032,949	\$ 1,130,220
Interest	1,454,398	1,529,797	1,834,010	1,773,804	1,842,246
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	289,492	1,058,782	18,391	1,072,746
Changes of assumptions	-	2,498,444	(3,796,674)	(314,947)	(7,164,842)
Benefit payments, including refunds of member contributions	(1,316,005)	(1,351,222)	(1,349,682)	(1,423,522)	(1,487,888)
Net change in total pension liability	1,214,280	3,953,481	(1,266,230)	1,086,675	(4,607,518)
Total pension liability - beginning	35,204,263	36,418,543	40,372,024	39,105,794	40,192,469
TOTAL PENSION LIABILITY - ENDING	\$ 36,418,543	\$ 40,372,024	\$ 39,105,794	\$ 40,192,469	\$ 35,584,951
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 612,133	\$ 702,086	\$ 788,096	\$ 998,114	\$ 1,401,723
Contributions - member	221,905	238,849	227,874	245,118	258,049
Contributions - others	-	-	21,325	16,784	-
Net investment income (loss)	580,526	(227,014)	899,899	504,213	923,175
Benefit payments, including refunds of member contributions	(1,316,005)	(1,351,222)	(1,349,682)	(1,423,522)	(1,487,888)
Administrative expense	(47,171)	(62,227)	(59,542)	(56,079)	(56,029)
Net change in plan fiduciary net position	51,388	(699,528)	527,970	284,628	1,039,030
Plan fiduciary net position - beginning	9,402,324	9,453,712	8,754,184	9,282,154	9,566,782
PLAN FIDUCIARY NET POSITION - ENDING	\$ 9,453,712	\$ 8,754,184	\$ 9,282,154	\$ 9,566,782	\$ 10,605,812
EMPLOYER'S NET PENSION LIABILITY	\$ 26,964,831	\$ 31,617,840	\$ 29,823,640	\$ 30,625,687	\$ 24,979,139
Plan fiduciary net position as a percentage of the total pension liability	26.00%	21.70%	23.70%	23.80%	29.80%
Covered payroll	\$ 2,267,983	\$ 2,356,214	\$ 2,387,259	\$ 2,470,813	\$ 2,778,373
Employer's net pension liability as a percentage of covered payroll	1188.90%	1341.90%	1249.30%	1239.50%	899.10%

In 2019, there were changes in assumptions related to the discount rate.

Year Ended April 30, 2018 - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.97%. In addition, the discount rate used in the determination of the total pension liability was changed from 7.00% to 6.75%.

Year Ended April 30, 2017 - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.82%. In addition, the mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully generational basis.

Year Ended April 30, 2016 - Demographic assumptions were changed from the prior year. The discount rate used in the determination of the total pension liability was changed from 5.65% to 7.00%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	4.78%	(6.79%)	8.53%	7.47%	6.83%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	6.05%	(6.07%)	7.96%	4.72%	9.74%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2019

BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgets (appropriations) are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General Fund, Special Revenue Funds (except the Federal Forfeited Property (DEA), Delta Institute Emerald Ash Borer Grant and Sheridan Crossing Tax Increment Financing Redevelopment Project Area Funds), Capital Projects Funds (except the Capital Improvement Fund), Debt Service Funds, Enterprise Fund, Internal Service Funds, and Pension Trust Funds. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing its appropriation ordinance:

Prior to May 15 of each year, the Comptroller submits to the City Council a statement of estimated receipts and disbursements for the fiscal year commencing May 1. Upon review by the City Council, an appropriation ordinance is prepared.

Public hearings are conducted to obtain taxpayer comments.

Prior to July 31, the appropriation is legally enacted through passage of an ordinance. The appropriation ordinance and budget was approved on July 16, 2018.

The level of control (level at which expenditures may not exceed budget/appropriations) is at the fund level.

There were no amendments made to the budget for the fiscal year ended April 30, 2019.

Discrete Component Unit

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

The Library Director submits a proposed operating budget for the upcoming fiscal year commencing May 1 to the Board of Trustees. Upon approval of the budget by the Board of Trustees, the Library's proposed budget is submitted to the Comptroller. The Library's budget is included in the budget documents which the Comptroller will submit to the City Council. The operating budget includes proposed expenditures and the means of financing them.

A series of public library board meetings are conducted as the Board of Trustees considers the proposed budget.

The budget is legally enacted through passage of a resolution by the City Council.

CITY OF NORTH CHICAGO, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

BUDGETS (Continued)

The Library Director is authorized to transfer budgeted amounts between library departments, however, any revisions that alter the total expenditures of any library fund must be approved by the Board of Trustees. There were no budget amendments for the fiscal year ended April 30, 2019.

Budgets are legally adopted on a basis consistent with GAAP. The budget is prepared for the Library Operating Fund.

All annual appropriations lapse at fiscal year end.

The level of control (level at which expenditures may not exceed budget/appropriations) is at the fund level.

The appropriation ordinance and budget was approved on June 4, 2018.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The Chief Operating Fund of the City which accounts for all activities of the general government except for those accounted for in another fund.

DOWNTOWN TAX INCREMENT FINANCING REDEVELOPEMENT PROJECT AREA DEBT SERIES 2014A FUND

Downtown Tax Increment Financing Debt Service - to accumulate monies for the payment of the City's, 2014A TIF Bonds.

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
TAXES			
Property taxes			
Real estate taxes	\$ 4,359,633	\$ 4,313,659	\$ (45,974)
Real estate taxes - Firefighters' and police pensions	2,355,764	2,326,600	(29,164)
Real estate taxes - road and bridge	60,000	33,162	(26,838)
Hotel/motel tax	220,000	252,824	32,824
Real estate transfer tax	125,000	245,707	120,707
Food and beverage tax	270,000	296,248	26,248
Municipal motor fuel tax	810,000	712,719	(97,281)
Self storage facility tax	38,000	41,490	3,490
Utility tax	1,525,000	1,479,073	(45,927)
Simplified telecommunications tax	600,000	535,227	(64,773)
Automobile rental tax	8,000	12,361	4,361
Local use tax	725,000	1,007,745	282,745
State video gaming tax	145,000	209,144	64,144
Total taxes	11,241,397	11,465,959	224,562
LICENSES, PERMITS, AND FEES			
Video gaming terminal	50,000	71,000	21,000
Contractors license	18,000	22,130	4,130
Pet tag license	600	450	(150)
Liquor license	54,000	55,100	1,100
Taxi class B license	24,000	-	(24,000)
Business license	100,000	114,631	14,631
Landlord license	30,000	76,870	46,870
Property vacancies registration	60,000	53,920	(6,080)
Cost recovery reimbursement	-	7,520	7,520
Building permits	215,000	308,019	93,019
Rezoning variance permits	-	4,750	4,750
Miscellaneous permits	1,000	2,770	1,770
Truck stickers	8,000	14,410	6,410
Occupancy permits	85,000	74,058	(10,942)
Hazard materials permits	15,000	44,000	29,000
Taxi A drivers license	12,000	56,421	44,421
Total licenses, permits, and fees	672,600	906,049	233,449
INTERGOVERNMENTAL			
State income tax	2,600,000	3,167,477	567,477
Sales tax	2,600,000	3,348,919	748,919
Replacement tax	300,000	272,786	(27,214)
Foreign fire insurance tax	-	20,857	20,857
Total intergovernmental	5,500,000	6,810,039	1,310,039
GRANT PROCEEDS			
North Chicago Housing Authority	3,000	10,276	7,276
Other grants	55,000	119,520	64,520
Total grant proceeds	58,000	129,796	71,796

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
FINES AND FEES			
Lien fees	\$ 55,000	\$ 76,345	\$ 21,345
Animal fines and fees	2,500	101	(2,399)
Photocopies	3,200	4,682	1,482
Fire service charges			
Ambulance fees	350,000	468,930	118,930
Policing charges			
Parking fines	21,000	34,051	13,051
Redflex fines	300,000	380,689	80,689
Adjudication fines	150,000	114,440	(35,560)
Adjudication court costs	4,000	8,100	4,100
Police service fees	1,125,000	993,498	(131,502)
Alarm service fees	18,000	12,511	(5,489)
Lake County Circuit fees and fines	100,000	111,042	11,042
Overweight truck fees	-	250	250
Building fines and penalties	-	21,250	21,250
Cable franchise fees	130,000	127,141	(2,859)
Railroad parking lot pass fees	10,000	12,137	2,137
Community day fees	65,000	14,453	(50,547)
	<hr/>	<hr/>	<hr/>
Total fines and fees	2,333,700	2,379,620	45,920
	<hr/>	<hr/>	<hr/>
INVESTMENT INCOME			
Investment income	2,500	29,960	27,460
	<hr/>	<hr/>	<hr/>
Total investment income	2,500	29,960	27,460
	<hr/>	<hr/>	<hr/>
MISCELLANEOUS			
Student youth program	19,000	16,298	(2,702)
Cable land use lease	110,000	106,396	(3,604)
Community days donations	-	89,140	89,140
Miscellaneous	40,000	44,613	4,613
NSF check fee	-	875	875
Reimbursements	285,000	389,503	104,503
Rental income	13,000	12,989	(11)
Sale of City property	2,500	34,913	32,413
Receipts from component unit	60,000	60,000	-
	<hr/>	<hr/>	<hr/>
Total miscellaneous	529,500	754,727	225,227
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$ 20,337,697	\$ 22,476,150	\$ 2,138,453

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT			
Mayor's office			
Salaries and wages			
Full-time salaries and wages	\$ 284,000	\$ 294,693	\$ 10,693
Part-time salaries and wages	2,500	5,833	3,333
Student youth program wages	6,000	1,774	(4,226)
Overtime allowances	-	870	870
Total salaries and wages	292,500	303,170	10,670
Fringe benefits			
IMRF match	21,800	23,193	1,393
Employer's health insurance	18,700	20,221	1,521
Employer's dental and vision insurance	1,160	1,107	(53)
Social Security match	17,300	18,214	914
Medicare match	4,100	4,283	183
Life insurance premiums	291	384	93
Total fringe benefits	63,351	67,402	4,051
Contractual services			
Vehicle maintenacne	1,000	169	(831)
Telephone	1,000	694	(306)
Travel and training	20,000	19,094	(906)
Public relations	5,000	101	(4,899)
Other professional services	5,000	4,632	(368)
Dues and memberships	11,000	8,948	(2,052)
Total contractual services	43,000	33,638	(9,362)
Commodities			
Office supplies	2,000	761	(1,239)
Gasoline and oil	1,500	2,124	624
Publications	1,500	-	(1,500)
Student youth program expenses	20,000	7,989	(12,011)
Miscellaneous expenses	15,000	75,365	60,365
Total commodities	40,000	86,239	46,239
Total mayor's office	438,851	490,449	51,598
City clerk's office			
Salaries and wages			
Full-time salaries and wages	143,100	143,559	459
Total salaries and wages	143,100	143,559	459
Fringe benefits			
IMRF match	12,200	11,348	(852)
Employer's health insurance	16,100	11,672	(4,428)
Employer's dental and vision insurance	1,300	1,680	380
Social Security match	8,900	8,549	(351)
Medicare match	2,100	1,999	(101)
Life insurance premiums	205	204	(1)
Total fringe benefits	40,805	35,452	(5,353)

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
City clerk's office (Continued)			
Contractual services			
Maintenance - equipment	\$ 1,000	\$ 850	\$ (150)
Travel and training	1,500	1,416	(84)
Postage	-	5	5
Printing and publishing	4,500	4,632	132
Dues and memberships	1,200	906	(294)
Other professional services	1,000	418	(582)
Total contractual services	<u>9,200</u>	<u>8,227</u>	<u>(973)</u>
Commodities			
Office supplies	2,000	553	(1,447)
Gasoline and oil	1,000	2,331	1,331
Publications	-	900	900
Miscellaneous expenses	750	180	(570)
Total commodities	<u>3,750</u>	<u>3,964</u>	<u>214</u>
Total city clerk's office	<u>196,855</u>	<u>191,202</u>	<u>(5,653)</u>
Legislative			
Salaries and wages			
Full-time salaries and wages	-	6,417	6,417
Part-time salaries and wages	77,000	77,834	834
Total salaries and wages	<u>77,000</u>	<u>84,251</u>	<u>7,251</u>
Fringe benefits			
IMRF match	2,100	3,739	1,639
Employer's health insurance	45,500	42,289	(3,211)
Employer's dental and vision insurance	3,075	2,624	(451)
Social Security match	4,700	4,727	27
Medicare match	1,100	1,105	5
Life insurance premiums	725	571	(154)
Total fringe benefits	<u>57,200</u>	<u>55,055</u>	<u>(2,145)</u>
Contractual services			
Aldermanic expenses	39,900	39,471	(429)
Printing and publishing	600	-	(600)
Other professional services	12,690	10,130	(2,560)
Dues and memberships	5,500	2,174	(3,326)
Total contractual services	<u>58,690</u>	<u>51,775</u>	<u>(6,915)</u>
Commodities			
Office supplies	500	232	268
Miscellaneous expense	-	30	30
Total commodities	<u>500</u>	<u>262</u>	<u>238</u>
Total legislative	<u>193,390</u>	<u>191,343</u>	<u>(1,511)</u>
City Treasurer			
Salaries and wages			
Part-time salaries and wages	23,000	24,917	1,917
Total salaries and wages	<u>23,000</u>	<u>24,917</u>	<u>1,917</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
City Treasurer (Continued)			
Fringe benefits			
IMRF match	\$ 1,975	\$ 1,955	\$ (20)
Employer's dental and vision insurance	475	774	299
Social Security match	1,425	1,551	126
Medicare match	334	363	29
Life insurance premiums	110	66	(44)
Total fringe benefits	<u>4,319</u>	<u>4,709</u>	<u>390</u>
Contractual services			
Travel and training	6,000	2,653	(3,347)
Postage	100	-	(100)
Printing and publishing	2,000	-	(2,000)
Dues and memberships	1,500	372	(1,128)
Total contractual services	<u>9,600</u>	<u>3,025</u>	<u>(6,575)</u>
Commodities			
Office supplies	800	630	(170)
Gasoline and oil	1,500	544	(956)
Miscellaneous expense	1,000	968	(32)
Total commodities	<u>3,300</u>	<u>2,142</u>	<u>(1,158)</u>
Total city treasurer	<u>40,219</u>	<u>34,793</u>	<u>(5,426)</u>
Comptroller			
Salaries and wages			
Full-time salaries and wages	350,000	345,874	(4,126)
Overtime allowances	5,000	8,024	3,024
Total salaries and wages	<u>355,000</u>	<u>353,898</u>	<u>(1,102)</u>
Fringe benefits			
IMRF match	30,000	28,025	(1,975)
Employer's health insurance	60,000	52,788	(7,212)
Employer's dental and vision insurance	4,000	3,649	(351)
Social Security match	22,000	20,783	(1,217)
Medicare match	5,000	4,851	(149)
Life insurance premiums	600	505	(95)
Total fringe benefits	<u>121,600</u>	<u>110,601</u>	<u>(10,999)</u>
Contractual services			
Maintenance - equipment	1,000	1,280	280
Travel and training	2,500	2,552	52
Postage	200	74	(126)
Printing and publishing	5,000	3,682	(1,318)
Auditing service	36,000	84,169	48,169
Payroll services	72,000	38,446	(33,554)
Other professional services	125,000	122,146	(2,854)
Dues and memberships	1,000	850	(150)
Bank service charges	17,000	9,218	(7,782)
Total contractual services	<u>259,700</u>	<u>262,417</u>	<u>2,717</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
Comptroller (Continued)			
Commodities			
Office supplies	\$ 4,500	\$ 3,793	\$ (707)
Miscellaneous expense	500	9,376	8,876
Total commodities	<u>5,000</u>	<u>13,169</u>	<u>8,169</u>
Total comptroller	<u>741,300</u>	<u>740,085</u>	<u>(1,215)</u>
Information technology			
Contractual services			
Dues and memberships			
Maintenance - equipment	145,000	130,219	(14,781)
Telephone	6,000	4,135	(1,865)
Travel and training	2,000	83	(1,917)
Other professional services	247,900	217,920	(29,980)
Total contractual services	<u>400,900</u>	<u>352,357</u>	<u>(48,543)</u>
Commodities			
Operating supplies	7,500	3,681	(3,819)
Total commodities	<u>7,500</u>	<u>3,681</u>	<u>(3,819)</u>
Total information technology	<u>408,400</u>	<u>356,038</u>	<u>(52,362)</u>
Human resources			
Salaries and wages			
Full-time salaries and wages	138,200	136,309	(1,891)
Overtime allowance	-	19	19
Total salaries and wages	<u>138,200</u>	<u>136,328</u>	<u>(1,872)</u>
Fringe benefits			
IMRF match	11,800	10,409	(1,391)
Employer's health insurance	18,350	19,726	1,376
Employer's dental and vision	1,300	1,433	133
Social Security match	8,600	7,797	(803)
Medicare match	2,000	1,897	(103)
Life insurance premiums	184	255	71
Total fringe benefits	<u>42,234</u>	<u>41,517</u>	<u>(717)</u>
Contractual services			
Telephone	700	546	(154)
Travel and training	4,000	2,002	(1,998)
In-house training	5,000	589	(4,411)
Postage	300	48	(252)
Printing and publishing	100	77	(23)
Medical service	30,000	16,114	(13,886)
Other employee benefits	-	5,027	5,027
Other professional services	-	789	789
Dues and memberships	2,455	3,288	833
Total contractual services	<u>42,555</u>	<u>28,480</u>	<u>(14,075)</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
Human resources (Continued)			
Commodities			
Office supplies	\$ 2,000	\$ 2,007	\$ 7
Operating supplies	1,000	-	(1,000)
Advertising	15,000	12,406	(2,594)
Employee recognition program	4,300	4,401	101
Public relations	600	-	(600)
Miscellaneous expense	700	(54)	(754)
Total commodities	<u>23,600</u>	<u>18,760</u>	<u>(4,840)</u>
Total human resources	<u>246,589</u>	<u>225,085</u>	<u>(21,504)</u>
Boards and commissions			
Salaries and wages			
Part-time salaries and wages	14,250	7,954	(6,296)
Total salaries and wages	<u>14,250</u>	<u>7,954</u>	<u>(6,296)</u>
Fringe benefits			
Social Security match	900	493	(407)
Medicare match	225	116	(109)
Total fringe benefits	<u>1,125</u>	<u>609</u>	<u>(516)</u>
Contractual services			
Phone	-	698	698
Travel and training	-	3,331	3,331
Postage	-	82	82
Printing and publishing	-	344	344
Professional services	4,000	17,224	13,224
Dues and memberships	500	375	(125)
Legal services	10,000	30,626	20,626
Miscellaneous expenses	500	-	(500)
Total contractual services	<u>15,000</u>	<u>52,680</u>	<u>37,680</u>
Commodities			
Miscellaneous	500	-	(500)
Total commodities	<u>500</u>	<u>-</u>	<u>(500)</u>
Total boards and commissions	<u>30,875</u>	<u>61,243</u>	<u>30,368</u>
TOTAL GENERAL GOVERNMENT	<u><u>\$ 2,296,479</u></u>	<u><u>\$ 2,290,238</u></u>	<u><u>\$ (5,705)</u></u>
ADMINISTRATION SERVICES			
Contractual services			
Unemployment insurance	\$ 10,000	\$ 3,735	\$ (6,265)
Workers comp insurance premium	60,000	-	(60,000)
Workers comp claims and reimbursement	200,000	655,576	455,576
Liability insurance	650,000	694,893	44,893
Liability claims and reimbursement	200,000	7,800	(192,200)
Duty disability insurance premium	61,200	87,845	26,645
Telephone	260,000	197,291	(62,709)
Utilities	10,000	6,295	(3,705)
Postage	20,000	16,659	(3,341)
Printing and publishing	10,000	4,014	(5,986)
Legal retainer fees	26,000	24,000	(2,000)

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
ADMINISTRATION SERVICES (Continued)			
Contractual services (Continued)			
Other professional services	\$ 24,000	\$ 6,246	\$ (17,754)
Redflex traffic system fees	150,000	193,503	43,503
Dues and memberships	288	5,799	5,511
Economic incentive-Abbvie	620,000	772,443	152,443
Economic incentive-Abbott	200,000	244,397	44,397
Lake Bluff sales tax sharing	15,000	22,863	7,863
Lawsuits and attorney fees	400,000	395,224	(4,776)
Public relations	20,000	38,523	18,523
Community days	70,000	74,065	4,065
Miscellaneous	10,000	16,102	6,102
Reserve Volun Separation Plan	250,000	-	(250,000)
VSP	-	1,562	1,562
Insurance reserve contribution	78,000	-	(78,000)
Reimbursement	30,000	19,903	(10,097)
	<hr/>	<hr/>	<hr/>
Total contractual services	3,374,488	3,488,738	114,250
	<hr/>	<hr/>	<hr/>
TOTAL ADMINISTRATION SERVICES	3,374,488	3,488,738	114,250
	<hr/>	<hr/>	<hr/>
TOTAL GENERAL GOVERNMENT AND ADMINISTRATION SERVICES	<u>\$ 5,670,967</u>	<u>\$ 5,778,976</u>	<u>\$ 108,545</u>
HIGHWAY AND STREETS			
Street department			
Salaries and wages			
Full-time salaries and wages	\$ 788,000	\$ 806,662	\$ 18,662
Part-time salaries and wages	38,250	6,756	(31,494)
Sick leave sell back	-	804	804
Overtime allowances	40,000	60,692	20,692
	<hr/>	<hr/>	<hr/>
Total salaries and wages	866,250	874,914	8,664
	<hr/>	<hr/>	<hr/>
Fringe benefits			
IMRF match	67,500	68,037	537
Employer's health insurance	124,500	136,256	11,756
Employer's dental and vision insurance	12,000	11,885	(115)
Social Security match	48,900	52,130	3,230
Medicare match	11,500	12,192	692
Life insurance premiums	1,500	1,637	137
	<hr/>	<hr/>	<hr/>
Total fringe benefits	265,900	282,137	16,237
	<hr/>	<hr/>	<hr/>
Contractual services			
Maintenance - building	20,000	8,011	(11,989)
Maintenance - vehicles	75,000	54,797	(20,203)
Maintenance - equipment	25,000	13,140	(11,860)
Maintenance - streets	30,000	1,909	(28,091)
Maintenance - grounds	10,000	3,195	(6,805)
Other maintenance	2,500	-	(2,500)
Telephone	4,000	3,754	(246)
Rentals	2,500	2,635	135
Travel and training	5,000	4,474	(526)
Postage	200	-	(200)
Printing and publishing	1,000	58	(942)
Memberships and dues	1,300	1,273	(27)
Janitorial	-	10,200	10,200

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
HIGHWAY AND STREETS (Continued)			
Contractual services (Continued)			
Salaries and wages (Continued)			
Engineering services	\$ -	\$ 18,001	\$ 18,001
Other professional services	3,000	8,947	5,947
Contractual services	20,000	419	(19,581)
Total contractual services	<u>199,500</u>	<u>130,813</u>	<u>(68,687)</u>
Commodities			
Office supplies	2,000	766	(1,234)
Gasoline and oil	35,000	23,090	(11,910)
Maintenance and supplies	15,000	8,113	(6,887)
Operating supplies	15,000	6,807	(8,193)
Uniforms	20,000	14,502	(5,498)
Public relations	3,000	-	(3,000)
Reimbursements	-	78	78
Miscellaneous expenses	-	386	386
Total commodities	<u>90,000</u>	<u>53,742</u>	<u>(36,258)</u>
TOTAL HIGHWAY AND STREETS	<u>1,421,650</u>	<u>1,341,606</u>	<u>(80,044)</u>
PUBLIC SAFETY			
Police department			
Salaries and wages			
Full-time salaries and wages	5,015,000	4,737,638	(277,362)
Part-time salaries and wages	180,000	141,927	(38,073)
Voluntary separation plan	20,000	21,423	1,423
Holiday taken	190,000	-	(190,000)
Police special detail	42,000	45,447	3,447
Overtime allowances	100,000	114,498	14,498
Double overtime	7,500	5,775	(1,725)
Police overtime	990,000	1,002,262	12,262
Comp time accrued	60,000	-	(60,000)
Sick leave sell back	5,000	23,059	18,059
Workers' compensation	100,000	149,511	49,511
Total salaries and wages	<u>6,709,500</u>	<u>6,241,540</u>	<u>(467,960)</u>
Fringe benefits			
IMRF match	85,000	76,179	(8,821)
Employer pension contribution	1,592,738	2,074,877	482,139
Employer's health insurance	678,000	556,351	(121,649)
Employer's dental and vision insurance	52,300	42,242	(10,058)
Social Security match	63,000	69,479	6,479
Uniform allowances	10,000	11,700	1,700
Medicare match	77,000	81,872	4,872
Life insurance premiums	6,700	6,297	(403)
Total fringe benefits	<u>2,564,738</u>	<u>2,918,997</u>	<u>354,259</u>
Contractual services			
Maintenance - buildings	1,000	1,513	513
Maintenance - vehicles	65,000	49,355	(15,645)
Maintenance - equipment	34,000	10,762	(23,238)
Telephone	25,000	16,664	(8,336)
Rentals	500	495	(5)
Travel and training	77,750	19,240	(58,510)
Postage	600	609	9

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
PUBLIC SAFETY (Continued)			
Police department (Continued)			
Contractual services (Continued)			
Printing and publishing	\$ 15,000	\$ 4,538	\$ (10,462)
Software and program fees	171,500	118,675	(52,825)
Other professional services	171,600	168,979	(2,621)
Dues and memberships	13,915	9,640	(4,275)
Animal control	35,550	26,032	(9,518)
Other communication service	43,600	25,734	(17,866)
Total contractual services	655,015	452,236	(202,779)
Commodities			
Office supplies	15,000	12,281	(2,719)
Gasoline and oil	80,000	77,711	(2,289)
Operating supplies	42,200	55,530	13,330
Uniforms	61,000	63,481	2,481
Prisoner meals	1,500	1,111	(389)
Investigative expense	8,000	2,269	(5,731)
Crime prevention	25,500	7,826	(17,674)
Miscellaneous expense	3,400	10,894	7,494
Total commodities	236,600	231,103	(5,497)
Total police department	10,165,853	9,843,876	(321,977)
Fire department			
Salaries and wages			
Full-time salaries and wages	2,913,000	2,940,218	27,218
Part-time salaries and wages	5,000	1,097	(3,903)
Fire overtime	55,000	33,334	(21,666)
Holiday taken	75,000	-	(75,000)
Fire lieutenant pay	5,000	7,210	2,210
Overtime allowances	-	216	216
Sick leave buy back	25,000	-	(25,000)
Workers' compensation	-	838	838
Good attendance	-	26,970	26,970
Total salaries and wages	3,078,000	3,009,883	(68,117)
Fringe benefits			
IMRF match	18,250	13,213	(5,037)
Employer pension contribution	1,063,026	1,401,723	338,697
Employer's health insurance	348,000	407,874	59,874
Employer's dental and vision insurance	33,300	33,577	277
Social Security match	11,500	9,286	(2,214)
Medicare match	42,000	41,547	(453)
Life insurance premiums	3,700	3,553	(147)
Total fringe benefits	1,519,776	1,910,773	390,997
Contractual services			
Maintenance - vehicles	32,000	32,437	437
Maintenance - equipment	15,100	14,927	(173)
Telephone	4,700	4,777	77
Rentals	1,500	1,838	338
Travel and training	30,000	25,951	(4,049)
Postage	300	53	(247)
Printing and publishing	5,300	5,891	591
Medical services	11,500	12,103	603

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Contractual services (Continued)			
Other professional services	\$ 11,700	\$ 7,521	\$ (4,179)
Dues and memberships	9,425	5,070	(4,355)
Total contractual services	<u>121,525</u>	<u>110,568</u>	<u>(10,957)</u>
Commodities			
Office supplies	3,500	2,079	(1,421)
Gasoline and oil	23,000	25,837	2,837
Maintenance supplies	4,000	3,387	(613)
Operating supplies	9,500	8,735	(765)
Ambulance operating supplies	9,000	10,546	1,546
Uniforms	25,000	23,497	(1,503)
Hazardous material enforcement	3,000	2,896	(104)
Reimbursements	1,000	67	(933)
Miscellaneous expenses	2,500	2,055	(445)
Total commodities	<u>80,500</u>	<u>79,099</u>	<u>(1,401)</u>
Total fire department	<u>4,799,801</u>	<u>5,110,323</u>	<u>310,522</u>
TOTAL PUBLIC SAFETY	<u>14,965,654</u>	<u>14,954,199</u>	<u>(11,455)</u>
ECONOMIC DEVELOPMENT DEPARTMENT			
Building division			
Salaries and wages			
Full-time salaries and wages	292,100	315,305	23,205
Straight overtime	1,300	6,307	5,007
Overtime	10,000	7,188	(2,812)
Total salaries and wages	<u>303,400</u>	<u>328,800</u>	<u>25,400</u>
Fringe benefits			
IMRF match	25,000	25,763	763
Employer's health insurance	56,700	55,188	(1,512)
Employer's dental and vision insurance	4,100	5,827	1,727
Social Security match	18,100	19,443	1,343
Medicare match	4,200	4,547	347
Life insurance premiums	460	633	173
Total fringe benefits	<u>108,560</u>	<u>111,401</u>	<u>2,841</u>
Contractual services			
Maintenance - buildings	-	1,560	1,560
Maintenance - vehicles	-	168	168
Telephone	4,300	2,596	(1,704)
IDOT permit	-	230	230
Travel and training	3,000	3,073	73
Postage	1,000	198	(802)
Printing and publishing	6,000	5,228	(772)
Engineering services	75,000	-	(75,000)
Reimbursable building division	50,000	141,248	91,248
Other professional services	350,000	142,210	(207,790)
Dues and memberships	3,000	580	(2,420)
Demolition	50,000	47,271	(2,729)
Fasttrack demolition	35,000	-	(35,000)
Pest control	-	756	756
Total contractual services	<u>577,300</u>	<u>345,118</u>	<u>(232,182)</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
ECONOMIC DEVELOPMENT DEPARTMENT (Continued)			
Building division (Continued)			
Commodities			
Office supplies	\$ 6,000	\$ 3,110	\$ (2,890)
Gasoline and oil	2,000	2,998	998
Maintenance supplies	500	-	(500)
Operating supplies	1,000	442	(558)
Uniforms	500	-	(500)
Publications	1,000	-	(1,000)
Transfer to water fast track	75,000	-	(75,000)
Miscellaneous expenses	-	117	117
	<hr/>		
Total commodities	86,000	6,667	(79,333)
	<hr/>		
Total building division	1,075,260	791,986	(283,274)
	<hr/>		
Facilities management			
Salaries and wages			
Full-time salaries and wages	95,000	88,799	(6,201)
Overtime	-	4,765	4,765
	<hr/>		
Total salaries and wages	95,000	93,564	(1,436)
	<hr/>		
Fringe benefits			
IMRF match	8,100	7,471	(629)
Employer's health insurance	12,800	7,445	(5,355)
Employer's dental and vision insurance	800	724	(76)
Social Security match	5,900	5,767	(133)
Medicare match	1,400	1,276	(124)
Life insurance premiums	230	85	(145)
	<hr/>		
Total fringe benefits	29,230	22,768	(6,462)
	<hr/>		
Contractual services			
Maintenance - building	125,000	82,679	(42,321)
Maintenance - vehicle	5,000	105	(4,895)
Maintenance - equipment	12,000	9,477	(2,523)
Telephone	-	324	324
Travel and training	500	-	(500)
Postage	250	-	(250)
Printing and publishing	250	-	(250)
Engineering	2,000	-	(2,000)
Janitorial services	3,000	65,982	62,982
Other professional services	2,000	2,168	168
Dues and memberships	750	-	(750)
Pest control	1,200	20,580	19,380
	<hr/>		
Total contractual services	151,950	181,315	29,365
	<hr/>		
Commodities			
Office supplies	300	218	(82)
Gasoline and oil	500	-	(500)
Publications	200	-	(200)
Miscellaneous expense	250	66	(184)
	<hr/>		
Total commodities	1,250	284	(966)
	<hr/>		
Contingency	25,000	-	(25,000)
	<hr/>		
Total facilities management	302,430	297,931	(4,499)
	<hr/>		

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
ECONOMIC DEVELOPMENT DEPARTMENT (Continued)			
Planning division			
Salaries and wages			
Full-time salaries and wages	\$ 197,300	\$ 181,165	\$ (16,135)
Straight time	-	2	2
Overtime	-	611	611
Total salaries and wages	<u>197,300</u>	<u>181,778</u>	<u>(15,522)</u>
Fringe benefits			
IMRF match	17,900	14,390	(3,510)
Employer's health insurance	28,100	18,218	(9,882)
Employer's dental and vision insurance	2,100	1,669	(431)
Social Security match	12,200	10,392	(1,808)
Medicare match	3,900	2,430	(1,470)
Life insurance premiums	230	98	(132)
Total fringe benefits	<u>64,430</u>	<u>47,197</u>	<u>(17,233)</u>
Contractual services			
Telephone	1,200	475	(725)
Travel and training	3,000	2,113	(887)
Postage	500	93	(407)
Printing and publishing	-	562	562
Engineering services	100,000	5,162	(94,838)
Reimbursable planning expenses	75,000	122,131	47,131
Other professional services	15,000	11,012	(3,988)
Dues and memberships	2,000	1,994	(6)
Total contractual services	<u>196,700</u>	<u>143,542</u>	<u>(53,158)</u>
Commodities			
Office supplies	600	209	(391)
Gasoline and oil	1,200	-	(1,200)
Publications	1,000	-	(1,000)
Miscellaneous expenses	500	66	(434)
Total commodities	<u>3,300</u>	<u>275</u>	<u>(3,025)</u>
Total planning division	<u>461,730</u>	<u>372,792</u>	<u>(88,938)</u>
TOTAL ECONOMIC DEVELOPMENT DEPARTMENT	<u>\$ 1,839,420</u>	<u>\$ 1,462,709</u>	<u>\$ (376,711)</u>
Capital outlay			
Equipment - city clerk's office	\$ -	\$ 2,408	\$ 2,408
Equipment - comptroller	150,000	133,884	(16,116)
Equipment - information technology	36,000	27,629	(8,371)
Equipment - highways and streets	-	22,069	22,069
Vehicles - police department	28,000	54,550	26,550
Equipment - police department	12,000	26,415	14,415
Building improvements - economic development	185,000	178,267	(6,733)
Total capital outlay	<u>411,000</u>	<u>445,222</u>	<u>34,222</u>
Debt Service			
Principal			
Illinois Department of Revenue	211,200	211,200	-
Notes	21,448	97,554	76,106
Interest and fiscal charges	87,054	10,985	(76,069)
Total debt service	<u>319,702</u>	<u>319,739</u>	<u>37</u>
TOTAL EXPENDITURES	<u>\$ 24,628,393</u>	<u>\$ 24,302,451</u>	<u>\$ (325,406)</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DOWNTOWN TAX INCREMENT FINANCING REDEVELOPMENT
 PROJECT AREA DEBT SERIES 2014A FUND

For the Year Ended April 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over (Under)</u>
REVENUES			
Taxes			
Property taxes	\$ 1,689,144	\$ 1,783,319	\$ 94,175
Investment income	2,000	70,023	68,023
	<hr/>	<hr/>	<hr/>
Total revenues	1,691,144	1,853,342	162,198
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Debt service			
Principal	805,000	805,000	-
Interest and fiscal charges	175,100	162,999	12,101
	<hr/>	<hr/>	<hr/>
Total expenditures	980,100	967,999	12,101
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 711,044</u>	<u>885,343</u>	<u>\$ 150,097</u>
FUND BALANCE, MAY 1		2,659,706	
Prior period adjustment		<u>(970,194)</u>	
FUND BALANCE, MAY 1 (RESTATED)		<u>1,689,512</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 2,574,855</u></u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund - to account for the street maintenance and improvement projects financed by the City's share of gasoline taxes. All projects require advance approval of the Illinois Department of Transportation.

Community Development Block Grant Fund - to account for the restricted proceeds of the Housing and Urban Development grants.

Federal Forfeited Property (DEA) Fund - to account for the proceeds related to federal seizure activities.

E911 Emergency Fund - to account for the proceeds related to telephone surcharges restricted to dispatching services.

Delta Institute Emerald Ash Borer Grant Fund - to account for the proceeds of grants for the control of the EAB.

Seized Drug Money (State) Fund - to account for the proceeds related to state seizure activities.

DCEO Infrastructure Fund - to account for the proceeds of DCEO grants and related activities funded by these proceeds.

Grant Place Fund - to account for property owned by the City purchased with restricted funds.

Grant Place Operating - to account for the operations of Grant place and related activities funded by these proceeds.

Sheridan Crossing Tax Increment Financing Redevelopment Project Area - to account for the purchase and sale of the property acquired for redevelopment.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Improvement Fund - to account for the construction costs of various nonwater related capital projects. Financing is provided by developers' contributions, state and federal grants, and transfers from the General Fund.

Downtown Tax Increment Financing Redevelopment Project Area Fund - to account for the construction costs of various properties in redevelopment projects. Financing is provided chiefly from taxes and miscellaneous revenues.

Skokie Highway Tax Increment Financing III Fund - to account for the proceeds of specific tax allocations to finance the redevelopment of this areas.

NONMAJOR DEBT SERVICE FUNDS

Downtown Tax Increment Financing Redevelopment Project Area Debt Service 2007A Fund - to account for the collection of taxes and payment of debt service of this issue.

Downtown Tax Increment Financing Redevelopment Project Area Debt Service 2007B Fund - to account for the collection of taxes and payment of debt service of this issue.

Grant Place Retail Center Debt Service 2007C Fund - to account for the collection of taxes and payment of debt service of this issue.

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2019

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 2,126,826	\$ 902,829	\$ 244,729	\$ 3,274,384
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	83,378	1,374,092	1,457,470
Intergovernmental	186,156	-	-	186,156
Due from other funds	368,179	500,000	-	868,179
Prepaid items	828	-	-	828
Property held for resale	4,520,072	131,368	-	4,651,440
TOTAL ASSETS	<u>\$ 7,202,061</u>	<u>\$ 1,617,575</u>	<u>\$ 1,618,821</u>	<u>\$ 10,438,457</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 119,236	\$ 17,558	\$ -	\$ 136,794
Other liabilities	2,445	-	-	2,445
Unearned revenue	25,000	-	-	25,000
Due to other funds	363,276	4,903	-	368,179
Total liabilities	<u>509,957</u>	<u>22,461</u>	<u>-</u>	<u>532,418</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	83,378	1,374,092	1,457,470
Total deferred inflows of resources	<u>-</u>	<u>83,378</u>	<u>1,374,092</u>	<u>1,457,470</u>
Total liabilities and deferred inflows of resources	<u>509,957</u>	<u>105,839</u>	<u>1,374,092</u>	<u>1,989,888</u>
FUND BALANCES				
Nonspendable in form				
Prepaid items	828	-	-	828
Restricted for special revenue funds				
Highways and streets	904,862	-	-	904,862
Economic development	5,406,859	1,466,493	-	6,873,352
Public safety	785,356	-	-	785,356
Restricted for debt service	-	-	244,729	244,729
Restricted for capital projects	-	45,243	-	45,243
Unrestricted				
Unassigned (deficit)	(405,801)	-	-	(405,801)
Total fund balances	<u>6,692,104</u>	<u>1,511,736</u>	<u>244,729</u>	<u>8,448,569</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,202,061</u>	<u>\$ 1,617,575</u>	<u>\$ 1,618,821</u>	<u>\$ 10,438,457</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2019

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Taxes	\$ 230,351	\$ 76,576	\$ 1,328,577	\$ 1,635,504
Intergovernmental	836,308	-	-	836,308
Grants	83,811	-	-	83,811
Investment income	12,885	11,213	3,217	27,315
Miscellaneous	274,831	-	-	274,831
Total revenues	1,438,186	87,789	1,331,794	2,857,769
EXPENDITURES				
Current				
Highways and streets	2,023,432	-	-	2,023,432
Public safety	43,687	-	-	43,687
Economic development	355,420	66,156	-	421,576
Capital outlay	21,981	-	-	21,981
Debt service				
Principal retirement	-	-	670,000	670,000
Interest and other charges	-	-	645,359	645,359
Total expenditures	2,444,520	66,156	1,315,359	3,826,035
NET CHANGE IN FUND BALANCES	(1,006,334)	21,633	16,435	(968,266)
FUND BALANCES, MAY 1	9,530,926	1,531,751	911,529	11,974,206
Prior period adjustment	(1,832,488)	(41,648)	(683,235)	(2,557,371)
FUNDA BALANCE, MAY 1 (RESTATEd)	7,698,438	1,490,103	228,294	9,416,835
FUND BALANCES, APRIL 30	\$ 6,692,104	\$ 1,511,736	\$ 244,729	\$ 8,448,569

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2019

	Motor Fuel Tax	Community Development Block Grant	Federal Forfeited Property (DEA)	E911 Emergency
ASSETS				
Cash and investments	\$ 896,626	\$ 332,574	\$ 136,049	\$ 504,219
Intergovernmental receivable	81,309	-	-	104,847
Prepaid items	-	-	-	828
Due from other funds	4,903	-	-	-
Property held for resale	-	20,072	-	-
TOTAL ASSETS	\$ 982,838	\$ 352,646	\$ 136,049	\$ 609,894
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 78,257	\$ -	\$ -	\$ 899
Other liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	78,257	-	-	899
DEFERRED INFLOWS				
None	-	-	-	-
Total liabilities and deferred inflows of resources	78,257	-	-	899
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	-	828
Restricted				
Highways and streets	904,581	-	-	-
Economic development	-	352,646	-	-
Public safety	-	-	136,049	608,167
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	904,581	352,646	136,049	608,995
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 982,838	\$ 352,646	\$ 136,049	\$ 609,894

Delta Institute Emerald Ash Borer Grant	Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area	Total
\$ 228	\$ 41,140	\$ 25,053	\$ 190,937	\$ -	\$ -	\$ 2,126,826
-	-	-	-	-	-	186,156
-	-	-	-	-	-	828
-	-	-	363,276	-	-	368,179
-	-	-	1,200,000	-	3,300,000	4,520,072
\$ 228	\$ 41,140	\$ 25,053	\$ 1,754,213	\$ -	\$ 3,300,000	\$ 7,202,061
\$ -	\$ -	\$ -	\$ -	\$ 7,210	\$ 32,870	\$ 119,236
-	-	-	-	2,445	-	2,445
-	-	25,000	-	-	-	25,000
-	-	-	-	15,484	347,792	363,276
-	-	25,000	-	25,139	380,662	509,957
-	-	-	-	-	-	-
-	-	25,000	-	25,139	380,662	509,957
-	-	-	-	-	-	828
228		53				904,862
	41,140		1,754,213		3,300,000	5,406,859
-	-	-	-	(25,139)	(380,662)	(405,801)
228	41,140	53	1,754,213	(25,139)	2,919,338	6,692,104
\$ 228	\$ 41,140	\$ 25,053	\$ 1,754,213	\$ -	\$ 3,300,000	\$ 7,202,061

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended April 30, 2019

	Motor Fuel Tax		Community Development Block Grant	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes - other	\$ -	\$ -	\$ -	\$ -
Intergovernmental	800,000	826,877	-	-
Grants	15,000	31,545	221,750	52,266
Interest	775	4,065	75	346
Miscellaneous	-	-	-	38,004
	<hr/>			
Total revenues	815,775	862,487	221,825	90,616
	<hr/>			
EXPENDITURES				
Current				
Highways and streets	2,426,000	2,023,432	-	-
Public safety	-	-	-	-
Economic development	-	-	-	85,929
Capital outlay	-	-	-	-
	<hr/>			
Total expenditures	2,426,000	2,023,432	-	85,929
	<hr/>			
NET CHANGE IN FUND BALANCES	<u>\$ (1,610,225)</u>	<u>(1,160,945)</u>	<u>\$ 221,825</u>	<u>4,687</u>
FUND BALANCES (DEFICITS), MAY 1		<u>2,065,526</u>		<u>347,959</u>
Prior period adjustment		-		-
FUND BALANCES, MAY 1 (RESTATED)		<u>2,065,526</u>		<u>347,959</u>
FUND BALANCES, APRIL 30		<u>\$ 904,581</u>		<u>\$ 352,646</u>

Federal Forfeited Property (DEA)		E911 Emergency	Delta Institute Emerald Ash Borer Grant		Seized Drug Money (State)	
Budget	Actual	Actual	Budget	Actual	Budget	Actual
\$ 136,000	\$ -	\$ 230,351	\$ -	\$ -	\$ -	\$ -
-	-	-	500	-	-	9,431
-	-	-	-	-	75,000	-
100	2	484	125	-	-	232
-	40,921	-	-	-	-	-
136,100	40,923	230,835	625	-	75,000	9,663
-	-	-	-	-	-	-
256,900	-	34,436	-	-	45,210	9,251
-	-	-	-	-	-	-
93,100	5,193	16,788	-	-	-	-
350,000	5,193	51,224	-	-	45,210	9,251
<u>\$ (213,900)</u>	35,730	179,611	<u>\$ 625</u>	-	<u>\$ 29,790</u>	412
	<u>100,319</u>	<u>429,384</u>		<u>228</u>		<u>40,728</u>
	-	-		-		-
	<u>100,319</u>	<u>429,384</u>		<u>228</u>		<u>40,728</u>
<u>\$ 136,049</u>	<u>\$ 608,995</u>		<u>\$ 228</u>		<u>\$ 41,140</u>	

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS

For the Year ended April 30, 2019

	DCEO Infrastructure		Grant Place	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes - other	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Grants	-	-	-	-
Interest	6,200	18	-	644
Miscellaneous	-	-	143,200	1,800
Total revenues	6,200	18	143,200	2,444
EXPENDITURES				
Current				
Highways and streets	-	-	-	-
Public safety	-	-	-	-
Economic development	2,500	-	191,500	-
Capital outlay	-	-	-	-
Total expenditures	2,500	-	191,500	-
NET CHANGE IN FUND BALANCES	<u>\$ 3,700</u>	18	<u>\$ (48,300)</u>	2,444
FUND BALANCES (DEFICITS), MAY 1		<u>35</u>		<u>1,751,769</u>
Prior period adjustment		-		-
FUND BALANCES, MAY 1 (RESTATED)		<u>35</u>		<u>1,751,769</u>
FUND BALANCES, APRIL 30		<u>\$ 53</u>		<u>\$ 1,754,213</u>

Sheridan Crossing TIF Redevelopment				
Grant Place Operating		Project Area	Library	Total
Budget	Actual	Actual	Actual	
\$ -	\$ -	\$ -	\$ -	\$ 230,351
-	-	-	-	836,308
-	-	-	-	83,811
-	6,172	922	-	12,885
-	194,106	-	-	274,831
-	200,278	922	-	1,438,186
-	-	-	-	2,023,432
-	-	-	-	43,687
-	193,790	75,701	-	355,420
-	-	-	-	21,981
-	193,790	75,701	-	2,444,520
<u>\$ -</u>	6,488	(74,779)	-	(1,006,334)
	(31,627)	2,994,117	1,832,488	9,530,926
	-	-	(1,832,488)	(1,832,488)
	(31,627)	2,994,117	-	7,698,438
<u>\$ (25,139)</u>	<u>\$ 2,919,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,692,104</u>

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

April 30, 2019

	Capital Improvement	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III Fund	Total
ASSETS				
Cash and investments	\$ 45,243	\$ 795,617	\$ 61,969	\$ 902,829
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	-	83,378	83,378
Due from other funds	-	500,000	-	500,000
Property held for resale	-	131,368	-	131,368
TOTAL ASSETS	\$ 45,243	\$ 1,426,985	\$ 145,347	\$ 1,617,575
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 17,558	\$ 17,558
Due to other funds	-	4,903	-	4,903
Total liabilities	-	4,903	17,558	22,461
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	83,378	83,378
Total deferred inflows of resources	-	-	83,378	83,378
Total liabilities and deferred inflows of resources	-	4,903	100,936	105,839
FUND BALANCES				
Restricted for economic development	-	1,422,082	44,411	1,466,493
Restricted for capital projects	45,243	-	-	45,243
Total fund balances	45,243	1,422,082	44,411	1,511,736
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 45,243	\$ 1,426,985	\$ 145,347	\$ 1,617,575

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended April 30, 2019

	Capital Improvement		Downtown TIF Redevelopment Project Area		Skokie Highway TIF III Fund	Total
	Budget	Actual	Budget	Actual	Actual	Actual
REVENUES						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 76,576	\$ 76,576
Investment income	6,000	33	-	11,135	45	11,213
Total revenues	6,000	33	-	11,135	76,621	87,789
EXPENDITURES						
Economic development						
Services and charges	-	-	1,050,000	6,043	60,113	66,156
Total expenditures	-	-	1,050,000	6,043	60,113	66,156
NET CHANGE IN FUND BALANCES	\$ 6,000	33	\$ (1,050,000)	5,092	16,508	21,633
FUND BALANCES, MAY 1		45,210		1,416,990	69,551	1,531,751
Prior period adjustment		-		-	(41,648)	(41,648)
FUND BALANCES, MAY 1 (RESTATED)		45,210		1,416,990	27,903	1,490,103
FUND BALANCES, APRIL 30		\$ 45,243		\$ 1,422,082	\$ 44,411	\$ 1,511,736

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS

April 30, 2019

	Downtown TIF Redevelopment Project Area Debt Service 2007A	Downtown TIF Redevelopment Project Area Debt Service 2007B	Grant Place Retail Center Debt Service 2007C	Total
ASSETS				
Cash and investments	\$ 21,119	\$ 21,762	\$ 201,848	\$ 244,729
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	285,022	207,111	881,959	1,374,092
TOTAL ASSETS	\$ 306,141	\$ 228,873	\$ 1,083,807	\$ 1,618,821
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	285,022	207,111	881,959	1,374,092
Total deferred inflows of resources	285,022	207,111	881,959	1,374,092
Total liabilities and deferred inflows of resources	285,022	207,111	881,959	1,374,092
FUND BALANCES				
Restricted for debt service	21,119	21,762	201,848	244,729
Total fund balances	21,119	21,762	201,848	244,729
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 306,141	\$ 228,873	\$ 1,083,807	\$ 1,618,821

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS

For the Year Ended April 30, 2019

	Downtown TIF Redevelopment Project Area Debt Service 2007A		Downtown TIF Redevelopment Project Area Debt Service 2007B		Grant Place Retail Center Debt Service 2007C		Total
	Budget	Actual	Budget	Actual	Budget	Actual	
	REVENUES						
Taxes							
Property taxes	\$ 273,710	\$ 270,679	\$ 207,111	\$ 204,852	\$ 862,916	\$ 853,046	\$ 1,328,577
Investment income	1,000	341	571	571	1,500	2,305	3,217
Total revenues	<u>274,710</u>	<u>271,020</u>	<u>207,682</u>	<u>205,423</u>	<u>864,416</u>	<u>855,351</u>	<u>1,331,794</u>
EXPENDITURES							
Debt service							
Principal retirement	220,000	220,000	-	-	450,000	450,000	670,000
Interest and fiscal charges	51,500	47,717	205,702	205,702	404,872	391,940	645,359
Total expenditures	<u>271,500</u>	<u>267,717</u>	<u>205,702</u>	<u>205,702</u>	<u>854,872</u>	<u>841,940</u>	<u>1,315,359</u>
NET CHANGE IN FUND BALANCES	<u>\$ 3,210</u>	<u>3,303</u>	<u>\$ 1,980</u>	<u>(279)</u>	<u>\$ 9,544</u>	<u>13,411</u>	<u>16,435</u>
FUND BALANCES, MAY 1		<u>156,986</u>		<u>127,349</u>		<u>627,194</u>	<u>911,529</u>
Prior period adjustment		(139,170)		(105,308)		(438,757)	(683,235)
FUND BALANCES, MAY 1 (RESTATED)		<u>17,816</u>		<u>22,041</u>		<u>188,437</u>	<u>228,294</u>
FUND BALANCES, APRIL 30		<u>\$ 21,119</u>		<u>\$ 21,762</u>		<u>\$ 201,848</u>	<u>\$ 244,729</u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

Water, Sewer, and Refuse Fund - to account for the provision of water, sewer and refuse services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collection.

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER, SEWER, AND REFUSE FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Water and sewer	\$ 7,130,500	\$ 7,536,078
Refuse	750,000	799,858
Miscellaneous	10,000	71,794
	<hr/>	<hr/>
Total operating revenues	7,890,500	8,407,730
	<hr/>	<hr/>
OPERATING EXPENSES		
Operations		
Water and sewer	8,568,700	4,333,581
Refuse	750,000	800,255
Depreciation	-	655,886
	<hr/>	<hr/>
Total operating expenses	9,318,700	5,789,722
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(1,428,200)	2,618,008
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	-	276,008
Investment income	40,000	122,914
Principal retirement	(131,025)	-
Interest expense and fiscal charges	(205,476)	(60,884)
	<hr/>	<hr/>
Total non-operating revenues (expenses)	(296,501)	338,038
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(1,724,701)	2,956,046
	<hr/>	<hr/>
TRANSFERS (OUT)	(3,100,000)	(3,100,000)
	<hr/>	<hr/>
CHANGE IN NET POSITION	<u>\$ (4,824,701)</u>	<u>\$ (143,954)</u>
NET POSITION, MAY 1		\$ 20,706,970
Change in accounting principle/prior period adjustment		<hr/> <u>(4,462,896)</u>
NET POSITION, MAY 1 (RESTATED)		<hr/> 16,244,074
NET POSITION, APRIL 30		<hr/> <u><u>\$ 16,100,120</u></u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF OPERATING REVENUES
BUDGET AND ACTUAL
WATER, SEWER, AND REFUSE FUND**

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
OPERATING REVENUES			
Charges for sales and services			
Water and sewer			
Industrial water	\$ 1,850,000	\$ 1,883,667	\$ 33,667
Abbott park water	750,000	821,773	71,773
Abbott raw water	700,000	690,923	(9,077)
Residential water	1,325,000	1,401,236	76,236
Commercial water	400,000	333,149	(66,851)
Meter sales	20,000	19,466	(534)
Tap-on fees	45,000	11,138	(33,862)
Water base fees	670,000	697,794	27,794
Service restoration fees	18,000	16,137	(1,863)
Water penalty and late fees	50,000	56,106	6,106
Raw water equipment	23,000	23,807	807
Sewer usage - residential	450,000	575,993	125,993
Sewer usage - industrial	615,000	769,817	154,817
Sewer usage - commercial	105,000	116,997	11,997
Sewer base fees	93,500	98,271	4,771
Sewer penalty and late fees	16,000	19,804	3,804
 Total water and sewer	 7,130,500	 7,536,078	 405,578
 Refuse hauling	 750,000	 799,858	 49,858
 Total charges for sales and services	 7,880,500	 8,335,936	 455,436
 MISCELLANEOUS	 10,000	 71,794	 61,794
 TOTAL OPERATING REVENUES	 \$ 7,890,500	 \$ 8,407,730	 \$ 517,230

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
WATER, SEWER, AND REFUSE FUND

For the Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
OPERATING EXPENSES			
Water and sewer operations			
Salaries and wages			
Full-time salaries and wages	\$ 1,240,700	\$ 1,051,221	\$ (189,479)
Overtime allowances	197,000	180,923	(16,077)
Total salaries and wages	<u>1,437,700</u>	<u>1,232,144</u>	<u>(205,556)</u>
Fringe benefits			
IMRF	105,300	125,549	20,249
Employer's health insurance	202,800	140,936	(61,864)
Employer's dental and vision insurance	19,900	12,283	(7,617)
Social Security match	76,700	73,983	(2,717)
Medicare match	18,000	19,238	1,238
OPEB expense	-	19,779	19,779
Life insurance premiums	2,050	1,312	(738)
Total fringe benefits	<u>424,750</u>	<u>393,080</u>	<u>(31,670)</u>
Contractual serices			
Maintenance - buildings	70,000	34,526	(35,474)
Maintenance - vehicles	43,000	19,566	(23,434)
Maintenance - equipment	258,500	202,747	(55,753)
Maintenance - grounds	2,500	180	(2,320)
Maintenance - utility system	405,000	346,611	(58,389)
Other maintenance	5,000	2,272	(2,728)
Telephone	10,000	9,303	(697)
Utilities	676,000	614,341	(61,659)
Rentals	2,000	3,272	1,272
Travel and training	7,000	1,816	(5,184)
Postage	15,000	15,402	402
Printing and publishing	5,500	5,358	(142)
Janitorial	-	11,050	11,050
Engineering services	590,000	745,447	155,447
Other professional services	130,000	126,222	(3,778)
Dues and memberships	1,500	626	(874)
Bank service charges	-	8,285	8,285
Sludge treatment	30,000	372	(29,628)
Intake inspection	92,000	376,865	284,865
Total contractual services	<u>2,343,000</u>	<u>2,524,261</u>	<u>181,261</u>
Commodities			
Office supplies	1,250	798	(452)
Gasoline and oil	55,000	33,026	(21,974)
Maintenance supplies	205,000	90,168	(114,832)
Operating supplies	190,000	62,064	(127,936)
Uniforms	22,000	16,762	(5,238)
Miscellaneous expenses	5,000	81	(4,919)
Total commodities	<u>478,250</u>	<u>202,899</u>	<u>(275,351)</u>

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENSES
BUDGET AND ACTUAL (Continued)
WATER, SEWER, AND REFUSE FUND

For the Year Ended April 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over (Under)</u>
CAPITAL OUTLAY			
Water and sewer			
Other improvements	\$ 3,135,000	\$ 969,168	\$ (2,165,832)
Contractual services	285,000	64,207	(220,793)
Vehicles	-	18,945	18,945
Equipment	90,000	9,499	(80,501)
Water meters	125,000	36,961	(88,039)
Construction projects	250,000	345,229	95,229
	<hr/>	<hr/>	<hr/>
Total capital outlay	3,885,000	1,444,009	(2,440,991)
	<hr/>	<hr/>	<hr/>
LESS CAPITALIZED ASSETS	-	(1,462,812)	(1,462,812)
	<hr/>	<hr/>	<hr/>
Total water and sewer operations	8,568,700	4,333,581	(4,235,119)
	<hr/>	<hr/>	<hr/>
Refuse collection	750,000	800,255	50,255
	<hr/>	<hr/>	<hr/>
DEPRECIATION	-	655,886	655,886
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	<u>\$ 9,318,700</u>	<u>\$ 5,789,722</u>	<u>\$ (3,528,978)</u>

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

Dental and Vision Fund - to account for the costs of providing dental and vision insurance to the City's employees.

Retiree's Premium Fund - to account for the costs of the former employees' health insurance.

CITY OF NORTH CHICAGO, ILLINOIS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

April 30, 2019

	Dental and Vision	Retiree's Premium	Total
CURRENT ASSETS			
Cash and investments	\$ 133,709	\$ 51,773	\$ 185,482
Other receivables	10,758	1,261	12,019
Total current assets	144,467	53,034	197,501
Total assets	144,467	53,034	197,501
CURRENT LIABILITIES			
Accounts payable	12,465	56,734	69,199
Total current liabilities	12,465	56,734	69,199
Total liabilities	12,465	56,734	69,199
NET POSITION			
Unrestricted	132,002	(3,700)	128,302
TOTAL NET POSITION (DEFICIT)	\$ 132,002	\$ (3,700)	\$ 128,302

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

For the Year Ended April 30, 2019

	Dental and Vision	Retiree's Premium	Total
OPERATING REVENUES			
Charges for sales and services	\$ 68,430	\$ 155,766	\$ 224,196
OPERATING EXPENSES			
Premiums and claim payments	71,978	159,510	231,488
OPERATING INCOME (LOSS)	(3,548)	(3,744)	(7,292)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	136	44	180
Total non-operating revenues (expenses)	136	44	180
CHANGE IN NET POSITION	(3,412)	(3,700)	(7,112)
NET POSITION, MAY 1	135,414	-	135,414
NET POSITION (DEFICIT), APRIL 30	\$ 132,002	\$ (3,700)	\$ 128,302

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2019

	<u>Dental and Vision</u>	<u>Retiree's Premium</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from internal services transactions	\$ 68,430	\$ 154,505	\$ 222,935
Payments to suppliers	(82,294)	(105,428)	(187,722)
Net cash from operating activities	<u>(13,864)</u>	<u>49,077</u>	<u>35,213</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowing	<u>10,950</u>	<u>(20,000)</u>	<u>(9,050)</u>
Net cash from noncapital financing activities	<u>10,950</u>	<u>(20,000)</u>	<u>(9,050)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>136</u>	<u>44</u>	<u>180</u>
Net cash from investing activities	<u>136</u>	<u>44</u>	<u>180</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,778)	29,121	26,343
CASH AND CASH EQUIVALENTS, MAY 1	<u>136,487</u>	<u>22,652</u>	<u>159,139</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 133,709</u>	<u>\$ 51,773</u>	<u>\$ 185,482</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (3,548)	\$ (3,744)	\$ (7,292)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Changes in assets and liabilities			
Receivables	-	(1,261)	(1,261)
Prepaid expenses	-	12,149	12,149
Estimated claims liability	(10,994)	-	(10,994)
Accounts payable	678	41,933	42,611
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (13,864)</u>	<u>\$ 49,077</u>	<u>\$ 35,213</u>
CASH AND INVESTMENTS			
Cash and cash equivalents	<u>\$ 133,709</u>	<u>\$ 51,773</u>	<u>\$ 185,482</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 133,709</u>	<u>\$ 51,773</u>	<u>\$ 185,482</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

Police Pension Trust Fund - to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law, by a special tax levy, and by allocation of personal property replacement tax. Total taxes to be levied are determined by annual actuarial study.

Firefighters' Pension Trust Fund - to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law, by a special tax levy, and by allocation of personal property replacement tax. Total taxes to be levied are determined by annual actuarial study.

CITY OF NORTH CHICAGO, ILLINOIS

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

April 30, 2019

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 644,689	\$ 1,253,482	\$ 1,898,171
Investments, at fair value			
U.S. agency securities	-	167,219	167,219
U.S. Treasuries	1,530,601	-	1,530,601
Corporate bonds	-	3,398,585	3,398,585
Insurance contracts	2,829,659	-	2,829,659
Equity securities	3,830,076	2,898,183	6,728,259
Mutual funds	6,873,611	2,915,452	9,789,063
Receivables			
Accrued interest	31,494	302	31,796
Prepaid items	-	715	715
Total assets	15,740,130	10,633,938	26,374,068
LIABILITIES			
Accounts payable	3,940	7,269	11,209
Due to municipality	-	20,857	20,857
Total liabilities	3,940	28,126	32,066
NET POSITION RESTRICTED FOR PENSIONS	\$ 15,736,190	\$ 10,605,812	\$ 26,342,002

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

For the Year Ended April 30, 2019

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 2,074,877	\$ 1,401,723	\$ 3,476,600
Plan members	380,089	258,049	638,138
Total contributions	<u>2,454,966</u>	<u>1,659,772</u>	<u>4,114,738</u>
Investment income			
Net appreciation in fair value of investments	695,116	837,683	1,532,799
Interest and dividends	<u>423,617</u>	<u>119,484</u>	<u>543,101</u>
Total investment income	1,118,733	957,167	2,075,900
Less investment expense	<u>(109,546)</u>	<u>(33,992)</u>	<u>(143,538)</u>
Net investment income	<u>1,009,187</u>	<u>923,175</u>	<u>1,932,362</u>
Total additions	<u>3,464,153</u>	<u>2,582,947</u>	<u>6,047,100</u>
DEDUCTIONS			
Benefits and refunds	2,793,059	1,487,888	4,280,947
Administration	<u>57,945</u>	<u>56,029</u>	<u>113,974</u>
Total deductions	<u>2,851,004</u>	<u>1,543,917</u>	<u>4,394,921</u>
NET INCREASE	613,149	1,039,030	1,652,179
NET POSITION RESTRICTED FOR PENSIONS			
May 1	<u>15,123,041</u>	<u>9,566,782</u>	<u>24,689,823</u>
April 30	<u>\$ 15,736,190</u>	<u>\$ 10,605,812</u>	<u>\$ 26,342,002</u>

(See independent auditor's report.)

COMPONENT UNIT - PUBLIC LIBRARY

**CITY OF NORTH CHICAGO LIBRARY COMPONENT UNIT
NORTH CHICAGO, ILLINOIS**

BALANCE SHEET/STATEMENT OF NET POSITION

April 30, 2019

	<u>Operating</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and investments	\$ 1,481,290	\$ -	\$ 1,481,290
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	764,390	-	764,390
Intergovernmental	31,928	-	31,928
Capital assets not being depreciated	-	71,966	71,966
Capital assets net of accumulated depreciation	-	548,232	548,232
Total assets	<u>2,277,608</u>	<u>620,198</u>	<u>2,897,806</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	-	155,699	155,699
Pension items - OPEB	-	18,500	18,500
Total deferred outflows of resources	<u>-</u>	<u>174,199</u>	<u>174,199</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,277,608</u>	<u>\$ 794,397</u>	<u>\$ 3,072,005</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 37,941	\$ -	\$ 37,941
Accrued payroll	15,541	-	15,541
Total current liabilities	<u>53,482</u>	<u>-</u>	<u>53,482</u>
NONCURRENT LIABILITIES			
Due within one year	-	49,104	49,104
Due in more than one year	-	492,561	492,561
Total noncurrent liabilities	<u>-</u>	<u>541,665</u>	<u>541,665</u>
Total liabilities	<u>53,482</u>	<u>541,665</u>	<u>595,147</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	764,390	-	764,390
Pension items - IMRF	-	18,159	18,159
OPEB items	-	3,944	3,944
Total deferred inflows of resources	<u>764,390</u>	<u>22,103</u>	<u>786,493</u>
Total liabilities and deferred inflows of resources	<u>817,872</u>	<u>563,768</u>	<u>1,381,640</u>
FUND BALANCE/NET POSITION			
Net investment in capital assets	-	356,113	356,113
Unassigned/unrestricted	1,459,736	(125,484)	1,334,252
Total fund balance/net position	<u>1,459,736</u>	<u>230,629</u>	<u>1,690,365</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION	<u>\$ 2,277,608</u>	<u>\$ 794,397</u>	<u>\$ 3,072,005</u>

(See independent auditor's report.)

**CITY OF NORTH CHICAGO LIBRARY COMPONENT UNIT
NORTH CHICAGO, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND**

For the Year Ended April 30, 2019

	Operating	Adjustments	Statement of Activities
REVENUES			
Taxes	\$ 756,064	\$ -	\$ 756,064
Grants	110,190	-	110,190
Fines and forfeits	16,305	-	16,305
Investment income	1,428	-	1,428
Miscellaneous	10,631	-	10,631
Total revenues	<u>894,618</u>	<u>-</u>	<u>894,618</u>
EXPENDITURES			
Current			
Culture and recreation	822,379	210,601	1,032,980
Capital outlay	3,031	(3,031)	-
Debt service			
Principal retirement	42,636	(42,636)	-
Interest and fiscal charges	10,662	-	10,662
Total expenditures	<u>878,708</u>	<u>164,934</u>	<u>1,043,642</u>
CHANGE IN FUND BALANCE/NET POSITION	15,910	(164,934)	(149,024)
FUND BALANCE/NET POSITION, MAY 1	<u>1,832,488</u>	<u>-</u>	<u>1,832,488</u>
Prior period adjustment	(388,662)	395,563	6,901
FUND BALANCE/NET POSITION, MAY 1 (RESTATED)	<u>1,443,826</u>	<u>395,563</u>	<u>1,839,389</u>
FUND BALANCE/NET POSITION, APRIL 30	<u><u>\$ 1,459,736</u></u>	<u><u>\$ 230,629</u></u>	<u><u>\$ 1,690,365</u></u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY OPERATING FUND**

For the Year Ended April 30, 2019

	Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 764,392	\$ 756,064	\$ (8,328)
Grants	30,000	110,190	80,190
Fines and fees	12,700	16,305	3,605
Investment income	250	1,428	1,178
Miscellaneous	11,500	10,631	(869)
	<hr/>	<hr/>	<hr/>
Total revenues	818,842	894,618	75,776
EXPENDITURES			
Culture and recreation			
Personnel	520,569	515,596	(4,973)
Services and charges	307,108	259,453	(47,655)
Supplies and materials	46,400	47,330	930
Capital outlay	15,000	3,031	(11,969)
Debt service			
Principal	-	42,636	42,636
Interest	-	10,662	10,662
	<hr/>	<hr/>	<hr/>
Total expenditures	889,077	878,708	(10,369)
NET CHANGE IN FUND BALANCE	\$ (70,235)	15,910	\$ 86,145
FUND BALANCE, MAY 1		1,832,488	
Prior period adjustment		<hr/> (388,662)	
FUND BALANCE, MAY 1 (RESTATED)		<hr/> 1,443,826	
FUND BALANCE, APRIL 30		<hr/> \$ 1,459,736 <hr/>	

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS SERIES 2007A**

April 30, 2019

Date May 9, 2007
 Issuance \$2,475,000
 Due November 1, as set forth below
 Paying Agent Amalgamated Bank of Chicago
 Chicago, Illinois
 Interest Dates May 1 and November 1

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2020	4.00%	\$ 240,000	\$ 42,200	\$ 282,200
2021	4.00%	255,000	32,600	287,600
2022	4.00%	270,000	22,400	292,400
2023	4.00%	290,000	11,600	301,600
		<u>\$ 1,055,000</u>	<u>\$ 108,800</u>	<u>\$ 1,163,800</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS SERIES 2007B**

April 30, 2019

Date May 9, 2007
 Issuance \$4,740,000
 Due November 1, as set forth below
 Paying Agent Amalgamated Bank of Chicago
 Chicago, Illinois
 Interest Dates May 1 and November 1

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2020	4.30%	\$ -	\$ 205,060	\$ 205,060
2021	4.30%	-	205,060	205,060
2022	4.30%	-	205,060	205,060
2023	4.30%	-	205,060	205,060
2024	4.30%	-	205,060	205,060
2025	4.30%	-	205,060	205,060
2026	4.30%	-	205,060	205,060
2027	4.30%	-	205,060	205,060
2028	4.30%	-	205,060	205,060
2029	4.30%	415,000	205,060	620,060
2030	4.30%	435,000	187,215	622,215
2031	4.30%	450,000	168,510	618,510
2032	4.30%	470,000	149,160	619,160
2033	4.30%	490,000	128,950	618,950
2034	4.35%	510,000	107,880	617,880
2035	4.35%	535,000	85,695	620,695
2036	4.35%	555,000	62,423	617,423
2037	4.35%	580,000	38,280	618,280
2038	4.35%	300,000	6,525	306,525
		<u>\$ 4,740,000</u>	<u>\$ 2,985,238</u>	<u>\$ 7,725,238</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS SERIES 2007C**

April 30, 2019

Date August 15, 2007
 Issuance \$8,860,000
 Due November 1, as set forth below
 Paying Agent Amalgamated Bank of Chicago
 Chicago, Illinois
 Interest Dates May 1 and November 1

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2020	5.81%	\$ 495,000	\$ 363,847	\$ 858,847
2021	5.81%	550,000	333,490	883,490
2022	5.81%	600,000	300,083	900,083
2023	6.01%	660,000	263,480	923,480
2024	6.01%	720,000	222,671	942,671
2025	6.01%	765,000	178,046	943,046
2026	6.01%	810,000	130,718	940,718
2027	6.01%	860,000	80,534	940,534
2028	6.01%	910,000	27,346	937,346
		<u>\$ 6,370,000</u>	<u>\$ 1,900,215</u>	<u>\$ 8,270,215</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS SERIES 2014A REFUNDING**

April 30, 2019

Date February 4, 2015
 Issuance \$6,010,000
 Due November 1, as set forth below
 Paying Agent Amalgamated Bank of Chicago
 Chicago, Illinois
 Interest Dates May 1 and November 1

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2020	4.00%	\$ 845,000	\$ 133,300	\$ 978,300
2021	4.00%	905,000	98,300	1,003,300
2022	4.00%	970,000	60,800	1,030,800
2023	4.00%	1,035,000	20,700	1,055,700
		<u>\$ 3,755,000</u>	<u>\$ 313,100</u>	<u>\$ 4,068,100</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS SERIES 2014B REFUNDING**

April 30, 2019

Date February 4, 2015
 Issuance \$2,275,000
 Due November 1, as set forth below
 Paying Agent Amalgamated Bank of Chicago
 Chicago, Illinois
 Interest Dates May 1 and November 1

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2020	4.00%	\$ 215,000	\$ 62,700	\$ 277,700
2021	4.00%	220,000	54,000	274,000
2022	4.00%	230,000	45,000	275,000
2023	4.00%	240,000	35,600	275,600
2024	4.00%	245,000	25,900	270,900
2025	4.00%	260,000	15,800	275,800
2026	4.00%	265,000	5,300	270,300
		<u>\$ 1,675,000</u>	<u>\$ 244,300</u>	<u>\$ 1,919,300</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR-END FINANCIAL REPORT**

April 30, 2019

CSFA Number	Program Name	State	Federal	Other	Total
494-00-1488	Motor Fuel Tax Program	\$ 2,023,432	\$ -	\$ -	\$ 2,023,432
	COPS Grant	-	125,000	-	125,000
	Community Development Block Grant	-	85,929	-	85,929
	All other costs not allocated	-	-	28,403,976	28,403,976
	TOTALS	<u>\$ 2,023,432</u>	<u>\$ 210,929</u>	<u>\$ 28,403,976</u>	<u>\$ 30,638,337</u>

(See independent auditor's report.)

STATISTICAL SECTION

This part of the City of North Chicago, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	132-141
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax and property tax.	142-148
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	149-152
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	153-154
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	155-157

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NORTH CHICAGO, ILLINOIS

NET POSITION BY COMPONENTS

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 19,410,744	\$ 20,086,524	\$ 3,615,731	\$ 6,181,346
Restricted	2,416,335	3,730,443	3,555,856	5,051,306
Unrestricted	(11,743,961)	(13,022,922)	3,038,401	2,150,482
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,083,118	\$ 10,794,045	\$ 10,209,988	\$ 13,383,134
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 11,631,913	\$ 11,254,255	\$ 13,484,510	\$ 12,226,906
Restricted	-	-	-	-
Unrestricted	6,166,012	6,380,805	5,656,758	8,214,053
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 17,797,925	\$ 17,635,060	\$ 19,141,268	\$ 20,440,959
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 31,042,657	\$ 31,340,779	\$ 17,100,241	\$ 18,408,252
Restricted	2,416,335	3,730,443	3,555,856	5,051,306
Unrestricted	(5,577,949)	(6,642,117)	8,695,159	10,364,535
TOTAL PRIMARY GOVERNMENT	\$ 27,881,043	\$ 28,429,105	\$ 29,351,256	\$ 33,824,093

*The City implemented GASB Statement No. 68 for the fiscal year ended April 30, 2016.

Note: Prior to 2019, the Library Fund was reported as a special revenue fund. In 2019, it was reclassified to the discretely presented component unit.

Data Source

Audited Financial Statements

2014	2015	2016	2017	2018	2019
\$ 6,816,642	\$ 7,868,904	\$ 6,544,083	\$ 8,380,602	\$ 8,727,281	\$ 5,909,106
4,594,521	4,954,668	6,116,398	6,033,253	6,978,882	11,428,397
136,334	(1,256,326)	(74,216,807)	(82,091,504)	(86,289,249)	(101,800,854)
\$ 11,547,497	\$ 11,567,246	\$ (61,556,326)	\$ (67,677,649)	\$ (70,583,086)	\$ (84,463,351)
\$ 12,048,415	\$ 11,888,599	\$ 12,036,118	\$ 12,131,783	\$ 12,512,685	\$ 9,801,110
-	-	-	-	-	-
8,230,336	9,302,281	10,014,968	8,908,301	8,194,285	6,299,010
\$ 20,278,751	\$ 21,190,880	\$ 22,051,086	\$ 21,040,084	\$ 20,706,970	\$ 16,100,120
\$ 18,865,057	\$ 19,757,503	\$ 18,580,201	\$ 20,512,385	\$ 21,239,966	\$ 15,710,216
4,594,521	4,954,668	6,116,398	6,033,253	6,978,882	11,428,397
8,366,670	8,045,955	(64,201,839)	(73,183,203)	(78,094,964)	(95,501,844)
\$ 31,826,248	\$ 32,758,126	\$ (39,505,240)	\$ (46,637,565)	\$ (49,876,116)	\$ (68,363,231)

CITY OF NORTH CHICAGO, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
EXPENSES				
Governmental activities				
General government	\$ 5,886,965	\$ 6,837,152	\$ 7,853,980	\$ 6,042,400
Public safety	11,454,010	11,052,595	11,853,128	13,169,111
Community development	1,636,624	1,974,950	1,733,747	1,517,500
Highways and streets	3,185,172	1,834,341	2,162,532	2,126,584
Library	567,578	601,666	634,945	662,614
Impairment loss	-	-	-	-
Interest and fiscal charges	1,290,926	1,244,058	1,254,712	1,211,217
Total governmental activities expenses	<u>24,021,275</u>	<u>23,544,762</u>	<u>25,493,044</u>	<u>24,729,426</u>
Business-type activities				
Water (and sewer after 2016)	3,153,259	3,197,704	3,398,485	3,443,586
Sewer	919,384	1,041,603	679,652	879,259
Refuse	-	-	-	-
Total business-type activities expenses	<u>4,072,643</u>	<u>4,239,307</u>	<u>4,078,137</u>	<u>4,322,845</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 28,093,918</u>	<u>\$ 27,784,069</u>	<u>\$ 29,571,181</u>	<u>\$ 29,052,271</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 46,292	\$ 76,876	\$ 178,800	\$ 114,915
Public safety	1,168,565	1,637,118	1,620,709	1,605,225
Highways and streets	1,310,087	1,443,386	1,426,855	1,745,283
Community development	-	-	-	-
Library	15,866	17,285	17,012	16,518
Operating grants and contributions	1,335,586	1,798,064	1,461,651	1,335,854
Capital grants and contributions	852,342	684,311	1,385,751	80,251
Total governmental activities program revenues	<u>4,728,738</u>	<u>5,657,040</u>	<u>6,090,778</u>	<u>4,898,046</u>
Business-type activities				
Charges for services				
Water (and sewer after 2016)	4,988,466	5,012,600	5,685,403	6,204,814
Sewer	804,615	860,735	1,073,828	1,393,314
Refuse	-	-	-	-
Operating grants and contributions	438,214	-	-	-
Capital grants and contributions	-	-	814,000	-
Total business-type activities program revenues	<u>6,231,295</u>	<u>5,873,335</u>	<u>7,573,231</u>	<u>7,598,128</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 15,925,178</u>	<u>\$ 15,698,161</u>	<u>\$ 16,574,039</u>	<u>\$ 12,496,174</u>
NET REVENUE (EXPENSE)				
Governmental activities	\$ (19,292,537)	\$ (17,887,722)	\$ (19,402,266)	\$ (19,831,380)
Business-type activities	<u>2,158,652</u>	<u>1,634,028</u>	<u>3,495,094</u>	<u>3,275,283</u>
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	<u>\$ (17,133,885)</u>	<u>\$ (16,253,694)</u>	<u>\$ (15,907,172)</u>	<u>\$ (16,556,097)</u>

	2014	2015	2016	2017	2018	2019
\$	5,642,431	\$ 6,395,313	\$ 5,116,104	\$ 7,087,758	\$ 6,539,676	\$ 5,825,398
	17,022,325	15,493,995	19,625,348	20,183,200	19,586,574	14,125,587
	1,799,718	2,599,567	3,000,109	2,160,588	3,099,813	1,910,684
	2,103,334	1,954,431	2,546,397	2,524,547	2,744,620	2,166,676
	665,317	397,987	678,925	639,295	621,262	-
	-	-	-	2,693,946	-	-
	1,127,567	1,136,809	644,575	609,911	655,927	759,386
	28,360,692	27,978,102	31,611,458	35,899,245	33,247,872	24,787,731
	4,584,145	3,549,848	4,086,235	7,539,392	5,544,578	5,050,351
	1,130,798	984,619	854,720	-	-	-
	-	-	-	-	-	800,255
	5,714,943	4,534,467	4,940,955	7,539,392	5,544,578	5,850,606
\$	34,075,635	\$ 32,512,569	\$ 36,552,413	\$ 43,438,637	\$ 38,792,450	\$ 30,638,337
\$	111,866	\$ 112,534	\$ 41,047	\$ 30,498	\$ 42,173	\$ 995,944
	1,485,478	1,517,762	2,109,044	2,158,156	2,094,129	2,111,000
	1,683,894	1,794,897	1,934,579	1,197,193	911,408	402,919
	-	-	(210,181)	-	-	-
	15,979	16,312	16,496	17,353	13,723	-
	1,938,254	2,340,124	1,285,707	1,615,366	1,462,570	1,049,915
	27,701	-	-	-	-	-
	5,263,172	5,781,629	5,176,692	5,018,566	4,524,003	4,559,778
	6,131,562	6,021,491	5,840,810	7,924,602	7,496,557	7,536,078
	1,409,688	1,415,274	1,398,593	-	-	-
	-	-	-	-	-	799,858
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,541,250	7,436,765	7,239,403	7,924,602	7,496,557	8,335,936
\$	12,804,422	\$ 13,218,394	\$ 12,416,095	\$ 24,219,025	\$ 12,020,560	\$ 12,895,714
\$	(23,097,520)	\$ (22,196,473)	\$ (26,434,766)	\$ (30,880,679)	\$ (28,723,869)	\$ (20,227,953)
	1,826,307	2,902,298	2,298,448	385,210	1,951,979	2,485,330
\$	(21,271,213)	\$ (19,294,175)	\$ (24,136,318)	\$ (30,495,469)	\$ (26,771,890)	\$ (17,742,623)

CITY OF NORTH CHICAGO, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Property Taxes	\$ 6,550,547	\$ 6,430,936	\$ 8,921,309	\$ 7,778,521
Taxes-other	3,424,991	3,679,423	3,878,308	4,259,721
Intergovernmental	5,830,907	5,942,580	5,654,734	6,196,813
Miscellaneous	555,211	485,936	465,411	686,803
Interest	48,839	19,774	7,737	8,578
Sales tax reimbursement	-	-	-	2,991,204
Capital Contributions	10,500	40,000	-	-
Transfers	2,000,000	2,000,000	2,000,000	2,000,000
Total governmental activities	<u>18,420,995</u>	<u>18,598,649</u>	<u>20,927,499</u>	<u>23,921,640</u>
Business-Type Activities				
Property taxes	117,301	186,528	-	-
Investment earnings	10,960	8,052	7,244	5,143
Miscellaneous	7,458	8,527	3,870	19,265
Bond issuance costs	-	-	-	-
Transfers	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Total business-type activities	<u>(1,864,281)</u>	<u>(1,796,893)</u>	<u>(1,988,886)</u>	<u>(1,975,592)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 16,556,714</u>	<u>\$ 16,801,756</u>	<u>\$ 18,938,613</u>	<u>\$ 21,946,048</u>
CHANGE IN NET POSITION				
Governmental activities	\$ (871,542)	\$ 710,927	\$ 1,525,233	\$ 4,090,260
Business-type activities	294,371	(162,865)	1,506,208	1,299,691
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	<u>\$ (577,171)</u>	<u>\$ 548,062</u>	<u>\$ 3,031,441</u>	<u>\$ 5,389,951</u>

Note: Prior to 2019, the Library Fund was reported as a special revenue fund. In 2019, it was reclassified to the discretely presented component unit.

Data Source

Audited Financial Statements

	2014	2015	2016	2017	2018	2019
\$	8,671,902	\$ 9,110,723	\$ 9,762,334	\$ 10,335,395	\$ 10,539,522	\$ 9,861,893
	4,397,143	4,482,155	4,652,681	4,959,572	5,070,710	5,022,888
	6,077,423	6,150,307	5,876,487	5,628,698	6,842,086	6,810,039
	469,108	466,053	453,100	494,734	698,364	1,029,561
	4,902	5,815	14,747	13,531	29,750	127,478
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,000,000	2,001,169	2,000,000	2,175,000	2,638,000	3,100,000
	21,620,478	22,216,222	22,759,349	23,606,930	25,818,432	25,951,859
	-	30,721	120,371	232,498	281,751	276,008
	2,046	24,238	20,063	27,305	64,858	122,914
	9,439	12,943	218,156	56,417	6,298	71,794
	-	(56,902)	-	-	-	-
	(2,000,000)	(2,001,169)	(2,000,000)	(2,175,000)	(2,638,000)	(3,100,000)
	(1,988,515)	(1,990,169)	(1,641,410)	(1,858,780)	(2,285,093)	(2,629,284)
\$	19,631,963	\$ 20,226,053	\$ 21,117,939	\$ 21,748,150	\$ 23,533,339	\$ 23,322,575
\$	(1,477,042)	\$ 19,749	\$ (3,675,417)	\$ (7,273,749)	\$ (2,905,437)	\$ 5,723,906
	(162,208)	912,129	657,038	(1,473,570)	(333,114)	(143,954)
\$	(1,639,250)	\$ 931,878	\$ (3,018,379)	\$ 8,247,939	\$ (3,238,551)	\$ 5,579,952

CITY OF NORTH CHICAGO, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
GENERAL FUND				
Reserved	\$ 171,350	\$ 522,264	\$ -	\$ -
Unreserved	5,059,945	5,425,300	-	-
Nonspendable				
Prepaid items	-	-	650	34,167
Inventories	-	-	2,554	5,345
Property held for resale	-	-	-	152,000
Restricted	-	-	152,000	1,827,690
Unrestricted	-	-	-	-
Assigned for special uses	-	-	-	-
Unassigned	-	-	6,621,015	8,327,680
TOTAL GENERAL FUND	\$ 5,231,295	\$ 5,947,564	\$ 6,776,219	\$ 10,346,882
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 12,722,637	\$ 12,792,676	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	3,526,072	2,959,662	-	-
Capital project funds	30,477	-	-	-
Nonspendable in form				
Prepaid items	-	-	-	1,700
Property held for resale	-	-	6,172,085	-
Restricted for				
Highways and streets	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Debt service	-	-	1,763,849	1,273,292
Component unit	-	-	1,600,000	1,721,065
Special revenue funds	-	-	4,500,645	4,809,462
Capital project	-	-	1,896,707	1,820,423
Unrestricted				
Unassigned (deficit)	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 16,279,186	\$ 15,752,338	\$ 15,933,286	\$ 9,625,942

*The City implemented GASB Statement No. 54 in fiscal year 2012.

Note: Prior to 2019, the Library Fund was reported as a special revenue fund. In 2019, it was reclassified to the discretely presented component unit.

Data Source

Audited Financial Statements

	2014	2015	2016	2017	2018	2019
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	550,319	189,890	286,869	499,324	551,774	892,201
	6,406	6,406	4,000	4,000	4,000	4,000
	152,000	152,000	152,000	152,000	152,000	152,000
	1,616,490	1,405,290	1,194,090	982,890	-	-
	-	104,886	390,215	390,367	390,748	131,841
	9,305,554	9,947,646	10,356,531	10,566,507	11,376,119	8,980,388
	<u>\$ 11,630,769</u>	<u>\$ 11,806,118</u>	<u>\$ 12,383,705</u>	<u>\$ 12,595,088</u>	<u>\$ 12,474,641</u>	<u>\$ 10,160,430</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	828
	1,221,772	7,345,386	7,345,386	4,651,440	4,651,440	-
	-	-	-	-	2,065,526	904,862
	-	-	-	-	879,656	6,873,352
	-	-	-	-	570,431	785,356
	1,051,403	1,278,828	1,794,976	2,742,220	3,571,235	2,819,584
	5,117,430	5,053,157	5,834,159	5,079,411		
	1,590,865	1,593,525	1,523,658	1,325,693	1,400,646	45,243
	-	-	-	(267,235)	(337,510)	(405,801)
	<u>\$ 8,981,470</u>	<u>\$ 15,270,896</u>	<u>\$ 16,498,179</u>	<u>\$ 13,531,529</u>	<u>\$ 12,801,424</u>	<u>\$ 11,023,424</u>

CITY OF NORTH CHICAGO, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013
REVENUES				
Taxes	\$ 9,975,538	\$ 10,110,359	\$ 12,799,617	\$ 12,038,242
Licenses and permits	376,314	489,755	466,739	683,065
Intergovernmental	6,737,372	7,013,221	6,627,962	7,128,464
Charges for services	1,281,463	1,411,734	1,874,174	484,454
Fines and forfeitures	2,164,496	2,681,434	2,727,777	2,748,347
Investment income	48,631	19,658	7,655	8,506
Miscellaneous	555,211	485,936	484,576	686,803
Total revenues	21,139,025	22,212,097	24,988,500	23,777,881
EXPENDITURES				
General government	6,341,179	6,001,431	6,951,489	6,354,402
Highways and streets	2,707,852	1,752,429	1,605,216	1,556,594
Public safety	11,595,068	10,681,835	11,064,508	11,678,438
Economic development	1,636,624	1,974,950	1,733,747	1,517,500
Culture and recreation	484,173	512,389	537,604	561,438
Capital outlay	162,191	1,810,286	1,758,070	532,822
Debt service				
Principal	1,135,000	333,501	1,046,160	1,273,713
Interest	1,315,813	1,282,127	1,262,938	1,228,237
Loss impairment	-	-	-	-
Total expenditures	25,377,900	24,348,948	25,959,732	24,703,144
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,238,875)	(2,136,851)	(971,232)	(925,263)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,251,681	3,503,516	2,191,607	2,065,000
Transfers (out)	(251,681)	(1,503,516)	(191,607)	(65,000)
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Issuance of loans/notes	754,961	286,272	2,109,290	2,991,204
Payment to escrow	-	-	-	-
State sales tax refund	-	-	(2,109,290)	(917,114)
Capital contributions	10,500	40,000	(19,165)	286,578
Total other financing sources (uses)	2,765,461	2,326,272	1,980,835	4,360,668
NET CHANGE IN FUND BALANCES	\$ (1,473,414)	\$ 189,421	\$ 1,009,603	\$ 3,435,405
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	5.73%	5.34%	3.68%	3.34%

This table should be presented for ten years when implementing GASB S-44 as the data should be available

Note: Prior to 2019, the Library Fund was reported as a special revenue fund. In 2019, it was reclassified to the discretely presented component unit.

Data Source

Audited Financial Statements

	2014	2015	2016	2017	2018	2019
\$	13,069,045	\$ 13,592,878	\$ 14,415,015	\$ 15,294,967	\$ 15,610,232	\$ 14,884,782
	603,242	601,273	811,788	880,057	674,048	906,049
	7,144,584	7,267,152	6,709,694	6,454,335	8,304,656	7,730,158
	898,794	1,223,279	242,319	789,729	1,771,125	129,796
	2,646,145	2,812,058	3,284,099	2,547,090	644,031	2,379,620
	4,833	5,683	14,561	13,477	29,699	127,298
	492,608	424,754	548,214	529,611	698,364	1,029,558
	24,859,251	25,927,077	26,025,690	26,509,266	27,732,155	27,187,261
	6,364,381	6,033,470	4,896,536	6,591,947	6,486,991	5,778,976
	1,510,303	1,352,550	1,825,640	1,813,253	2,067,626	3,365,038
	12,332,859	13,241,546	13,152,483	14,057,313	14,282,088	14,997,886
	1,799,718	2,599,567	2,884,570	2,143,368	3,102,357	1,884,285
	609,623	672,906	590,490	596,073	592,842	
	1,029,046	1,288,091	686,004	1,605,072	517,949	467,203
	1,439,885	1,645,981	1,615,645	1,338,056	1,465,288	1,783,754
	1,185,673	1,328,503	995,640	933,240	873,078	819,343
	-	-	-	2,693,946	-	-
	26,271,488	28,162,614	26,647,008	31,772,268	29,388,219	29,096,485
	(1,412,237)	(2,235,537)	(621,318)	(5,263,002)	(1,656,064)	(1,909,224)
	2,000,000	2,001,169	2,031,126	2,387,400	2,638,000	3,100,000
	-	-	(31,126)	(212,400)	-	-
	-	6,010,000	-	-	-	-
	-	535,135	-	-	-	-
	(23,500)	41,299	426,188	332,735	-	-
	-	(6,329,814)	-	-	-	-
	28,380	317,209	-	-	-	-
	2,004,880	2,574,998	2,426,188	2,507,735	2,638,000	3,100,000
\$	592,643	\$ 339,461	\$ 1,804,870	\$ (2,755,267)	\$ 981,936	\$ 1,190,776
	5.48%	6.08%	2.80%	2.77%	8.19%	9.75%

CITY OF NORTH CHICAGO, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm/Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2009	\$ 152,178,333	\$ 53,708,415	\$ 57,043,051	\$ 467,925	\$ 263,397,724	\$ 263,397,724	8.8470	\$ 790,272,199
2010	137,612,630	51,761,829	53,195,276	877,387	\$ 243,447,122	\$ 243,447,122	9.7989	730,414,407
2011	109,208,851	52,557,622	51,074,088	875,438	\$ 213,715,999	\$ 213,715,999	11.3120	641,212,118
2012	92,484,456	51,576,245	49,614,523	878,970	\$ 194,554,194	\$ 194,554,194	12.5329	583,720,954
2013	74,921,394	49,291,398	47,563,765	1,114,572	\$ 172,891,129	\$ 172,891,129	14.8420	518,725,260
2014	71,368,782	47,534,957	44,973,028	1,229,902	\$ 165,106,669	\$ 165,106,669	16.2017	495,369,544
2015	56,208,657	46,149,737	44,297,773	1,478,781	\$ 148,134,948	\$ 148,134,948	17.9745	444,449,289
2016	60,511,509	50,269,764	46,909,970	1,547,394	\$ 159,238,637	\$ 159,238,637	17.6902	477,763,687
2017	61,071,873	53,000,790	47,836,316	1,457,954	\$ 163,366,933	\$ 163,366,933	16.8807	1,722,003,777
2018	64,909,179	53,628,239	46,781,047	1,499,109	\$ 166,817,574	\$ 166,817,574	16.8698	1,749,662,568

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

CITY OF NORTH CHICAGO, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Fiscal/ Tax Year	City Direct			Overlapping Rate				
	City Overall Rate	School District 187	College of Lake County District 532	Lake County	Forest Preserve	North Shore Sanitary	Shield's Township	Park District
2009-10 2008	2.020	4.706	0.196	0.453	0.199	0.121	0.069	0.518
2010-11 2009	2.145	4.675	0.200	0.464	0.200	0.124	0.068	0.500
2011-12 2010	2.435	5.176	0.218	0.505	0.198	0.136	0.062	0.550
2012-13 2011	2.909	5.962	0.240	0.554	0.201	0.150	0.069	0.624
2013-14 2012	3.196	6.666	0.272	0.608	0.212	0.150	0.065	0.706
2014-15 2013	3.835	7.598	0.296	0.663	0.218	0.164	0.069	0.871
2015-16 2014	4.226	8.468	0.306	0.683	0.210	0.169	0.072	0.758
2016-17 2015	4.953	9.358	0.299	0.662	0.208	0.166	0.070	0.703
2017-18 2016	4.561	2.612	0.285	0.632	0.193	0.157	0.067	0.890
2018-19 2017	4.531	8.636	0.281	0.622	0.187	0.153	0.066	0.810

* Tax Levy Year 2014, IMRF and Social Security levies were separated

Note: Due to overlapping jurisdictions, not all village residents are assessed taxes from all of the above governments. Table shows the largest township in North Chicago.

Data Sources

Lake County Clerk's office

City Direct Tax Rates

Corporate	Fire Pension	IMRF	Library Retirement	Police Pension	Social Security*	Library	Total
1.208	0.182	0.182	-	0.242	-	0.206	2.020
1.282	0.194	0.191	0.014	0.257	-	0.207	2.145
1.456	0.221	0.217	0.016	0.292	-	0.233	2.435
1.740	0.265	0.260	0.020	0.349	-	0.275	2.909
1.912	0.292	0.286	0.022	0.384	-	0.300	3.196
2.257	0.355	0.338	0.026	0.512	-	0.347	3.835
2.363	0.427	0.354	0.027	0.680	-	0.375	4.226
2.687	0.538	0.183	0.026	0.850	0.235	0.434	4.953
2.387	0.526	0.173	0.026	0.830	0.209	0.410	4.561
2.300	0.559	0.169	0.025	0.883	0.204	0.391	4.531

CITY OF NORTH CHICAGO, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Abbvie, Inc.	\$ 22,900,784	1	14.02%			
Abbott Manufacturing, Inc.	15,825,277	2	9.69%	\$ 35,594,126	1	20.59%
A&R Katz Management	7,775,115	3	4.76%			
Sir Deer Valley, LLC	7,384,633	4	4.52%	6,512,403	4	3.77%
Centerpoint Properties Trust	6,672,276	5	4.08%	6,938,240	2	4.01%
Woodlands on Green Bay, LLC	4,992,416	6	3.06%	4,513,452	5	2.61%
North Chicago-LCRDC LP	2,639,186	7	1.62%	2,251,907	6	1.30%
EMCO Chemical Distributors Inc.	1,672,361	8	1.02%			
Knauz 1400 LLC	1,219,551	9	0.75%	1,114,887	8	0.64%
Union Pacific Railroad Co.	993,220	10	0.61%			
SC Forest Ponte, Inc.				6,733,539	3	3.89%
Lake County Industrial Warehouse, Inc.				1,481,636	7	0.86%
AC Properties				829,056	9	0.48%
Great Lakes Credit Union				789,881	10	0.46%
	<u>\$ 72,074,819</u>		<u>44.13%</u>	<u>\$ 66,759,127</u>		<u>38.61%</u>

(1) The taxable assessed value is for 2018 (the most recent data available)

Data Source

Lake County Assessor

CITY OF NORTH CHICAGO, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General corporate	\$ 3,376,759	\$ 3,544,590	\$ 3,718,658	\$ 3,719,876	\$ 3,902,153	\$ 3,902,151	\$ 3,980,191	\$ 3,800,787	\$ 3,750,877	\$ 3,700,624
Firefighter's pension	510,992	538,018	566,347	568,098	613,764	704,464	796,496	836,321	913,027	913,028
IMRF	503,090	528,280	555,662	556,425	584,372	583,690	270,951	275,879	275,879	275,880
Police pension	676,932	710,866	745,869	747,088	885,203	1,122,803	1,258,600	1,321,531	1,442,739	1,442,738
Social security							348,420	332,879	332,878	332,879
Bonds	1,240,603	1,263,491	1,286,570	1,280,167	1,950,212	2,161,302	2,303,765	2,563,901	2,613,812	2,664,065
Total City	6,308,375	6,585,245	6,873,107	6,871,655	7,935,703	8,474,410	8,958,423	9,131,299	9,329,212	9,329,214
Library retirement	36,876	38,952	42,743	42,802	44,952	44,901	38,749	40,662	40,660	40,660
Library	609,173	640,953	674,550	676,398	710,566	709,542	723,730	723,731	723,732	723,730
Total Library	646,049	679,905	717,293	719,200	755,517	754,442	762,479	764,393	764,392	764,390
LEVY AS EXTENDED	\$ 6,954,424	\$ 7,265,150	\$ 7,590,400	\$ 7,590,855	\$ 8,691,220	\$ 9,228,852	\$ 9,720,902	\$ 9,895,692	\$ 10,093,604	\$ 10,093,604
TOTAL COLLECTED	\$ 6,550,547	\$ 6,617,464	\$ 8,291,309	\$ 7,778,521	\$ 8,671,902	\$ 9,126,390	\$ 9,823,723	\$ 10,567,893	\$ 10,821,273	
PERCENT COLLECTED	94.19%	91.09%	109.23%	102.47%	99.78%	98.89%	101.06%	106.79%	107.21%	0.00%

- (1) The tax levy years are collected in the following fiscal year.
(2) TIF increment property taxes are included in the total collections.

Data Source

City's CAFR

CITY OF NORTH CHICAGO, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General merchandise	\$ 12,552	\$ 14,419	\$ 16,294	\$ 14,929	\$ 12,193	\$ 8,416	\$ 2,636	\$ 4,634	\$ 3,825	\$ 12,923
Food	55,780	63,261	63,651	71,895	93,898	90,571	92,408	92,203	84,074	74,656
Drink, eat, rooms	195,331	198,040	176,439	173,967	180,151	179,815	188,833	166,399	192,721	199,198
Apparel	4,585	-	3,420	-	1,162	-	-	-	38	99
Furniture	-	-	-	1,725	-	1,257	978	-	-	-
Lumber, hardware	65,459	64,112	65,725	60,065	64,925	67,228	65,256	69,162	96,837	104,259
Auto, filling stations	253,647	266,531	286,562	292,611	321,251	363,298	357,409	323,599	331,637	318,457
Drugs, retail	1,908,448	2,016,582	1,769,517	1,532,613	329,378	872,823	908,423	1,112,877	1,239,958	1,639,167
Agriculture and all others	120,901	129,374	131,915	307,461	606,669	556,322	201,748	224,414	164,740	114,076
Manufacturing	14,735	17,795	27,905	2,132	4,151	35,105	452,421	495,256	538,871	606,141
TOTAL	\$ 2,631,436	\$ 2,770,114	\$ 2,541,429	\$ 2,457,400	\$ 1,613,779	\$ 2,174,835	\$ 2,270,112	\$ 2,488,544	\$ 2,652,702	\$ 3,068,975
CITY DIRECT SALES TAX RATE	1%									

Note: Information as of a fiscal year basis is not available.

Data Source

Illinois Department of Revenue

CITY OF NORTH CHICAGO, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Calendar Year	City Direct Rate	City Home Rule Rate (1)	Lake County and RTA Rate	State Rate	Total
2010	1.00%	0.00%	1.00%	5.00%	7.00%
2011	1.00%	0.00%	1.00%	5.00%	7.00%
2012	1.00%	0.00%	1.00%	5.00%	7.00%
2013	1.00%	0.00%	1.00%	5.00%	7.00%
2014	1.00%	0.00%	1.00%	5.00%	7.00%
2015	1.00%	0.00%	1.00%	5.00%	7.00%
2016	1.00%	0.00%	1.00%	5.00%	7.00%
2017	1.00%	0.00%	1.00%	5.00%	7.00%
2018	1.00%	0.00%	1.00%	5.00%	7.00%
2019	1.00%	0.00%	1.00%	5.00%	7.00%

Data Source

Illinois Department of Revenue

CITY OF NORTH CHICAGO, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Illinois EPA Loans			
2010	\$ 28,565,000	\$ 2,102,198	-	\$ 1,061,788	31,728,986	5.70%	\$ 974
2011	28,180,000	1,809,925	-	1,128,148	31,118,073	5.59%	955
2012	27,220,000	3,238,838	-	1,070,692	31,529,530	6.14%	1,050
2013	26,175,000	3,044,222	-	1,012,817	30,232,039	5.89%	1,007
2014	25,045,000	2,494,973	-	954,942	28,494,915	5.55%	949
2015	23,595,000	2,549,609	-	897,066	27,041,675	4.37%	900
2016	22,275,000	1,932,412	-	839,191	25,046,603	4.05%	834
2017	20,845,000	1,848,644	-	781,316	23,474,960	3.80%	782
2018	19,275,000	1,445,697	-	723,441	21,444,138	3.51%	715
2019	17,595,000	1,036,420	-	665,566	19,296,986	3.15%	642

*See the schedule of Demographic and Economic Information on page 137 for personal income and population data.

Note: Details of the City's outstanding debt can be found in the notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Available In Debt Service Fund	Total	Actual Taxable Value of Property*	Per Capita
2010	\$ 28,565,000	2,518,883	26,046,117	11.33%	\$ 1,746
2011	28,180,000	2,735,816	25,444,184	11.73%	1,671
2012	27,220,000	1,763,849	25,456,151	13.19%	1,649
2013	26,175,000	1,273,292	24,901,708	13.99%	1,592
2014	25,045,000	1,051,403	23,993,597	15.14%	1,531
2015	23,595,000	1,278,828	22,316,172	15.17%	1,465
2016	22,275,000	1,794,976	20,480,024	15.93%	1,146
2017	20,845,000	2,742,220	18,102,780	13.99%	1,082
2018	19,275,000	3,571,235	15,703,765	12.76%	1,012
2019	17,595,000	2,819,584	14,775,416	11.55%	946

*The EAV and Tax Levy year are two years behind the fiscal year. Taxes levied for 2018 are received in fiscal year 2019 and the calculations are computed accordingly.

Note: Details of the City's outstanding debt can be found in the notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(in thousands of dollars)

April 30, 2019

Governmental unit	Debt Outstanding	Estimated Percentage of Debt Applicable to the City of North Chicago (2)	Estimated Share of Overlapping Debt
City of North Chicago			\$ -
General Obligation Bonds	\$ 17,595	100.00%	
Other Debt	#REF!	100.00%	
Taxing body			
Lake County (1)	-	0.62%	-
Lake County Forest Preserve (2)	255,895	0.62%	1,587
Foss Park District (3)	-	66.26%	-
Lake Bluff Park District (4)	5,695	1.53%	87
Lake Bluff School District No. 65	21,765	0.27%	59
North Chicago CUSD No. 187 (5)	4,208	74.39%	3,130
Lake Forest High School District No. 115 (6)	29,390	0.06%	18
Community College No. 532 (7)	14,685	0.66%	97
Subtotal	<u>331,638</u>		<u>4,978</u>
TOTAL	<u><u>\$ 331,638</u></u>		<u><u>\$ 4,978</u></u>

Notes:

(1) Does not include \$180,270,000 alternate revenue bonds for which other revenue has been pledged for payment. Alternate bonds are not subject to the debt limit unless property taxes are extended.

(2) Does not include \$6,135,000 debt certificates.

(3) Does not include \$1,505,000 alternate revenue bonds for which other revenue has been pledged for payment. Alternate bonds are not subject to the debt limit unless property taxes are extended.

(4) Does not include \$1,905,000 debt certificates and \$160,000 alternate revenue bonds for which other revenue has been pledged for payment. Alternate bonds are not subject to the debt limit unless property taxes are extended.

(5) Does not include \$32,680,000 alternate revenue bonds for which other revenue has been pledged for payment. Alternate bonds are not subject to the debt limit unless property taxes are extended.

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2019

The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the 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 amounts."

CITY OF NORTH CHICAGO, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income*	Per Capita Personal Income	Unemployment Rate#
2010	32,574	\$ 556,787,382	\$ 17,093	15.40%
2011	32,574	556,787,382	17,093	14.60%
2012	30,023	513,183,139	17,093	10.70%
2013	30,023	513,183,139	17,093	10.90%
2014	30,023	513,183,139	17,093	9.00%
2015	30,023	618,203,593	20,591	7.40%
2016	30,023	618,203,593	20,591	6.70%
2017	30,023	618,203,593	20,591	5.80%
2018	30,023	611,808,694	20,378	6.80%
2019	30,023	611,808,694	20,378	6.80%

Data Sources

Population and per capita information provided by the U.S. Census Bureau
Unemployment rate from the Illinois Department of Employment Security

CITY OF NORTH CHICAGO, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Six Years Ago

Employer	Business/Service	2019		2013
		Employees	Rank	Rank
Great Lakes Naval Base	Naval recruit training	6,690	1	1
Abbvie, Inc.	Headquarters, pharmaceutical manufacturing	3,450	2	
James A Lovell Feder Medical Center	Veteran's hospital	1,600	3	3
Rosalind Franklin University of Medicine	Medical school	600	4	5
Abbott Industries	Medical diagnostic produces	500	5	2
North Chicago CUSD #187	K-12 school district	347	6	4
Westrock (formerly Rock-Tenn)	Corrugated shipping containers	230	7	6
The city	Municipal government	170	8	7
EMCO Chemical Distributors, Inc	Chemical blending and packaging	150	9	8
Liberty Coach, Inc.	Motor coach interiors	125	10	10
Jelly Belly Candy Co.	Confectioners			9
TOTAL		7,172		

Data Source

Note: 2018 Illinois Services Directory, 2018 Illinois Manufacturers Directory, and Lake County Partners

CITY OF NORTH CHICAGO, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Seven Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT							
Mayor's Office *	3.00	3.00	3.00	3.00	3.50	2.60	2.60
City Clerk *	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Comptroller's Office	5.00	6.00	6.00	7.00	8.00	8.00	5.75
Human Resources	2.50	2.50	25.00	2.50	2.00	1.80	1.80
Economic Development							
Building division	12.00	13.50	12.50	10.50	10.00	8.00	4.75
Facilities management division	0.00	0.00	0.00	0.00	0.00	1.25	1.25
Planning division	0.00	0.00	0.00	0.00	0.00	2.00	2.00
Public works	11.00	8.50	19.00	19.00	17.50	13.30	10.80
Police							
Officers	64.00	73.00	73.00	73.00	73.00	57.00	49.00
Telecommunicators	11.00	12.00	12.00	12.00	12.00	12.00	10.00
Records	6.00	7.00	7.00	7.00	7.00	1.00	3.00
Administration	7.00	8.00	8.00	8.50	8.00	4.50	4.00
Crossing guards	10.00	10.00	10.00	10.00	10.00	10.00	10.50
Fire							
Firefighters and paramedics	36.00	36.00	36.00	36.00	34.00	38.00	31.00
Administration	2.50	2.50	2.50	3.00	3.00	3.00	3.00
Information Technology	3.00	3.00	3.00	3.00	0.00	0.00	0.00
Treasurer's Office *	0.50	0.50	0.50	0.50	0.50	0.50	0.50
PUBLIC WORKS							
Water	13.50	14.00	14.00	15.50	15.00	12.00	14.35
Sewer	4.50	4.50	4.50	4.50	3.50	3.50	3.20
TOTAL	192.50	205.00	237.00	216.00	208.00	179.45	158.50
ELECTED AND APPOINTED							
Mayor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Legislative *							
Alderman	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Fire and Police Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Citizens Advisory Board	0.00	0.00	7.00	7.00	7.00	7.00	7.00
Zoning Board members	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Treasurer's Office *	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk *	1.00	1.00	1.00	1.00	1.00	1.00	1.00

* Elected Officials, Boards and commissions have been deducted from staffing count

** Some department positions previously employees are are now contracted.

Data Source

City budget

CITY OF NORTH CHICAGO, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT										
Administration										
City council meetings	24	24	24	24	24	24	24	24	24	24
City newsletter mailings	3	3	3	3	3	3	3	3	3	3
Building and Zoning										
Building permits issued	n/a	n/a	n/a	632	643	604	828	856	875	992
Total construction value	n/a	n/a	n/a	\$ 3,610,611	\$ 3,562,931	\$ 9,265,555	\$ 14,119,446	\$ 14,871,891	\$ 7,234,476	\$ 23,427,396
PUBLIC SAFETY										
Police										
Number of calls										
Felony offenses										
Misdemeanor offenses										
Auto accident investigations										
Fire										
Fire calls (1)	113	83	101	98	67	66	80	69	82	74
Rescue/medical transported (3)	1,482	1,610	1,853	2,034	1,853	1,946	1,881	2,076	1,991	1,988
Rescue/medical not transported (3)	426	346	286	231	353	245	243	225	447	417
Hazardous Materials (4)	72	55	90	52	52	44	75	58	75	72
Service calls (2,5,6,9)	127	168	163	189	211	213	213	239	255	303
Miscellaneous Incidents (7,8)	177	187	200	185	210	171	194	193	180	173
PUBLIC WORKS										
General										
Streets patching (in tons)										
Street cleaned - miles										
Sanitary sewers cleaned (in linear feet)										
Storm sewers cleaned (in linear feet)										

CITY OF NORTH CHICAGO, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PUBLIC SAFETY										
Police										
Patrol units	16	16	16	16	16	16	16	16	16	16
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Engines	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stations	2	2	2	2	2	2	2	2	2	2
PUBLIC WORKS										
Streets (miles)	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
Alleys (miles)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Sanitary sewers (miles)	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00
Storm sewers (miles)	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
WATER - SANITARY SEWER										
Fire hydrants	476	476	476	476	476	476	476	476	476	476
Storage capacity (thousands of gallons)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Watermains (miles)	71.60	71.60	71.60	71.60	71.60	71.60	71.60	71.60	71.60	71.60

Data Source

City records