

City of North Chicago, Illinois

Annual Financial Report

Year Ended April 30, 2021

City of North Chicago, Illinois

Annual Financial Report

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of North Chicago
North Chicago, Illinois

Report on the Financial Statements

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, 2021, 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

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Firefighters' Pension Funds, which represent 72.0 percent, 76.7 percent, and 70.5 percent, respectively, of assets/deferred outflows of resources, net position/fund balances, and revenues/additions of the aggregate remaining fund information. Those statements were audited by an other auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Pension Fund and Firefighters' Pension Fund, is based solely on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

(Continued)

Auditors' Responsibility (Continued)

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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Chicago, Illinois, as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note K to the financial statements, fund balance and net position/deficit as of May 1, 2020 have been restated. Our opinions are 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 Illinois Municipal Retirement Fund, Police and Firefighters' pension data on pages 81-92, the other postemployment benefits data on page 93 and budgetary comparison schedules and notes to the required supplementary information on pages 94 through 97 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, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

(Continued)

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other schedules listed in the table of contents (the supplementary financial information and other supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information for the year ended April 30, 2021 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 supplementary financial information for the year ended April 30, 2021 is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended April 30, 2021.

The other supplementary information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the City of North Chicago, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Chicago, Illinois' internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
June 24, 2022

BASIC FINANCIAL STATEMENTS

City of North Chicago, Illinois
Statement of Net Position (Deficit)
April 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	North Chicago Public Library
ASSETS				
Current assets				
Cash and cash equivalents	\$ 21,236,389	\$ 5,055,362	\$ 26,291,751	\$ 1,385,448
Receivables				
Property taxes	10,269,272	286,704	10,555,976	764,390
Intergovernmental	1,747,329	-	1,747,329	-
Accounts	-	786,014	786,014	1,799
Other	778,733	498	779,231	5,255
Internal balances	(6,280)	6,280	-	-
Due from component unit	33,000	-	33,000	-
Prepaid expenses	1,086,793	46,788	1,133,581	7,319
Inventory	4,000	-	4,000	-
Property held for resale	4,029,602	-	4,029,602	-
	<u>39,178,838</u>	<u>6,181,646</u>	<u>45,360,484</u>	<u>2,164,211</u>
Total current assets				
Noncurrent assets				
Net pension asset	1,754,391	601,942	2,356,333	164,967
Land and other capital assets not being depreciated	2,811,522	373,520	3,185,042	71,966
Capital assets, net of accumulated depreciation	8,953,293	13,177,772	22,131,065	517,326
	<u>13,519,206</u>	<u>14,153,234</u>	<u>27,672,440</u>	<u>754,259</u>
Total noncurrent assets				
	<u>52,698,044</u>	<u>20,334,880</u>	<u>73,032,924</u>	<u>2,918,470</u>
Total assets				
DEFERRED OUTFLOWS				
Deferred outflows related to pensions	30,341,181	362,989	30,704,170	99,481
Deferred outflows related to OPEB	2,938,368	327,264	3,265,632	171,356
Loss on refunding of bonds	93,537	47,805	141,342	-
	<u>33,373,086</u>	<u>738,058</u>	<u>34,111,144</u>	<u>270,837</u>
Total deferred outflows				

(Continued)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Statement of Net Position (Deficit)

April 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	North Chicago Public Library
LIABILITIES				
Current liabilities				
Accounts payable	\$ 797,614	\$ 389,563	\$ 1,187,177	\$ 25,544
Accrued payroll	277,269	22,747	300,016	9,305
Due to primary government	-	-	-	33,000
Retainage payable	-	119,829	119,829	-
Unearned revenue	240,117	-	240,117	-
Other liabilities	2,445	-	2,445	-
Long-term liabilities				
Due within one year	2,005,890	287,875	2,293,765	-
Due in more than one year	138,763,278	2,444,747	141,208,025	437,152
Total liabilities	142,086,613	3,264,761	145,351,374	505,001
DEFERRED INFLOWS				
Property taxes levied for a future period	10,269,272	286,704	10,555,976	764,390
Deferred inflows related to pensions	25,609,283	1,066,338	26,675,621	292,240
Deferred inflows related to OPEB	561,540	62,542	624,082	32,747
Total deferred inflows	36,440,095	1,415,584	37,855,679	1,089,377
NET POSITION (DEFICIT)				
Net investment in capital assets	-	11,693,488	11,693,488	589,292
Restricted for public safety	152,519	-	152,519	-
Restricted for highways and streets	2,412,791	-	2,412,791	-
Restricted for economic development	2,324,424	-	2,324,424	-
Restricted for debt service	4,410,624	-	4,410,624	-
Unrestricted	(101,755,936)	4,699,105	(97,056,831)	1,005,637
Total net position (deficit)	\$ (92,455,578)	\$ 16,392,593	\$ (76,062,985)	\$ 1,594,929

(Concluded)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Statement of Activities

For the Year Ended April 30, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
Primary government				
Governmental activities				
Administration and general government	\$ 5,140,462	\$ 1,044,965	\$ 19,742	\$ -
Public safety	20,995,660	1,596,880	1,371,570	-
Public works	2,896,867	139,689	-	1,217,642
Economic development	3,363,876	-	210,200	-
Interest and other	1,121,940	-	-	-
Total governmental activities	<u>33,518,805</u>	<u>2,781,534</u>	<u>1,601,512</u>	<u>1,217,642</u>
Business-type activities				
Water, sewer and refuse	4,974,318	8,522,257	-	-
Total business-type activities	<u>4,974,318</u>	<u>8,522,257</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 38,493,123</u>	<u>\$ 11,303,791</u>	<u>\$ 1,601,512</u>	<u>\$ 1,217,642</u>
North Chicago Public Library				
Culture and recreation	994,401	3,185	85,671	-
Total North Chicago Public Library	<u>\$ 994,401</u>	<u>\$ 3,185</u>	<u>\$ 85,671</u>	<u>\$ -</u>
			General revenues	
			Property taxes	
			Other taxes	
			Intergovernmental	
			Miscellaneous	
			Investment income	
			Transfers	
			Total general revenues, transfers, and other	
			Change in net position	
			Net position (deficit), beginning of year, as restated - Note K	
			Net position (deficit), end of year	

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Primary Government		Component Unit
	Business-type Activities	Total	North Chicago Public Library
\$ (4,075,755)	\$ -	\$ (4,075,755)	\$ -
(18,027,210)	-	(18,027,210)	-
(1,539,536)	-	(1,539,536)	-
(3,153,676)	-	(3,153,676)	-
(1,121,940)	-	(1,121,940)	-
<u>(27,918,117)</u>	<u>-</u>	<u>(27,918,117)</u>	<u>-</u>
-	3,547,939	3,547,939	-
-	3,547,939	3,547,939	-
<u>(27,918,117)</u>	<u>3,547,939</u>	<u>(24,370,178)</u>	<u>-</u>
-	-	-	(905,545)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (905,545)</u>
10,153,999	278,442	10,432,441	756,676
3,743,263	-	3,743,263	-
9,868,664	-	9,868,664	-
1,031,725	7,291	1,039,016	12,384
97,954	13,723	111,677	11,715
2,395,000	(2,395,000)	-	-
<u>27,290,605</u>	<u>(2,095,544)</u>	<u>25,195,061</u>	<u>780,775</u>
(627,512)	1,452,395	824,883	(124,770)
<u>(91,828,066)</u>	<u>14,940,198</u>	<u>(76,887,868)</u>	<u>1,719,699</u>
<u>\$ (92,455,578)</u>	<u>\$ 16,392,593</u>	<u>\$ (76,062,985)</u>	<u>\$ 1,594,929</u>

City of North Chicago, Illinois

Governmental Funds

Balance Sheet

April 30, 2021

	General	Downtown Tax Increment Financing Redevelopment Project Area Debt Series 2014A Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,591,990	\$ 4,425,647	\$ 5,198,318	\$ 21,215,955
Receivables				
Property taxes	6,556,988	2,028,634	1,683,650	10,269,272
Intergovernmental	1,519,143	-	228,186	1,747,329
Other	761,634	9,398	6,287	777,319
Due from other funds	773,808	-	5,861	779,669
Due from component unit	33,000	-	-	33,000
Inventory	4,000	-	-	4,000
Prepaid items	503,857	40,100	856,956	1,400,913
Property held for resale	58,235	-	3,971,367	4,029,602
	<u>21,802,655</u>	<u>6,503,779</u>	<u>11,950,625</u>	<u>40,257,059</u>
Total assets	\$ <u>21,802,655</u>	\$ <u>6,503,779</u>	\$ <u>11,950,625</u>	\$ <u>40,257,059</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 561,376	\$ 475	\$ 230,263	\$ 792,114
Accrued payroll	277,269	-	-	277,269
Unearned revenue	240,117	-	-	240,117
Due to other funds	-	-	658,181	658,181
Other liabilities	-	-	2,445	2,445
Advances from other funds	100,000	-	-	100,000
	<u>1,178,762</u>	<u>475</u>	<u>890,889</u>	<u>2,070,126</u>
Total liabilities	\$ <u>1,178,762</u>	\$ <u>475</u>	\$ <u>890,889</u>	\$ <u>2,070,126</u>
Deferred inflows				
Property taxes levied for a future period	6,556,988	2,028,634	1,683,650	10,269,272
	<u>6,556,988</u>	<u>2,028,634</u>	<u>1,683,650</u>	<u>10,269,272</u>
Total deferred inflows	\$ <u>6,556,988</u>	\$ <u>2,028,634</u>	\$ <u>1,683,650</u>	\$ <u>10,269,272</u>
Fund balances				
Nonspendable - due from other funds	773,808	-	278,681	1,052,489
Nonspendable - inventory	4,000	-	-	4,000
Nonspendable - prepaid items	503,857	40,100	584,136	1,128,093
Nonspendable - property held for resale	58,235	-	3,971,367	4,029,602
Restricted for special revenue funds	-	-	3,398,696	3,398,696
Restricted for debt service	-	4,434,570	290,174	4,724,744
Restricted for capital projects	-	-	1,491,038	1,491,038
Assigned for Grant Place	-	-	69,133	69,133
Unassigned (deficit)	12,727,005	-	(707,139)	12,019,866
	<u>14,066,905</u>	<u>4,474,670</u>	<u>9,376,086</u>	<u>27,917,661</u>
Total fund balances	\$ <u>14,066,905</u>	\$ <u>4,474,670</u>	\$ <u>9,376,086</u>	\$ <u>27,917,661</u>
Total liabilities, deferred inflows, and fund balances	\$ <u>21,802,655</u>	\$ <u>6,503,779</u>	\$ <u>11,950,625</u>	\$ <u>40,257,059</u>

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois
 Reconciliation of the Balance Sheet of Governmental Funds to
 the Statement of Net Position (Deficit)
April 30, 2021

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

Total fund balances - governmental funds	\$	27,917,661
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		11,764,815
The net pension asset resulting from the IMRF plan fiduciary net position exceeding the total pension liability is not a financial resource and therefore is not reported in the governmental funds balance sheet.		1,754,391
Deferred charges included in the statement of net position (deficit) are not available to pay for current period expenditures and, accordingly, are not included in the governmental funds		93,537
Deferred outflows and inflows of resources related to pensions and OPEBs are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions		30,341,181
Deferred inflows related to pensions		(25,609,283)
Deferred outflows related to OPEB		2,938,368
Deferred inflows related to OPEB		(561,540)
		7,108,726
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds:		
General obligation bonds		(12,630,000)
Unamortized bond premium		(21,126)
Compensated absences		(2,088,817)
Police pension net pension liability		(85,750,054)
Firefighters' pension net pension liability		(33,288,785)
Net OPEB liability		(6,771,096)
Lawsuit settlement liability		(61,200)
Illinois Finance Authority note payable		(20,000)
Illinois Department of Revenue note payable		(138,090)
		(140,769,168)
Prepaid interest is recognized as an expense in the government wide financial statements due to the economic resources measurement focus.		(314,120)
The net deficit of the internal service funds are included in the governmental activities in the statement of net position.		(11,420)
Net deficit of governmental activities	\$	(92,455,578)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended April 30, 2021

	General	Downtown Tax Increment Financing Redevelopment Project Area Debt Series 2014A Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 12,354,470	\$ 1,868,834	\$ 1,746,747	\$ 15,970,051
Licenses and permits	638,060	-	-	638,060
Intergovernmental	6,519,572	-	2,381,088	8,900,660
Grants	1,623,439	-	127,876	1,751,315
Fines and fees	2,227,704	-	-	2,227,704
Investment income	64,463	26,103	15,892	106,458
Miscellaneous	417,550	-	631,462	1,049,012
Total revenues	23,845,258	1,894,937	4,903,065	30,643,260
Expenditures				
Current				
General government and administration	5,429,367	-	-	5,429,367
Highways and streets	1,579,314	-	1,168,595	2,747,909
Public safety	14,653,725	-	234,069	14,887,794
Economic development	1,599,803	-	1,711,971	3,311,774
Debt service				
Principal retirement	20,744	905,000	805,000	1,730,744
Interest and fiscal charges	-	167,198	600,958	768,156
Capital outlay	278,438	-	373,634	652,072
Total expenditures	23,561,391	1,072,198	4,894,227	29,527,816
Excess of revenues over expenditures	283,867	822,739	8,838	1,115,444
Other financing sources (uses)				
Transfers in	2,775,000	-	26,726	2,801,726
Transfers (out)	(331,726)	-	-	(331,726)
Total other financing sources (uses)	2,443,274	-	26,726	2,470,000
Net change in fund balance	2,727,141	822,739	35,564	3,585,444
Fund balances, beginning of year (as restated - Note K)	11,339,764	3,651,931	9,340,522	24,332,217
Fund balances, end of year	\$ 14,066,905	\$ 4,474,670	\$ 9,376,086	\$ 27,917,661

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2021

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

Net change in fund balances - total governmental funds \$ 3,585,444

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. 1,460

The net pension asset resulting from the IMRF plan fiduciary net position exceeding the total pension liability is not a financial resource and therefore not reported in the governmental funds. 1,705,917

Governmental funds report the effects of deferred charges when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year net effect of these differences. (18,706)

Changes in deferred outflows and inflows of resources related to pensions and OPEBs are reported only in the statement of activities:

Deferred outflows of resources related to pensions	(7,347,248)	
Deferred inflows of resources related to pensions	(9,004,843)	
Deferred outflows of resources related to OPEB	1,744,034	
Deferred outflows of resources related to OPEB	(366,080)	(14,974,137)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:

General obligation bonds	1,710,000	
Unamortized bond premium	78,665	
Compensated absences	(31,897)	
Police pension net pension liability	6,129,203	
Firefighters' pension net pension liability	3,222,918	
Net OPEB liability	(1,747,738)	
Lawsuit settlement liability	2,593	
Illinois Finance Authority note payable	20,000	
Illinois Department of Revenue note payable	211,200	9,594,944

Prepaid interest is recognized as an expense in the government wide financial statements due to the economic resources measurement focus (314,120)

Certain revenues receivable by the City and recognized in the statement of net position (deficit) do not provide current financial resources and are included as deferred inflows of resources in the governmental funds. (146,967)

The change in net position in internal service funds is shown as a governmental activity on the statement of activities (61,347)

Change in net deficit - governmental activities \$ (627,512)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Proprietary Funds
Statement of Net Position
April 30, 2021

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water, Sewer and Refuse</u>	<u>Internal Service</u>
ASSETS		
Current assets		
Cash and investments	\$ 5,055,362	\$ 20,434
Receivables		
Property taxes	286,704	-
Accounts, net	786,014	-
Other	498	1,414
Prepaid items	46,788	-
Advances to other funds	100,000	-
	<u>6,275,366</u>	<u>21,848</u>
Noncurrent assets		
Net pension asset	601,942	-
Land and other capital assets not being depreciated	373,520	-
Capital assets, net of accumulated depreciation	13,177,772	-
	<u>14,153,234</u>	<u>-</u>
Total noncurrent assets	<u>14,153,234</u>	<u>-</u>
Total assets	<u>20,428,600</u>	<u>21,848</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	362,989	-
Deferred outflows related to OPEB	327,264	-
Deferred charge on refunding	47,805	-
	<u>738,058</u>	<u>-</u>
Total deferred outflows	<u>738,058</u>	<u>-</u>

(Continued)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Proprietary Funds
Statement of Net Position
April 30, 2021

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water, Sewer and Refuse</u>	<u>Internal Service</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 389,563	\$ 5,500
Accrued payroll	22,747	-
Retainage payable	119,829	-
Due to other funds	93,720	27,768
IEPA loan	57,875	-
General obligation bonds payable	230,000	-
Total current liabilities	<u>913,734</u>	<u>33,268</u>
Long-term liabilities		
Compensated absences	120,680	-
IEPA loan	491,941	-
General obligation bonds payable	1,077,988	-
Total OPEB liability	754,138	-
Total long-term liabilities	<u>2,444,747</u>	<u>-</u>
Total liabilities	<u>3,358,481</u>	<u>33,268</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	1,066,338	-
Deferred inflows related to OPEB	62,542	-
Property taxes levied for a future period	286,704	-
Total deferred inflows	<u>1,415,584</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	11,693,488	-
Unrestricted	4,699,105	(11,420)
Total net position (deficit)	<u>\$ 16,392,593</u>	<u>\$ (11,420)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position (Deficit)

For the Year Ended April 30, 2021

	Business-Type Activities - <u>Enterprise Fund</u>	Governmental <u>Activities</u>
	<u>Water, Sewer and Refuse</u>	<u>Internal Service</u>
Operating revenues		
Charges for services	\$ 8,522,257	\$ 193,911
Miscellaneous	7,291	-
	<u>8,529,548</u>	<u>193,911</u>
Total operating revenues		
	<u>8,529,548</u>	<u>193,911</u>
Operating expenses		
Operations	4,254,632	180,326
Depreciation	679,785	-
	<u>4,934,417</u>	<u>180,326</u>
Total operating expenses		
	<u>4,934,417</u>	<u>180,326</u>
Operating income	<u>3,595,131</u>	<u>13,585</u>
Nonoperating revenues (expenses)		
Property taxes	278,442	-
Investment income	13,723	68
Interest expense and fiscal charges	(39,901)	-
	<u>252,264</u>	<u>68</u>
Total nonoperating revenues (expenses)		
	<u>252,264</u>	<u>68</u>
Income before transfers	<u>3,847,395</u>	<u>13,653</u>

(Continued)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position (Deficit) (Continued)

For the Year Ended April 30, 2021

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water, Sewer and Refuse</u>	<u>Internal Service</u>
Transfers in	\$ 305,000	\$ -
Transfers (out)	<u>(2,700,000)</u>	<u>(75,000)</u>
Total transfers in (out)	<u>(2,395,000)</u>	<u>(75,000)</u>
Change in net position	1,452,395	(61,347)
Net position, beginning of year (as restated - Note K)	<u>14,940,198</u>	<u>49,927</u>
Net position (deficit), end of year	<u>\$ 16,392,593</u>	<u>\$ (11,420)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Proprietary Funds

Statement of Cash Flows

For the Year Ended April 30, 2021

	<u>Business-Type Activities - Water, Sewer and Refuse</u>	<u>Governmental Activities - Internal Service</u>
Cash flows from operating activities		
Cash received from customers	\$ 8,768,279	\$ 203,504
Cash payments for goods and services	(3,109,278)	(225,748)
Cash payments to employees	(1,265,325)	-
Net cash provided by (used in) operating activities	<u>4,393,676</u>	<u>(22,244)</u>
Cash flows from noncapital financing activities		
Property taxes	278,442	-
Interfund borrowings	76,610	27,768
Interfund transfers	(2,395,000)	(75,000)
Net cash used in noncapital financing activities	<u>(2,039,948)</u>	<u>(47,232)</u>
Cash flows from capital and related financing activities		
Purchase of equipment and infrastructure	(2,328,565)	-
Payment of bond principal	(242,664)	-
Payments of IEPA loan	(57,875)	-
Interest paid	(36,713)	-
Net cash used in capital and related financing activities	<u>(2,665,817)</u>	<u>-</u>
Cash flows from investing activities		
Interest received	13,723	68
Net cash provided by investing activities	<u>13,723</u>	<u>68</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(298,366)	(69,408)
Cash and cash equivalents, beginning of year	<u>5,353,728</u>	<u>89,842</u>
Cash and cash equivalents, end of year	<u>\$ 5,055,362</u>	<u>\$ 20,434</u>

(Continued)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Proprietary Funds

Statement of Cash Flows (Continued)

For the Year Ended April 30, 2021

	<u>Business-Type Activities - Water, Sewer and Refuse</u>	<u>Governmental Activities - Internal Service</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 3,595,131	\$ 13,585
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation	679,785	-
Decrease in accounts receivable	238,739	-
Decrease/(Increase) in other receivables	(8)	9,593
Increase in prepaid expenses	(40,363)	-
Increase in net pension asset	(584,692)	-
Increase in deferred outflows related to pensions	(226,601)	-
Increase in deferred outflows related to OPEB	(155,119)	-
Increase/(decrease) in accounts payable	104,660	(45,422)
Decrease in accrued payroll	(37,716)	-
Increase in compensated absences payable	7,908	-
Increase in net OPEB liability	30,097	-
Increase in deferred inflows related to pensions	747,486	-
Increase in deferred inflows related to OPEB	34,369	-
Net cash provided by (used in) operating activities	<u>\$ 4,393,676</u>	<u>\$ (22,244)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Fiduciary Funds

Statement of Fiduciary Net Position

April 30, 2021

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 4,474,643
Investments	
U.S. Treasury obligations	1,249,838
U.S. Agencies	75,602
Corporate bonds	4,462,581
Insurance contracts	3,208,375
Equity securities	5,845,671
Mutual funds	<u>11,680,845</u>
Total investments	26,522,912
Receivables	
Accrued interest	46,054
Prepaid items	<u>4,475</u>
Total assets	<u>31,048,084</u>
LIABILITIES	
Accounts payable	7,838
Due to City	<u>2,598</u>
Total liabilities	<u>10,436</u>
NET POSITION	
RESTRICTED FOR PENSIONS	<u><u>\$ 31,037,648</u></u>

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
For the Year Ended April 30, 2021

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 3,635,581
Plan members	708,898
Total contributions	4,344,479
Investment income	
Interest and dividends	442,648
Net change in fair value of investments	7,105,770
Total investment earnings	7,548,418
Less investment expenses	156,644
Net investment income	7,391,774
Total additions	11,736,253
Deductions	
Administration	127,530
Benefits and refunds of contributions	4,453,044
Total deductions	4,580,574
Change in net position	7,155,679
Net position retracted for pensions	
Beginning of year	23,881,969
End of year	\$ 31,037,648

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Council 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 financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to government units. 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.

1. **Reporting Entity**

As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the City (primary government) are financially accountable. Financial accountability is defined as:

- (a) Appointment of a voting majority of the component unit's board, and either (1) the ability to impose will by the primary government or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (b) Fiscal dependency on the primary government.

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, 2021. No separate annual financial report is issued for the Library.

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership and two police employees selected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. The Police Pension Plan issues a separate annual financial report that includes required supplementary information.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Reporting Entity (Continued)

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership and two fire employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. The Firefighters' Pension Plan issues a separate annual financial report that includes required supplementary information.

2. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 and proprietary 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.

3. Basis of Presentation - Fund Accounting

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three broad categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - Governmental funds are used to account for all or most of a City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (debt service funds), and the acquisition or construction of capital assets (capital projects funds). The General Fund is used to account for all activities of the general government not accounted for in another fund.

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

4. Fund Balance

The governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they 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.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes, as are debt service and capital projects funds.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority (the City Council). The City Council commits fund balances by passing a resolution. Amounts 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. The City has no committed fund balances at April 30, 2021.
- d. *Assigned* - refers to amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the City Council or the individual the City Council delegates the authority to assign amounts to be used for specific purposes. The City Council delegated this authority to the Comptroller.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Any fund with a deficit fund balance is classified as unassigned.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the availability criteria is met.

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 are both "measurable and available". "Measurable" means that 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. Revenues and additions are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 generally are recorded when a liability is incurred, as under modified accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, sales taxes, income taxes, motor fuel taxes, franchise taxes, grant proceeds, interest revenue, and charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 required to be accounted for in another fund.

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

The City reports its enterprise fund as a major fund, as detailed below:

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

Additionally, the City reports the following fund types:

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

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pension Trust Funds (fiduciary 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports unearned and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned.

6. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to future periods. At April 30, 2021, the City has deferred outflows of resources related to pensions, OPEBs and the loss on refunding of bonds. In addition to liabilities, the City may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to future reporting periods. At April 30, 2021, the City has deferred inflows of resources related to pensions, OPEBs, and property taxes levied for a future period.

7. Budgets

Budgets and appropriations are adopted on a basis consistent with GAAP except that the City does not budget on the accrual basis in the Water, Sewer, and Refuse Fund. Annual appropriations are adopted for the general, special revenue, debt service, capital projects, enterprise, internal service, and pension trust funds. All annual appropriations lapse at fiscal year-end.

8. Cash and Cash Equivalents

For the purpose of reporting 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.

9. Investments

Investments are stated at fair value. Changes in fair value are included in investment income. Securities traded on a national exchange are valued at the last reported sales price.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Fair Value Measurements

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include the following:

- * Quoted prices for similar assets or liabilities in active markets;
- * Quoted prices for identical or similar assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability;
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the City's investments measured at fair value. There have been no changes in the methodologies used at April 30, 2021.

U.S. Agency Securities: Valued at closing price of similar instruments with comparable durations reported on the active market on which the individual securities are traded.

U.S. Treasury Securities: Valued at closing price of similar instruments reported on the active market on which the individual securities are traded.

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and Municipal/Government Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Pension Trust Funds are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Pension Trust Funds are deemed to be actively traded.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Fair Value Measurements (Continued)

Insurance Contracts: Valued by insurance companies using pricing models maximizing the use of observable inputs for underlying mutual funds. The underlying investments held by the insurance companies could include adjustments for certain risks that may not be observable, such as credit and liquidity risks, which may differ from available quoted prices of the underlying mutual funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

11. Receivables

The recognition of receivables and revenue associated with exchange and nonexchange transactions is as follows:

- Derived tax receivables (such as: sales, income, and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary nonexchange transaction receivables (such as: mandates or grants) are recognized when all eligibility requirements have been met.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all utility receivable balances that have had a final reading and estimates the portion, if any, of the balance that will not be collected. At April 30, 2021, the utility receivable allowance for doubtful accounts approximated \$161,000.

The City participates in federally funded forgivable rehabilitation loan programs that allow citizens to apply for money designated for the improvement of property, recorded in non major governmental funds. Each loan provided is subject to various compliance criteria and may be forgiven or partially forgiven under the provisions of the federal loan programs. The City maintains the loans at a value net of an allowance for properties in which the repayment is not anticipated. The carrying value of these loans reported in other receivables, net of an allowance of \$372,815, was \$0 at April 30, 2021. Lake County, Illinois personnel administer the federal programs on behalf of the City.

12. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. 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. The costs of prepaid items is recorded as expenditures when consumed rather than when purchased. Reported prepaid expenditures are equally offset by fund balance reserves, which indicate that they do not constitute "available spendable resources" even though they are a component of current assets. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

14. Inventory

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

15. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	45 - 50 years
Infrastructure	15 - 80 years
Machinery and equipment	5 - 15 years
Underground equipment	45 years

16. Property Held for Resale

The City values its property held for resale at cost, adjusted for impairment. For the year ended April 30, 2021, the City received an valuation appraisal and recognized an impairment loss of \$680,000 on property held for resale within the Grant Place Capital Fund. The City intends to sell various parcels of property in the future to residential and commercial developers. Future valuations are subject to market conditions and could significantly differ from current carrying value.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay, and other employee benefits. All unpaid vacation, sick pay, and other employee benefits due in the event of termination are accrued when incurred in the government-wide and proprietary fund financial statements, in accordance with the City's policies. If an employee has accumulated hours in excess of 560 hours, all such excess hours shall be paid at one-half the employee's hourly salary, if the City budget allows, at the beginning of each fiscal year. At April 30, 2021, the City has \$2,088,817 in accumulated unpaid vacation, sick pay, and other employee benefits at the year-end for governmental fund employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee termination, resignations and retirements. At April 30, 2021 the City has \$120,680 in accumulated unpaid vacation, sick pay, and other employee benefits at the year-end for proprietary fund employees. At April 30, 2021 the Library had \$42,285 in accumulated unpaid vacation, sick pay, and other employee benefits at the year-end for proprietary fund employees.

18. Long-Term Obligations

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

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

19. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plan and additions to/deductions from the pension/OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

20. Property Tax Revenue

Property taxes for levy year 2020 attaches as an enforceable lien on January 1, 2020, 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 2021 tax levy, which attached as an enforceable lien on the property as of January 1, 2021, has not been recorded as a receivable as of April 30, 2021, as the tax has not yet been levied by the City and will not be levied until December 2021 and, therefore, the levy is not measurable at April 30, 2021.

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

20. Property Tax Revenue (Continued)

Tax bills for the levy year are prepared by Lake County and issued on or about June 1, and are generally 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 2020 property tax levy is recognized as a receivable and deferred inflows of resources in fiscal 2021. As the taxes become available to finance the period intended to finance, they are recognized as revenues. At April 30, 2021, the property taxes receivable and unearned revenue consisted of the estimated amount collectible from the 2020 levy.

21. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE B - DEPOSITS AND INVESTMENTS

1. City Deposits and Investments

As of April 30, 2021, the City's cash, cash equivalents, and investments consisted of the following:

	Government- wide	Fiduciary	Component Unit	Total
Cash, cash equivalents, and investments	\$ 26,291,751	\$ 30,997,555	\$ 1,385,448	\$ 58,674,754
City and Library				
Cash on hand			\$ 6,100	
Deposits with financial institutions*			12,270,609	
The Illinois Funds			4,767,342	
Money market			291,475	
Other investments			10,341,673	
Cash, cash equivalents, and investments - Government-wide and component unit			27,677,199	
Police and Firefighters' Pension Trust Funds				
Deposits with financial institutions*			4,474,643	
Other investments			26,522,912	
Cash, cash equivalents, and investments - Fiduciary			30,997,555	
Total			\$ 58,674,754	

* Includes non-negotiable certificates of deposit and money market savings accounts, but primarily consists of accounts held in demand and savings accounts, which are valued at cost.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

1. **City Deposits and Investments** (Continued)

The City maintains a cash and investment pool that is available for use by most funds. The City's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents". The City is authorized by its own local ordinances and state statutes, to invest in the following:

- Short-Term Obligations of Corporations organized in the United States with assets exceeding \$500,000,000.
- Certificates of Deposit insured up to \$250,000 by the Federal Deposit Insurance Corporation or appropriately collateralized.
- Obligations of the U.S. Treasury or its agencies.
- Saving Accounts insured up to \$250,000 by the Federal Deposit Insurance Corporation or appropriately collateralized.
- Money Market Mutual Funds registered by the SEC.
- The Illinois Funds.
- Bonds of the State of Illinois and any local government in the State of Illinois, which bonds have at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency.
- Any investments authorized by the Public Funds Investment Act.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The City's investments detailed in the interest rate risk table below are measured using the market valuation method and level 2 valuation inputs.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are rated AAAM and are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

Investment Policy - 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.

Custodial Credit Risk (Deposits) - With respect to deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's investment policy states that deposits should have a collateralization ratio of 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. As of fiscal year-end, the City did not have any uninsured or uncollateralized deposits and investments. At April 30, 2021, the bank balance of the City's deposits was \$11,336,162.

Interest Rate Risk - The City's investment policy 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. Maturity information on other investments is shown in the table below.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

1. City Deposits and Investments (Continued)

Investment type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 6,429,745	\$ 4,010,610	\$ 491,025	\$ 1,928,110	\$ -
State and Municipal Bonds	1,482,165	-	-	991,575	490,590
Corporate Bonds	<u>2,429,763</u>	<u>1,209,564</u>	<u>1,220,199</u>	<u>-</u>	<u>-</u>
	\$ <u>10,341,673</u>	\$ <u>5,220,174</u>	\$ <u>1,711,224</u>	\$ <u>2,919,685</u>	\$ <u>490,590</u>

The following investments are measured at net asset value (NAV):

		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Illinois Funds	\$ 4,767,342	n/a	Daily	1 day

Credit Risk - 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 investments in "derivative" securities and in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986. The City's investments in the Corporate Bonds are rated AA2 to Baa2 by Moody's and AA- to BBB+ by S&P. The City's State and Municipal Bonds are rated AA1 to AA2 by Moody's and AA to AA- by S&P. The City's investment in a Portland, Oregon bond is not rated.

Custodial Credit Risk (Investments) - With respect to investments, custodial credit risk 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 are not subject to custodial credit risk.

Concentration of Credit Risk - 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 THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations

The deposits and investments of the Pension Fund are held separately from those of other City funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty-five percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2012.

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations

On December 18, 2019, the Governor of Illinois signed into law Public Act (P.A.) 101-0610. The law consolidates the assets of more than 650 municipalities' pension funds, including North Chicago Firefighters' and Police Pension Fund, into two consolidated investments funds, one for police officers (Article 3) and one for firefighters (Article 4). The purpose of the consolidation is to improve investment returns while eliminating unnecessary administrative costs. The law became effective January 1, 2020. After one month of the effective date, the Governor appointed two separate nine-member transition boards. No later than 12 months after the effective date, the consolidated investment fund boards will hold elections for the trustees of the permanent boards and the permanent boards are seated. No later than 30 months after the effective date, all local pension fund assets must be transferred to their respective consolidated pension fund. The law stipulates that the assets and liabilities of North Chicago Firefighters' and Police Pension Fund will remain under the ownership of the Funds' pension boards, meaning the financial condition of one participating pension fund, including funding levels and ratios, will have no effect on the financial condition of North Chicago Firefighters' and Police Pension Funds. The law provides that returns on investments will be paid out to each fund in proportion to their amount invested in the consolidated funds.

a. Credit Risk, Custodial Risk, and Concentration Risk

Deposits - At year-end, the carrying amount of the Pension Trust Funds' deposits totaled \$4,474,643, and the related bank balances totaled \$4,474,643.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations (Continued)

a. Credit Risk, Custodial Risk, and Concentration Risk (Continued)

Investments - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Pension Trust Funds have the following recurring fair value measurements as of April 30, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Total
Debt Securities				
U.S. Treasuries	\$ 1,249,837	\$ -	\$ -	\$ 1,249,837
U.S. Agencies	-	75,602	-	75,602
Corporate Bonds	-	4,462,581	-	4,462,581
Equity Securities				
Equity Securities	5,845,672	-	-	5,845,672
Mutual Funds	11,680,845	-	-	11,680,845
Insurance Contracts	-	3,208,375	-	3,208,375
Total investments by fair value level	\$ 18,776,354	\$ 7,746,558	\$ -	\$ 26,522,912

As of April 30, 2021, the Pension Trust Funds have the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
Corporate bonds	\$ 4,462,581	\$ 114,286	\$ 3,235,651	\$ 1,112,644	\$ -
U.S. Agency Obligations	75,602	-	-	11,392	64,210
U.S. Treasury Bonds	1,249,837	346,056	774,078	129,703	-
	5,788,020	\$ 460,342	\$ 4,009,729	\$ 1,253,739	\$ 64,210
Equity Securities	20,734,892				
	\$ 26,522,912				

The Pension Trust Funds assume that any callable securities will not be called.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pension Trust Funds' investment policy 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."

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations (Continued)

a. Credit Risk, Custodial Risk, and Concentration Risk (Continued)

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Pensions Trust Funds help limit their exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Trust Funds' investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of U.S. government and agency obligations were rated AAA and Corporate Bonds are rated BBB or better by Standard & Poor's or by Moody's Investors Services. Also, the Police Pension Trust Funds' investment policies prescribe to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

The Police Pension Fund's investments in U.S. treasury obligations were all rated AAA and corporate bonds are all rated BBB or better by Standard and Poor's or by Moody's Investors Services

The Firefighters' Pension Fund investments in the securities of the U.S. Government Agencies were all rated AAA and Corporate Bonds are rated BBB or better by Standard & Poor's or by Moody's Investors Services or were small issues that were unrated or underrated. Unrated (NR) and underrated investments are listed in the following table. Besides investing in securities issued by agencies of the United States Government, the Fund has no other formal policy for reducing credit risk.

<u>Investment Type</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Standard and Poors</u>	<u>Moody's Investors Services</u>
Citigroup Global Corporate Bond	\$ 550,000	0.0%	01/02/2025	N/R	N/R
J.P. Morgan Chase Finl Index	\$ 300,000	0.0%	02/13/2026	N/R	N/R

The Fund's investment policy also prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations (Continued)

a. Credit Risk, Custodial Risk, and Concentration Risk (Continued)

Custodial Credit Risk (Deposits) - In the case of deposits, this is the risk that, in the event of a bank failure, the Pension Trust Funds' deposits may not be returned.

The Police Pension Trust Fund does not have a formal written policy with regards to custodial credit risk for deposits. The Police Pension Trust Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Trust Fund's deposits with financial institutions. At April 30, 2021, the \$1,370,094 bank balance of deposits is sufficiently covered by the flow-through FDIC insurance.

The Firefighters' Pension Trust Fund's investment policy requires pledging of collateral with a fair value of not less than 100% of all bank balances in excess of federal depository insurance. At April 30, 2021, the entire amount of the bank balance of the deposits was covered by the federal depository or equivalent insurance.

Custodial Credit Risk (Investments) - The Firefighters' Pension Trust Fund limits exposure to custodial credit risk related to investments by requiring all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian acting as the Fund's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Fund's name. The Firefighters' Pension Trust Fund limit exposure to custodial credit risk related to investments by utilizing an independent third party institution, selected by the Pension Trust Funds, to act as custodian for its securities and collateral.

Although not required by the investment policy, the Police Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Fund, to act as custodian for its securities and collateral.

Concentration of Credit Risk - The risk of loss attributed to the magnitude of the Pension Trust Funds' investment in a single issuer.

The Pension Trust Funds' investment policy in accordance with Illinois Compiled Statutes (ILCS), establishes the following target allocation across asset classes:

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations (Continued)

a. Credit Risk, Custodial Risk, and Concentration Risk (Continued)

Concentration of Credit Risk (Continued)

Police Pension Trust Fund		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	2.00%	0.00%
Fixed income	40.00%	0.00% - 1.00%
Equities	58.00%	3.00% - 4.00%

ILCS limit the Pension Trust Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% to the total fund.

Firefighters' Pension Trust Fund		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity	45 - 55%	5.00%
Small cap equity	5 - 10%	6.50%
International equity	5 - 10%	7.00%
Fixed income	30 - 35%	2.00%

ILCS limit the Pension Trust Fund's investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% to the total fund.

The long-term expected rate of return on the Pension Trust Funds' investments were determined using an asset allocation study conducted by the Pension Trust Funds' investment management consultant in April 2016 and 2021 for the Police Pension Trust Fund and Firefighters' Pension Trust Fund, respectively, in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major 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 or arithmetic real rates of return for each major asset class included in the Pension Trust Funds' target asset allocation as of April 30, 2021 are listed in the tables above.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations (Continued)

a. Credit Risk, Custodial Risk, and Concentration Risk (Continued)

Concentration of Credit Risk (Continued)

Police Pension Fund

The Police Pension Fund does not have a formal written policy with regards to concentration of credit risk. At April 30, 2021, the Fund has over 5 percent of net plan assets available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds) invested in the following:

Technology Select Sector SPDR ETF Fund	\$ 1,009,053
AXA Equitable Insurance Contracts	2,700,214

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations (Continued)

a. Credit Risk, Custodial Risk, and Concentration Risk (Continued)

Concentration of Credit Risk (Continued)

Police Pension Fund

The Police Pension Fund has diversified holdings as follows:

<u>Insurance Contracts, Equity Mutual Funds and Equity Securities</u>	<u>Fair Value</u>
AXA Equitable Insurance Contracts	\$ 2,700,214
Jackson National Life Insurance Contract	508,161
Total Insurance Contracts	<u>\$ 3,208,375</u>
Technology Select Sector SPDR ETF Fund	\$ 1,009,053
DFA U.S. Core Equity Fund	775,275
DFA U.S. Large Cap Value Fund	724,909
Communications Select Sector SPDR ETF Fund	611,834
First Trust Large Cap Growth Fund	529,103
Consumer Discretionary SPDR ETF Fund	523,699
Financial Select Sector SPDR ETF Fund	485,086
DFA U.S. Targeted Value Fund	418,843
Health Care Select Sector SPDR ETF Fund	378,186
Industrial Select Sector SPDR ETF Fund	356,143
First Trust Consumer Staples ETF Fund	327,791
DFA Emerging Markets Core Equity Fund	323,680
DFA International Core Equity Portfolio Fund	318,755
SPDR Portfolio S&P 500 Value Fund	219,321
SPDR Portfolio S&P 1500 Composite	218,264
First Trust Mid Cap Core Fund	217,497
DFA U.S. Large Company Fund	199,332
Materials Select Sector SPDR ETF Fund	155,617
Real Estate Select Sector SPDR ETF Fund	127,369
Energy Select Sector SPDR ETF Fund	121,055
Federated Kaufman Small Cap Fund	120,651
Utilities Select Spector SPDR Fund	84,267
DFA U.S. Vector Equity Instl. Fund	33,251
Total Equity Mutual Funds	<u>\$ 8,278,981</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Police and Firefighters' Pension Deposits, Investments, and Concentrations (Continued)

a. Credit Risk, Custodial Risk, and Concentration Risk (Continued)

Concentration of Credit Risk (Continued)

Firefighters' Pension Fund

The Firefighters' Pension Fund investment policy states "investments of the plan will be diversified so as to minimize the risk of large losses, unless it is clearly prudent not to do so." At April 30, 2021, the Firefighters' Pension Fund has over 5 percent of net plan assets available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) invested in the following:

Equity Securities	\$ 982,615
Abbott Laboratories	
Exchange Traded Products	
First Trust NASDAQ-100 Equal Weighted Index Fund	642,000

The Firefighters' Pension Fund has diversified holdings as follows:

<u>Insurance Contracts, Equity Mutual Funds and Equity Securities</u>	<u>Fair Value</u>
First Trust NASDAQ-100 Equal Weighted Index Fund	\$ 642,000
iShares U.S. Financials ETF Fund	481,320
SPDR S&P Dividend ETF Fund	429,625
Consumer Staples Select Sector SPDR ETF Fund	347,900
Vanguard Russell 2000 ETF Fund	399,696
Industrial Select Sector SPDR ETF Fund	356,755
Vanguard Total Stock Market Index ETF Fund	217,100
Materials Select Sector SPDR ETF Fund	207,600
Guggenheim S&P 500 Equal Weight ETF Fund	192,764
SPDR Dow Jones Industrial Average ETF Fund	67,788
iShares Core S&P Total US Stock	38,516
Fidelity Dividend ETF Fund	20,800
	<u>20,800</u>
Total Equity Mutual Funds	<u>\$ 3,401,864</u>

b. Rate of Return

For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 31.20% and 31.45% for the Police and Firefighters' pension plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE C - INTERFUND RECEIVABLES, PAYABLES, AND ADVANCES

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are intended to be repaid currently from other resources of respective funds. Interfund balances at April 30, 2021 are shown as follows:

	Due From	Due To
Major Governmental Funds		
General Fund	\$ 773,808	\$ 100,000
Nonmajor Governmental Funds	5,861	658,181
Major Proprietary Funds		
Water, Sewer, and Refuse Fund	100,000	93,720
Internal Service Funds	-	27,768
	879,669	879,669
Less amounts eliminated during GASB 34 adjustments and net adjustments to interfund balances	(873,389)	(873,389)
Total internal balances as shown on the statement of net position	\$ 6,280	\$ 6,280

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

\$100,000 owed from the General Fund to the Water, Sewer, and Refuse Fund for a long term advance. This amount will not be repaid in one year.

All other amounts due and owed are for operational support. These amounts are expected to be repaid in one year.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2021, was as follows:

1. Governmental Activities

	<u>Balance</u> <u>May 1, 2020</u>	<u>Increases /</u> <u>Transfers</u>	<u>Decreases /</u> <u>Transfers</u>	<u>Balance</u> <u>April 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 2,781,140	\$ 10	\$ -	\$ 2,781,150
Assets not yet placed in service	<u>1,969,660</u>	<u>-</u>	<u>1,939,288</u>	<u>30,372</u>
Total capital assets not being depreciated	<u>4,750,800</u>	<u>10</u>	<u>1,939,288</u>	<u>2,811,522</u>
Capital assets being depreciated				
Land improvements	584,525	2,121,491	-	2,706,016
Buildings and improvements	4,581,657	92,216	-	4,673,873
Infrastructure	11,883,790	564,569	-	12,448,359
Machinery and equipment	<u>8,353,515</u>	<u>-</u>	<u>346,516</u>	<u>8,006,999</u>
Total capital assets being depreciated	<u>25,403,487</u>	<u>2,778,276</u>	<u>346,516</u>	<u>27,835,247</u>
Less accumulated depreciation for				
Land improvements	273,868	226,671	-	500,539
Buildings and improvements	2,867,935	128,023	-	2,995,958
Infrastructure	8,368,722	108,735	-	8,477,457
Machinery and equipment	<u>6,880,407</u>	<u>374,109</u>	<u>346,516</u>	<u>6,908,000</u>
Total accumulated depreciation	<u>18,390,932</u>	<u>837,538</u>	<u>346,516</u>	<u>18,881,954</u>
Total capital assets being depreciated, net	<u>7,012,555</u>	<u>1,940,738</u>	<u>-</u>	<u>8,953,293</u>
Governmental activities capital assets, net	<u>\$ 11,763,355</u>	<u>\$ 1,940,748</u>	<u>\$ 1,939,288</u>	<u>\$ 11,764,815</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE D - CAPITAL ASSETS (Continued)

2. Business-type Activities

	<u>Balance</u> <u>May 1, 2020</u>	<u>Increases /</u> <u>Transfers</u>	<u>Decreases /</u> <u>Transfers</u>	<u>Balance</u> <u>April 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 2,435	\$ -	\$ -	\$ 2,435
Assets not yet placed in service	<u>465,883</u>	<u>-</u>	<u>94,798</u>	<u>371,085</u>
Total capital assets not being depreciated	<u>468,318</u>	<u>-</u>	<u>94,798</u>	<u>373,520</u>
Capital assets being depreciated				
Land improvements	209,813	-	-	209,813
Buildings	8,436,391	-	-	8,436,391
Machinery and equipment	5,667,794	82,205	24,513	5,725,486
Underground equipment	<u>18,275,899</u>	<u>2,341,158</u>	<u>-</u>	<u>20,617,057</u>
Total capital assets being depreciated	<u>32,589,897</u>	<u>2,423,363</u>	<u>24,513</u>	<u>34,988,747</u>
Less accumulated depreciation for				
Land improvements	118,072	2,912	-	120,984
Buildings	4,949,395	173,414	-	5,122,809
Machinery and equipment	4,405,800	208,683	24,513	4,589,970
Underground equipment	<u>11,682,436</u>	<u>294,776</u>	<u>-</u>	<u>11,977,212</u>
Total accumulated depreciation	<u>21,155,703</u>	<u>679,785</u>	<u>24,513</u>	<u>21,810,975</u>
Total capital assets being depreciated, net	<u>11,434,194</u>	<u>1,743,578</u>	<u>-</u>	<u>13,177,772</u>
Business-type activities capital assets, net	<u>\$ 11,902,512</u>	<u>\$ 1,743,578</u>	<u>\$ 94,798</u>	<u>\$ 13,551,292</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE D - CAPITAL ASSETS (Continued)

3. Depreciation

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

Governmental activities

Administration and general government	\$ 423,250
Police	161,868
Fire	143,685
Public works	<u>108,735</u>

Total depreciation expense - governmental activities \$ 837,538

Business-type activities

Water / Sewer	\$ <u>679,785</u>
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Total depreciation expense - business-type activities \$ 679,785

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE E - LONG-TERM LIABILITIES

1. Changes in Long-Term Liabilities

The following is a summary of the City's long-term debt balances and transactions for the year ended April 30, 2021:

	<u>Balance</u> <u>May 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
General obligation bonds					
Series 2007A	\$ 815,000	\$ -	\$ 255,000	\$ 560,000	\$ 270,000
Series 2007B	4,740,000	-	-	4,740,000	-
Series 2007C	5,875,000	-	550,000	5,325,000	600,000
Series 2014A Refunding	2,910,000	-	905,000	2,005,000	970,000
Bond issuance premium	99,791	-	78,665	21,126	-
Lawsuit settlement liability	63,793	5,207	7,800	61,200	7,800
Note payable to Illinois Finance Authority	40,000	-	20,000	20,000	20,000
Note payable to Illinois Department of Revenue	349,290	-	211,200	138,090	138,090
Compensated absences	2,056,920	399,157	367,260	2,088,817	-
Other postemployment benefits	5,023,358	1,916,143	168,405	6,771,096	-
Police net pension liability	91,879,257	5,090,653	11,219,856	85,750,054	-
Firefighters' net pension liability	<u>36,511,703</u>	<u>4,173,994</u>	<u>7,396,912</u>	<u>33,288,785</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 150,364,112</u>	<u>\$ 11,585,154</u>	<u>\$ 21,180,098</u>	<u>\$ 140,769,168</u>	<u>\$ 2,005,890</u>

In 2021, the IMRF plan fiduciary net position exceeded the total pension liability resulting in a net pension asset of \$2,521,300, which is presented as an asset on the statement of net position (deficit). The portion of the net pension asset allocated to governmental activities amounted to \$1,754,391 at April 30, 2021.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE E - LONG-TERM LIABILITIES (Continued)

1. Changes in Long-Term Liabilities (Continued)

	<u>Balance</u> <u>May 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities					
General obligation bonds					
Series 2014B Refunding	\$ 1,460,000	\$ -	\$ 220,000	\$ 1,240,000	\$ 230,000
Bond issuance premium	90,652	-	22,664	67,988	-
Note payable to Illinois Environmental Protection Agency	607,691	-	57,875	549,816	57,875
Compensated absences	112,772	19,653	11,745	120,680	-
Other postemployment benefits	<u>724,041</u>	<u>48,853</u>	<u>18,756</u>	<u>754,138</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 2,995,156</u>	<u>\$ 68,506</u>	<u>\$ 331,040</u>	<u>\$ 2,732,622</u>	<u>\$ 287,875</u>

In 2021, the IMRF plan fiduciary net position exceeded the total pension liability resulting in a net pension asset of \$2,521,300 which is presented as an asset on the statement of net position (deficit). The portion of the net pension asset allocated to business-type activities amounted to \$601,942 at April 30, 2021.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE E - LONG-TERM LIABILITIES (Continued)

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

Governmental activities

\$2,475,000 General Obligation Bonds, Series 2007A, dated May 9, 2007. Principal is payable on November 1 of each year. Interest is payable on May 1 and November 1 of each year at a rate of 4%.	\$ 560,000
\$4,740,000 General Obligation Bonds, Series 2007B, dated May 9, 2007. Principal is payable on November 1 of each year starting in 2028. Interest is payable on May 1 and November 1 of each year at rates ranging from 4.30 to 4.35%.	4,740,000
\$8,860,000 General Obligation Bonds, Series 2007C, dated August 15, 2007. Principal is payable on November 1 of each year. Interest is payable on May 1 and November 1 of each year at rates ranging from 5.81 to 6.01%.	5,325,000
\$6,010,000 General Obligation Bonds, Series 2014A Refunding, dated February 4, 2015. Principal is payable on November 1 of each year. Interest is payable on May 1 and November 1 of each year at a rate of 4.0%.	<u>2,005,000</u>
Total governmental activities general obligation bonds outstanding	<u>12,630,000</u>

Business-type activities

\$2,275,000 General Obligation Bonds, Series 2014B Refunding, dated February 4, 2015. Principal is payable on November 1 of each year. Interest is payable on May 1 and November 1 of each year at a rate of 4.0%.	<u>1,240,000</u>
Total business-type general obligation bonds outstanding	<u>1,240,000</u>
Total general obligation bonds outstanding	<u>\$ 13,870,000</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE E - LONG-TERM LIABILITIES (Continued)

2. General Obligation Bonds (Continued)

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

Year Ending April 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,840,000	\$ 588,343	\$ 230,000	\$ 45,000
2023	1,985,000	500,840	240,000	35,600
2024	720,000	427,731	245,000	25,900
2025	765,000	383,106	260,000	15,800
2026	810,000	335,778	265,000	5,300
2027-2031	3,070,000	1,078,785	-	-
2022-2036	2,560,000	534,108	-	-
2037-2038	880,000	44,805	-	-
Total	<u>\$ 12,630,000</u>	<u>\$ 3,893,496</u>	<u>\$ 1,240,000</u>	<u>\$ 127,600</u>

3. 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 settlement payments of \$61,200 has been recorded as a liability, at April 30, 2021.

4. Note Payable to Illinois Finance Authority

In October 2017, the City entered into an agreement with the Illinois Finance Authority, in the total amount of \$100,000 to be used for financing the purchase of a new ambulance. Principal and interest payments ranging from \$20,372 to \$21,860 are due annually based on a 5 year amortization schedule for the loan. Interest is charged at 1.86%. The balance at April 30, 2021 is \$20,000.

At April 30, 2021, the City is obligated for future payments under the loan payable as follows:

Year Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 20,000	\$ 372	\$ 20,372

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE E - LONG-TERM LIABILITIES (Continued)

5. Note Payable to 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 of Illinois. 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, 2021 is \$138,090.

At April 30, 2021, the City is obligated for future payments under the loan payable as follows:

Year Ending April 30,	Principal
2022	\$ <u>138,090</u>

6. Note Payable to Illinois Environmental Protection Agency

In December 2009, the City entered into an agreement with the Illinois Environmental Protection Agency (IEPA) for the IEPA to provide a note payable to the City, in the amount of \$1,752,856, to be used to reimburse the Illinois Department of Transportation (IDOT) for sanitary sewer replacement construction costs. The City is required to make semi-annual principal payments, aggregating to \$57,875 annually, through October 2030. The note is non-interest bearing. The balance due to IEPA, at April 30, 2021, is \$549,816, which is recorded in the enterprise fund.

Year Ending April 30,	Principal
2022	\$ 57,875
2023	57,875
2024	57,875
2025	57,875
2026	57,875
2027-2031	<u>260,441</u>
Total	\$ <u>549,816</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE F - INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund with collection authorization to the capital project fund or enterprise fund as debt service and interest payments become due or (2) move restricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization. Interfund transfers are recorded for permanent transfers between funds which are not expected to be repaid. Aggregated, individual interfund transfers, during the fiscal year ended April 30, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds		
General Fund		
Water, Sewer, and Refuse Fund	\$ 2,700,000	\$ 305,000
Internal Service	75,000	-
Nonmajor Governmental Funds	-	26,726
Nonmajor Governmental Funds		
General Fund	26,726	
Internal Service		
General Fund	-	75,000
Total governmental funds	<u>2,801,726</u>	<u>406,726</u>
Enterprise fund		
Water, Sewer, and Refuse Fund		
General Fund	<u>305,000</u>	<u>2,700,000</u>
Total enterprise fund	<u>305,000</u>	<u>2,700,000</u>
Total all funds	<u>\$ 3,106,726</u>	<u>\$ 3,106,726</u>
Less amounts eliminated during GASB 34 adjustments	<u>\$ (711,726)</u>	<u>\$ (711,726)</u>
Total transfers	<u>\$ 2,395,000</u>	<u>\$ 2,395,000</u>

The purpose of the transfers above is for operational support.

NOTE G - CONCENTRATION OF RISK - REVENUE SOURCE

The City has one resident business from which it generates a significant amount of property tax and utility revenue. Without this commercial entity, the City would be forced to obtain new revenue sources to continue to provide its current level of services.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES

The City participates in the Illinois Municipal Retirement Fund (IMRF), a statewide multiple-employer, public employee retirement system which acts as an investment and administrative agent. The IMRF plan covers substantially all of the City's employees other than police officers and firefighters. The City also maintains two separate, single-employer retirement plans established by state statute for the City's police officers and firefighters.

1. Illinois Municipal Retirement Fund

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

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

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	116
Inactive plan members entitled to but not yet receiving benefits	64
Active plan members	57
Total	237

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2020 was 8.94%. For the fiscal year ended April 30, 2021 the City contributed \$372,177 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Asset

The City's IMRF net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Long-term Expected Rate of Return

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equities	37%	5.00%
International equities	18%	6.00%
Fixed income	28%	1.30%
Real estate	9%	6.20%
Alternative investments	7%	2.85% - 6.95%
Cash equivalents	1%	0.70%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.0% (based on the daily rate closest to but not later than the measurement date of the "20-year Municipal GO AA index") and the resulting single discount rate is 7.25%.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Asset

The following table shows the components of the change in the City's net pension asset for the calendar year ended December 31, 2020:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2019	\$ 25,958,714	\$ 26,024,438	\$ (65,724)
Changes for the year:			
Service cost	478,833	-	478,833
Interest on the total pension liability	1,831,286	-	1,831,286
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(781,649)	-	(781,649)
Changes of assumptions	(188,335)	-	(188,335)
Contributions - employer	-	354,658	(354,658)
Contributions - employees	-	181,669	(181,669)
Net investment income	-	3,683,700	(3,683,700)
Benefit payments, including refunds of employee contributions	(1,523,668)	(1,523,668)	-
Other (net transfer)	-	(589,283)	589,283
Net changes	<u>(183,533)</u>	<u>2,107,076</u>	<u>(2,290,609)</u>
Balances at December 31, 2020	<u>\$ 25,775,181</u>	<u>\$ 28,131,514</u>	<u>\$ (2,356,333)</u>

The net pension asset is allocated between the Governmental and Business-Type activities based upon pension contributions within the respective activities, as presented on the Statement of Net Position (Deficit).

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Asset (Continued)

The following table shows the components of the change in the Library's net pension asset for the calendar year ended December 31, 2020:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2019	\$ 1,627,800	\$ 1,631,913	\$ (4,113)
Changes for the year:			
Service cost	33,523	-	33,523
Interest on the total pension liability	128,209	-	128,209
Changes of benefit terms	-		-
Difference between expected and actual experience of the total pension liability	(54,724)	-	(54,724)
Changes of assumptions	(13,185)	-	(13,185)
Contributions - employer	-	24,830	(24,830)
Contributions - employees	-	12,719	(12,719)
Net investment income	-	257,897	(257,897)
Benefit payments, including refunds of employee contributions	(106,672)	(106,672)	-
Other (net transfer)	-	(40,769)	40,769
Net changes	<u>(12,849)</u>	<u>148,005</u>	<u>(160,854)</u>
Balances at December 31, 2020	<u>\$ 1,614,951</u>	<u>\$ 1,779,918</u>	<u>\$ (164,967)</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Asset (Continued)

The following table shows the components of the change in the total net pension asset for the calendar year ended December 31, 2020:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2019	\$ 27,586,514	\$ 27,656,351	\$ (69,837)
Changes for the year:			
Service cost	512,356	-	512,356
Interest on the total pension liability	1,959,495	-	1,959,495
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(836,373)	-	(836,373)
Changes of assumptions	(201,520)	-	(201,520)
Contributions - employer	-	379,488	(379,488)
Contributions - employees	-	194,388	(194,388)
Net investment income	-	3,941,597	(3,941,597)
Benefit payments, including refunds of employee contributions	(1,630,340)	(1,630,340)	-
Other (net transfer)	-	(630,052)	630,052
Net changes	<u>(196,382)</u>	<u>2,255,081</u>	<u>(2,451,463)</u>
Balances at December 31, 2020	<u>\$ 27,390,132</u>	<u>\$ 29,911,432</u>	<u>\$ (2,521,300)</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<u>1% Lower (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Higher (8.25%)</u>
City	544,226	(2,356,333)	(4,679,241)
Library	<u>38,101</u>	<u>(164,967)</u>	<u>(327,595)</u>
Net pension liability (asset)	\$ <u>582,327</u>	\$ <u>(2,521,300)</u>	\$ <u>(5,006,836)</u>

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

For the year ended April 30, 2021, the City recognized pension expense of \$119,669 and the Library recognized pension expense of \$8,378. At April 30, 2021, the City and Library reported deferred outflows of resources and deferred inflows of resources related to IMRF pension from the following sources:

<u>City - Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 18,821	\$ 544,924
Change of assumptions	49,963	122,271
Net difference between projected and actual earnings on pension plan investments	<u>1,241,855</u>	<u>3,507,040</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>1,310,639</u>	<u>4,174,235</u>
Pension contributions made subsequent to the measurement date	<u>110,302</u>	<u>-</u>
Total deferred amounts related to pensions *	\$ <u>1,420,941</u>	\$ <u>4,174,235</u>

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
 (Continued)

<u>Library - Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 1,318	\$ 38,150
Change of assumptions	3,498	8,560
Net difference between projected and actual earnings on pension plan investments	<u>86,943</u>	<u>245,530</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>91,759</u>	<u>292,240</u>
Pension contributions made subsequent to the measurement date	<u>7,722</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 99,481</u></u>	<u><u>\$ 292,240</u></u>

* The City deferred amounts related to pensions are allocated between the Governmental and Business-Type activities based upon employer pension contributions within the respective activities.

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
 (Continued)

The City reported \$118,024 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2022. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended April 30,	City	Library	Total
2022	\$ 1,017,479	\$ 71,234	\$ 1,088,713
2023	571,616	40,019	611,635
2024	901,113	63,087	964,200
2025	373,388	26,141	399,529
2026	-	-	-
Thereafter	-	-	-
Total	\$ <u>2,863,596</u>	\$ <u>200,481</u>	\$ <u>3,064,077</u>

2. Police Pension Plan

Plan Description

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member Board of Trustees. Two members of the Board 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 to the City of North Chicago at 1850 Lewis Avenue, North Chicago, Illinois 60064.

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Benefits Provided

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired prior to January 1, 2011 (tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to 1/2 of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% 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 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 with at least ten 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 officer salary for the pension purpose is capped at \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2 percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

Plan Membership

As of April 30, 2020, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	52
Total	113

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. The City has chosen to use the following parameters to fund its pension plan above and beyond the state minimum. For the year ended April 30, 2021, the City's contribution was 45.46% of covered payroll.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation dated April 30, 2020 using the following actuarial methods and assumptions:

Actuarial valuation date	April 30, 2020
Measurement date	April 30, 2021
Actuarial cost method	Projected Unit Credit; Level % of pay
Amortization method	Level percent of pay
Equivalent single amortization period	90% funded over 21 years
Asset valuation method	5-year smoothed market value

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Single Discount Rate

Assumptions	
Interest rate	7.00%
Discount rate	3.64%
Salary increases	2.93% - 11.45%
Cost of living adjustments	2.25%
Inflation	2.25%
Percent married	80.00%
Mortality rates	Pub-100 adjusted for plan status, demographics, and Illinois public pension data
Retirement rate	100% of L&A 2020 Illinois Police retirement rates capped at age 60
Disability rate	100% of L&A 2020 Illinois Police disability rates
Termination rate	150% of L&A 2020 Illinois Police termination rates

A single discount rate of 3.64% was used to measure the total pension liability. The prior fiscal year valuation used a discount rate of 3.40%. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 2.27%, and the resulting single discount rate is 3.64%.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

2. **Police Pension Plan** (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at April 30, 2020	\$ 106,502,388	\$ 14,623,131	\$ 91,879,257
Changes for the year:			
Service cost	2,921,273	-	2,921,273
Interest on the total pension liability	3,527,900	-	3,527,900
Difference between expected and actual experience of the total pension liability	(1,409,879)	-	(1,409,879)
Changes of assumptions*	(4,368,056)	-	(4,368,056)
Contributions - employer	-	2,131,165	(2,131,165)
Contributions - employees	-	447,914	(447,914)
Net investment income (loss)	-	4,272,721	(4,272,721)
Benefit payment, including refunds of employee contributions	(2,820,621)	(2,820,621)	-
Administrative expense	-	(51,359)	51,359
Net changes	<u>(2,149,383)</u>	<u>3,979,820</u>	<u>(6,129,203)</u>
Balances at April 30, 2021	<u>\$ 104,353,005</u>	<u>\$ 18,602,951</u>	<u>\$ 85,750,054</u>

* Certain assumptions were changed from the prior year. The High-Quality 20 Year Tax-Exempt General Obligation ("G.O.") Bond Rate assumption was changed from 2.56% to 2.27% for the current year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 3.64%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (2.64%)	Current Discount Rate (3.64%)	1% Higher (4.46%)
	<u>(2.64%)</u>	<u>Rate (3.64%)</u>	<u>(4.46%)</u>
Net pension liability	\$ <u>105,860,941</u>	\$ <u>85,750,054</u>	\$ <u>70,097,757</u>

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

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

For the year ended April 30, 2021 the City recognized pension expense of \$6,903,991. At April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 647,932	\$ 1,332,043
Change of assumptions	18,171,028	8,738,897
Net difference between projected and actual earnings on pension plan investments	<u>740,007</u>	<u>2,611,723</u>
Total deferred amounts related to pensions	<u>\$ 19,558,967</u>	<u>\$ 12,682,663</u>

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

<u>Year Ended April 30,</u>	<u>Net Deferred Outflows of Resources</u>
2022	\$ 1,055,807
2023	1,022,186
2024	2,162,608
2025	2,509,264
2026	126,439
Thereafter	<u>-</u>
Total	<u>\$ 6,876,304</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

3. Firefighters' Pension Plan

Plan Description

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member Board of Trustees. Two members of the Board 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 to the City of North Chicago at 1850 Lewis Avenue, North Chicago, Illinois 60064.

Benefits Provided

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

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3% compounded annually thereafter.

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

3. Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Plan Membership

As of April 30, 2020, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	31
Total	77

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. The City has chosen to use the following parameters to fund its pension plan above and beyond the state minimum. For the year-ended April 30, 2021, the City's contribution was 54.40% of covered payroll.

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

3. **Firefighters' Pension Plan** (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of May 1, 2020, using the following actuarial methods and assumptions.

Actuarial valuation date	May 1, 2020
Measurement date	April 30, 2021
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay
Equivalent single amortization period	90% funded over 21 years
Asset valuation method	5-year smoothed market value
Assumptions	
Interest rate	6.50%
Discount rate	5.07%
Salary increases	2.64% - 10.88%
Cost of living adjustments	2.25%
Inflation	3.25%
Percent married	80.00%
Mortality rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data
Retirement rate	100% of L&A 2020 Illinois Police retirement rates capped at age 60
Disability rate	100% of L&A 2020 Illinois Police disability rates
Termination rate	150% of L&A 2020 Illinois Police termination rates

Single Discount Rate

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

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

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

3. Firefighters' Pension Plan (Continued)

Single Discount Rate (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.50%, the municipal bond rate is 2.27%, and the resulting single discount rate is 5.07%.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at April 30, 2020	\$ 45,770,541	\$ 9,258,838	\$ 36,511,703
Changes for the year:			
Service cost	1,080,817	-	1,080,817
Interest on the total pension liability	2,173,465	-	2,173,465
Difference between expected and actual experience of the total pension liability	843,541	-	843,541
Changes of assumptions*	(2,512,459)	-	(2,512,459)
Contributions - employer	-	1,504,416	(1,504,416)
Contributions - employees	-	260,984	(260,984)
Net investment income (loss)	-	3,119,053	(3,119,053)
Benefit payment, including refunds of employee contributions	(1,632,423)	(1,632,423)	-
Administrative expense	-	(76,171)	76,171
Net changes	<u>(47,059)</u>	<u>3,175,859</u>	<u>(3,222,918)</u>
Balances at April 30, 2018	<u>\$ 45,723,482</u>	<u>\$ 12,434,697</u>	<u>\$ 33,288,785</u>

* The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was changed from 3.97% to 3.79% for the current year. The underlying index used is The Bond Buyer 20- Bond G.O. Index. The choice of index is unchanged from the prior year.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

3. Firefighters' Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 4.67%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<u>1% Lower (4.07%)</u>	<u>Current Discount Rate (5.07%)</u>	<u>1% Higher (6.07%)</u>
Net pension liability	\$ <u>41,456,524</u>	\$ <u>33,288,785</u>	\$ <u>26,861,329</u>

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

For the year ended April 30, 2021 the City recognized pension expense of \$2,194,287. At April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 2,019,889	\$ -
Change of assumptions	6,650,645	7,687,391
Net difference between projected and actual earnings on pension plan investments	<u>1,053,728</u>	<u>2,131,332</u>
Total deferred amounts related to pensions	<u>\$ 9,724,262</u>	<u>\$ 9,818,723</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

3. Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
(Continued)

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

Year Ended April 30,	Net Deferred Outflows / (Inflows) of Resources
2022	\$ (211,492)
2023	(331,007)
2024	(273,077)
2025	(474,077)
2026	564,146
Thereafter	<u>631,046</u>
Total	<u>\$ (94,461)</u>

4. Summary of Pension Items

Below is a summary of the various pension items:

	<u>IMRF</u>	<u>Police</u>	<u>Firefighters'</u>	<u>Total</u>
Deferred outflows of resources:				
Employer contributions	\$ 118,024	\$ -	\$ -	\$ 118,024
Experience	20,139	647,932	2,019,889	2,687,960
Assumptions	53,461	18,171,028	6,650,645	24,875,134
Investments	<u>1,328,798</u>	<u>740,007</u>	<u>1,053,728</u>	<u>3,122,533</u>
	<u>\$ 1,520,422</u>	<u>\$ 19,558,967</u>	<u>\$ 9,724,262</u>	<u>\$ 30,803,651</u>
Net pension liability (asset)	<u>\$ (2,521,300)</u>	<u>\$ 85,750,054</u>	<u>\$ 33,288,785</u>	<u>\$ 116,517,539</u>
Pension expense	<u>\$ 128,047</u>	<u>\$ 6,903,991</u>	<u>\$ 2,194,287</u>	<u>\$ 9,226,325</u>
Deferred inflows of resources:				
Experience	\$ 583,074	\$ 1,332,043	\$ -	\$ 1,915,117
Assumptions	130,831	8,738,897	7,687,391	16,557,119
Investments	<u>3,752,570</u>	<u>2,611,723</u>	<u>2,131,332</u>	<u>8,495,625</u>
	<u>\$ 4,466,475</u>	<u>\$ 12,682,663</u>	<u>\$ 9,818,723</u>	<u>\$ 26,967,861</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE H - PENSION LIABILITIES (Continued)

5. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund, Police Pension Fund, and Firefighters' Pension Fund are considered "nonparticipating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The City paid the total required contribution for the current fiscal year.

NOTE I - OTHER POSTEMPLOYMENT BENEFITS

1. 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, business-type activities, enterprise funds and the Library.

2. 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.

3. Employees Covered by Benefit Terms

As of April 30, 2021, the following employees were covered by the benefit terms:

Active	138
Inactive entitled to but not yet receiving benefits	-
Inactive currently receiving benefits	<u>25</u>
Total	<u><u>163</u></u>

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

4. Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation performed as of May 1, 2020 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2020
Measurement date	April 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	3.00%
Discount rate	1.83%
Salary rate increase	4.00%
Healthcare inflation rate	5.50% initial 4.50% ultimate Ultimate rate reached in fiscal year 2037
Mortality rates	IMRF employees and retirees rates are from the December 31, 2020 IMRF Actuarial Valuation Report. Mortality Rates: Active- PubG.H-2010 Mortality Table projected to the valuation date using Projection Scale MP-2020. Retirees - PubG.H-2010(B) Mortality Table – General
Election at retirement	15% of active employees are assumed to elect medical coverage at retirement.
Marital status	30% of active employees electing retiree coverage are assumed to be married and elect spousal coverage with males three years older than females. Actual spouse data was used for current retirees.

5. Discount Rate

The City does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 1.83% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of April 30, 2021.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

6. Changes in the Total OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balance at April 30, 2020	\$ 5,834,329	\$ -	\$ 5,834,329
Changes for the year:			
Service Cost	47,619	-	47,619
Interest on the total OPEB liability	163,471	-	163,471
Difference between expected and actual experience of the total OPEB liability	(536,435)	-	(536,435)
Changes of assumptions and other inputs	2,608,099	-	2,608,099
Contributions - employer	-	-	-
Contributions - active and inactive employees	-	-	-
Net investment income	-	-	-
Benefit payments, including the implicit rate subsidy	(196,982)	-	(196,982)
Other changes	-	-	-
Net changes	<u>2,085,772</u>	<u>-</u>	<u>2,085,772</u>
Balance at April 30, 2021	<u>\$ 7,920,101</u>	<u>\$ -</u>	<u>\$ 7,920,101</u>

In 2021, changes in assumptions related to the discount rate were made. The discount rate for the fiscal years ending April 30, 2020, 2019 and 2018 were 2.85%, 3.21% and 3.63%, respectively.

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

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 1.83%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (0.83%)	Current Discount Rate (1.83%)	1% Higher (2.83%)
Total OPEB liability	\$ <u>9,748,238</u>	\$ <u>7,920,101</u>	\$ <u>6,581,168</u>

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

8. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the plan's net OPEB liability, calculated using a Healthcare Trend Rate range of 4.50%-5.50%, as well as what the plan's net OPEB liability would be if it were calculated using a Healthcare Trend Rate range that is 1% lower or 1% higher than the current range:

	<u>1% Lower</u> <u>(3.50%-4.50%)</u>	<u>Current</u> <u>Healthcare Rate</u> <u>(4.50%-5.50%)</u>	<u>1% Higher</u> <u>(5.50%-6.50%)</u>
Total OPEB liability	\$ <u>6,571,864</u>	\$ <u>7,920,101</u>	\$ <u>9,715,309</u>

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

For the year ended April 30, 2021 the City recognized OPEB expense of \$662,727. At April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 584,846
Change of assumptions	<u>3,436,988</u>	<u>71,983</u>
Total deferred amounts to be recognized in OPEB expense in the future periods	<u>\$ 3,436,988</u>	<u>\$ 656,829</u>

City of North Chicago, Illinois
 NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

9. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows in these reporting years:

Year Ended April 30,	Net Deferred Outflows of Resources
2022	\$ 451,637
2023	451,637
2024	451,637
2025	451,637
2026	451,637
Thereafter	<u>521,974</u>
Total	<u>\$ 2,780,159</u>

NOTE J - OTHER COMMITMENTS AND CONTINGENCIES

1. Litigation

There are several pending lawsuits in which the City is involved. Management estimates that the potential unsettled claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City although the outcome of these matters is currently unknown.

2. Grants

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

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE K - PRIOR PERIOD ADJUSTMENTS

The City recorded prior period adjustments to correct overstatement of interest and accounts payable and at May 1, 2020. The effect of these adjustments on opening net position/fund balances are summarized below:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Downtown Tax Tax Increment Financing Redevelopment Project Area Series 2014A Fund</u>	<u>Water, Sewer and Refuse Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund balance/net position as reported, April 30, 2020	\$ (92,246,819)	\$ 11,339,764	\$ 3,576,831	\$ 13,954,715	\$ 9,027,945
Interest payable	387,677	-	75,100	-	312,577
Accounts payable	<u>31,076</u>	<u>-</u>	<u>-</u>	<u>985,483</u>	<u>-</u>
Restated fund balance/ net position, May 1, 2020	<u>\$ (91,828,066)</u>	<u>\$ 11,339,764</u>	<u>\$ 3,651,931</u>	<u>\$ 14,940,198</u>	<u>\$ 9,340,522</u>
	<u>Internal Service Funds</u>	<u>Business Type Activities</u>			
Fund balance/net position as reported, April 30, 2020	\$ 18,851	\$ 13,954,715			
Accounts payable	<u>31,076</u>	<u>985,483</u>			
Restated fund balance/ net position, May 1, 2020	<u>\$ 49,927</u>	<u>\$ 14,940,198</u>			

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE L - OPERATING LEASE AGREEMENTS

The City leases various equipment and vehicles under noncancelable operating leases with unrelated parties. Total costs for such leases were \$129,226 for the year ended April 30, 2021. The future minimum lease payments under these agreements are as follows:

<u>Future Maturities</u>	
<u>Year Ending</u> <u>April 30</u>	<u>Total</u>
2022	\$ 143,193
2023	141,680
2024	75,870
2025	<u>27,412</u>
	<u>\$ 388,155</u>

NOTE M - COMPONENT UNIT - 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.

1. 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.

2. Deposits and Investments

Custodial Credit Risk - Deposits - 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.

Custodial Credit Risk - Investments - 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 THE FINANCIAL STATEMENTS
April 30, 2021

NOTE M - COMPONENT UNIT - NORTH CHICAGO PUBLIC LIBRARY (Continued)

3. Capital Assets

Capital asset activity for the year ended April 30, 2021, was as follows:

	Balance May 1, 2020	Increases	Decreases	Balance April 30, 2021
Capital assets not being depreciated				
Land	\$ 71,966	\$ -	\$ -	\$ 71,966
Total capital assets not being depreciated	<u>71,966</u>	<u>-</u>	<u>-</u>	<u>71,966</u>
Capital assets being depreciated				
Land improvements	9,400	-	-	9,400
Buildings and improvements	1,305,586	-	-	1,305,586
Machinery and equipment	69,857	-	-	69,857
Total capital assets being depreciated	<u>1,384,843</u>	<u>-</u>	<u>-</u>	<u>1,384,843</u>
Less accumulated depreciation for				
Land improvements	9,400	-	-	9,400
Buildings and improvements	784,901	3,359	-	788,260
Machinery and equipment	69,857	-	-	69,857
Total accumulated depreciation	<u>864,158</u>	<u>3,359</u>	<u>-</u>	<u>867,517</u>
Total capital assets being depreciated, net	<u>520,685</u>	<u>(3,359)</u>	<u>-</u>	<u>517,326</u>
Library capital assets, net	<u>\$ 592,651</u>	<u>\$ (3,359)</u>	<u>\$ -</u>	<u>\$ 589,292</u>

4. Changes in Long-Term Liabilities

The following is a summary of the Library's long-term debt balances and transactions for the year ended April 30, 2021:

	Balance May 1, 2020	Additions	Reductions	Balance April 30, 2021	Due Within One Year
Compensated absences	\$ 50,772	\$ 525	\$ 9,012	\$ 42,285	\$ -
Other postemploy- ment benefits	<u>86,930</u>	<u>317,758</u>	<u>9,821</u>	<u>394,867</u>	<u>-</u>
Total	<u>\$ 137,702</u>	<u>\$ 318,283</u>	<u>\$ 18,833</u>	<u>\$ 437,152</u>	<u>\$ -</u>

4. Changes in Long-Term Liabilities (Continued)

In 2021, the IMRF plan fiduciary net position exceeded the total pension liability resulting in a net pension asset of \$2,251,300 which is presented as an asset on the City's statement of net position (deficit). The portion of the net pension asset allocated to the Library amounted to \$164,967 at April 30, 2021.

City of North Chicago, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

NOTE M - COMPONENT UNIT - NORTH CHICAGO PUBLIC LIBRARY (Continued)

5. 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.

NOTE N - DEFICIT FUND BALANCES

As of April 30, 2021, the Grant Fund has a deficit fund balance of \$31,787. City management expects to fund this deficit through future grant receipts.

As of April 30, 2021, the Capital Improvement Fund has a deficit fund balance of \$142,206. City management expects to fund this deficit through future interfund transfers.

NOTE O - COMMITMENTS

1. Construction Commitments

The City has contracts for certain construction projects and repairs and maintenance which have been approved by the City Council at April 30, 2021. Future commitments under these contracts approximate \$1,420,000 at April 30, 2021.

2. Economic Development

In December 2019, the City entered into a Tax Increment Allocation Revenue Note and Security Agreement (Agreement) with a Developer. Under the Agreement, the City agreed to pay an amount not to exceed \$1,700,000 for costs associated with the Redevelopment Agreement dated November 4, 2019. The indebtedness outstanding on the note is payable in semi-annual installments until repaid in full from 70% of the incremental revenues generated from the Property and deposited in the Special Tax Allocation Fund on an annual basis for the first 5 years after the first deposit of incremental revenues from the Property after issuance of a temporary or permanent certificate of occupancy and thereafter 50% of incremental revenues. Payments due under this note are only payable from the incremental revenues. This note is not considered a general obligation of the City. The City made their first payment of \$48,919 under the Agreement in January 2020.

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 24, 2022, the date these financial statements were available to be issued. Management has determined that no events or transactions, other than those described below have occurred subsequent to the statement of net position (deficit)/balance sheet date that require disclosure in the financial statements.

On May 17, 2022, the City received cash proceeds of approximately \$532,000 from the sale of property at 1801 N. Sheridan Road, North Chicago, Illinois. In addition, on May 21, 2022, approximately \$1,316,000 of the Firefighters' Pension Fund assets were transferred to the state consolidated Firefighters' Pension Investment Fund per state statute.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

City of North Chicago, Illinois

Multiyear Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Illinois Municipal Retirement Fund

Six Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 512,356	\$ 547,796	\$ 548,419
Interest on the total pension liability	1,959,495	1,902,000	1,813,605
Difference between expected and actual experience	(836,373)	(116,087)	285,360
Assumption changes	(201,520)	-	757,516
Benefit payments and refunds	(1,630,340)	(1,415,548)	(1,287,468)
Net change in total pension liability	(196,382)	918,161	2,117,432
Total pension liability, beginning	27,586,514	26,668,353	24,550,921
Total pension liability, ending	<u>\$ 27,390,132</u>	<u>\$ 27,586,514</u>	<u>\$ 26,668,353</u>
Plan fiduciary net position			
Contributions, employer	\$ 379,488	\$ 335,211	\$ 456,774
Contributions, employee	194,388	221,003	269,498
Net investment income	3,941,597	4,536,102	(1,398,107)
Benefit payments, including refunds of employee contributions	(1,630,340)	(1,415,548)	(1,287,468)
Other (net transfer)	(630,052)	(148,271)	309,344
Net change in plan fiduciary net position	2,255,081	3,528,497	(1,649,959)
Plan fiduciary net position, beginning	27,656,351	24,127,854	25,777,813
Plan fiduciary net position, ending	<u>\$ 29,911,432</u>	<u>\$ 27,656,351</u>	<u>\$ 24,127,854</u>
Net pension liability (asset)	<u>\$ (2,521,300)</u>	<u>\$ (69,837)</u>	<u>\$ 2,540,499</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	109.21 %	100.25 %	90.47 %
Covered valuation payroll	\$ 4,244,842	\$ 4,908,990	\$ 5,336,150
Net pension liability (asset) as a percentage of covered valuation payroll	(59.40) %	(1.42) %	47.61 %

Note: The City implemented GASB 68 for the Illinois Municipal Retirement Fund beginning with its fiscal year ended April 30, 2016; therefore 10 years of information is not available.

2018	2017	2016
\$ 527,252	\$ 477,467	\$ 496,614
1,754,501	1,686,673	1,595,969
496,693	(234,768)	135,340
(821,061)	(27,863)	27,111
<u>(1,072,356)</u>	<u>(1,031,753)</u>	<u>(980,356)</u>
885,029	869,756	1,274,678
<u>23,665,892</u>	<u>22,796,136</u>	<u>21,521,458</u>
<u>\$ 24,550,921</u>	<u>\$ 23,665,892</u>	<u>\$ 22,796,136</u>
\$ 463,986	\$ 421,048	\$ 421,862
231,479	210,159	266,754
3,965,076	1,474,443	109,525
(1,072,356)	(1,031,753)	(980,356)
<u>(341,468)</u>	<u>76,347</u>	<u>(487,761)</u>
3,246,717	1,150,244	(669,976)
<u>22,531,096</u>	<u>21,380,852</u>	<u>22,050,828</u>
<u>\$ 25,777,813</u>	<u>\$ 22,531,096</u>	<u>\$ 21,380,852</u>
<u>\$ (1,226,892)</u>	<u>\$ 1,134,796</u>	<u>\$ 1,415,284</u>
105.00 %	95.20 %	93.79 %
\$ 5,143,963	\$ 4,669,874	\$ 4,627,821
(23.85) %	24.30 %	30.58 %

City of North Chicago, Illinois
Multiyear Schedule of Contributions
Illinois Municipal Retirement Fund
Six Most Recent Fiscal Years

Fiscal Year December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2021	\$ 379,489	*\$ 379,488	\$ 1	\$ 4,244,842	8.94 %
2020	328,902	335,211	(6,309)	4,908,990	6.83
2019	456,774	456,774	-	5,336,150	8.56
2018	463,985	463,986	(1)	5,143,963	9.02
2017	411,883	421,048	(9,165)	4,669,874	9.02
2016	424,834	421,862	2,972	4,627,821	9.12

* Estimated based on contribution rate of 8.94% and covered valuation payroll of \$4,244,842 (most recent information available).

Note: The City implemented GASB 68 for the Illinois Municipal Retirement Fund beginning with its fiscal year ended April 30, 2016; therefore 10 years of information is not available.

City of North Chicago, Illinois
 Multiyear Schedule of Contributions
 Illinois Municipal Retirement Fund
Six Most Recent Fiscal Years

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2020 Contribution Rates*:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll (Closed)
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period Taxing bodies (Regular, SLEP and ECO groups): 23-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 years).
Asset Valuation Method	5-Year Smoothed Market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25%, including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy 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). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF
Other Information	There were no benefit changes during the year.

*Based on valuation assumptions used in the December 31, 2018 actuarial valuation.

City of North Chicago, Illinois
Multiyear Schedule of Contributions
Illinois Municipal Retirement Fund
Six Most Recent Fiscal Years

Changes in Assumptions:

For the 2020, 2019 and 2018 measurement years, the assumed investment rate of return was 7.25%, including an inflation rate of 2.50% and a real return of 4.75%. For the 2017, 2016, 2015 and 2014 measurement years, the assumed investment rate of return was 7.50%, including an inflation rate of 2.50% and a real return of 5.00%.

City of North Chicago, Illinois

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios Police Pension Fund Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 2,921,273	\$ 1,769,787	\$ 2,001,215
Interest on the total pension liability	3,527,900	3,689,710	3,460,534
Changes of benefit terms	-	404,320	-
Differences between expected and actual experience	(1,409,879)	609,119	(453,236)
Changes in assumptions	(4,368,056)	25,408,469	(7,313,198)
Benefit payments and refunds	(2,820,621)	(2,911,005)	(2,793,059)
Net change in total pension liability	(2,149,383)	28,970,400	(5,097,744)
Total pension liability, beginning	106,502,388	77,531,988	82,629,732
Total pension liability, ending	<u>\$ 104,353,005</u>	<u>\$ 106,502,388</u>	<u>\$ 77,531,988</u>
Plan fiduciary net position			
Contributions, employer	\$ 2,131,165	\$ 1,631,561	\$ 2,074,877
Contributions, employee	447,914	405,485	380,089
Net investment income (loss)	4,272,721	(142,088)	1,009,187
Benefit payments and refunds	(2,820,621)	(2,911,005)	(2,793,059)
Administrative expense	(51,359)	(97,012)	(57,945)
Other	-	-	-
Net change in plan fiduciary net position	3,979,820	(1,113,059)	613,149
Plan fiduciary net position, beginning	14,623,131	15,736,190	15,123,041
Plan fiduciary net position, ending	<u>\$ 18,602,951</u>	<u>\$ 14,623,131</u>	<u>\$ 15,736,190</u>
Net pension liability	<u>\$ 85,750,054</u>	<u>\$ 91,879,257</u>	<u>\$ 61,795,798</u>
Plan fiduciary net position as a percentage of the total pension liability	17.83 %	13.73 %	20.3 %
Covered employee payroll*	\$ 4,687,707	\$ 4,239,961	\$ 3,966,822
Net pension liability as a percentage of covered valuation payroll	1,829.25 %	2,166.98 %	1,557.82 %

* Covered employee payroll shown is the pensionable pay for the fiscal year for all fund members

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2016; therefore, 10 years of information is not available.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	2,162,639	\$ 2,077,062	\$ 2,102,749	\$ 1,964,836
	3,311,058	3,495,011	2,486,868	2,616,283
	-	-	-	-
	24,748	882,242	980,066	-
	(1,858,694)	(8,324,912)	13,134,903	-
	<u>(2,750,999)</u>	<u>(2,437,557)</u>	<u>(2,328,436)</u>	<u>(2,286,321)</u>
	888,752	(4,308,154)	16,376,150	2,294,798
	<u>81,740,980</u>	<u>86,049,134</u>	<u>69,672,984</u>	<u>67,378,186</u>
\$	<u><u>82,629,732</u></u>	<u><u>81,740,980</u></u>	<u><u>86,049,134</u></u>	<u><u>69,672,984</u></u>
\$	1,340,164	\$ 1,245,337	\$ 1,119,364	\$ 871,239
	391,043	422,719	474,366	449,402
	1,044,192	1,225,102	(951,250)	854,259
	(2,750,999)	(2,437,558)	(2,328,436)	(2,286,321)
	(50,720)	(52,857)	(58,333)	(54,681)
	-	4,502	-	-
	<u>(26,320)</u>	<u>407,245</u>	<u>(1,744,289)</u>	<u>(166,102)</u>
	15,149,361	14,742,116	16,486,405	16,652,507
\$	<u><u>15,123,041</u></u>	<u><u>15,149,361</u></u>	<u><u>14,742,116</u></u>	<u><u>16,486,405</u></u>
\$	<u><u>67,506,691</u></u>	<u><u>66,591,619</u></u>	<u><u>71,307,018</u></u>	<u><u>53,186,579</u></u>
	18.30 %	18.53 %	17.13 %	23.66 %
\$	4,351,811	\$ 4,204,648	\$ 4,313,455	\$ 4,321,523
	1,551.23 %	1,583.76 %	1,653.13 %	1,230.74 %

City of North Chicago, Illinois

Multiyear Schedule of Contributions

Police Pension Fund

Seven Most Recent Fiscal Years

Fiscal Year April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2021	\$ 3,082,436	\$ 2,131,165	\$ 951,271	\$ 4,687,717	45.46 %
2020	2,894,959	1,631,561	1,263,398	4,239,961	38.48
2019	2,743,966	2,074,877	669,089	3,966,822	52.31
2018	2,368,071	1,340,164	1,027,907	4,351,811	30.80
2017	1,974,932	1,245,337	729,595	4,204,648	29.62
2016	1,731,260	1,119,364	611,896	4,313,455	25.95
2015	1,706,664	871,239	835,425	4,321,523	20.16

Notes to the Required Supplementary Information:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level % of Pay
Equivalent single amortization period	90% funded over 21 years
Asset valuation method	5-Year Smoothed Market Value
Inflation	2.50%
Total payroll increases	3.50%
Individual pay increases	3.18% - 11.70%
Investment rate of return	7.00%
Mortality	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension data, as appropriate
Retirement rates	125% of L&A 2016 Illinois Police retirement rates capped at age 60
Termination rates	150% of L&A 2016 Illinois Police termination rates
Disability rates	100% of L&A 2016 Illinois Police disability rates

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

City of North Chicago, Illinois

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios Firefighters' Pension Fund Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 1,080,817	\$ 790,979	\$ 1,130,220
Interest on the total pension liability	2,173,465	2,052,011	1,842,246
Changes of benefit terms	-	290,099	-
Differences between expected actual experience	843,541	372,655	1,072,746
Changes in assumptions	(2,512,459)	8,290,037	(7,164,842)
Benefit payments and refunds	(1,632,423)	(1,610,191)	(1,487,888)
Net change in total pension liability	(47,059)	10,185,590	(4,607,518)
Total pension liability, beginning	45,770,541	35,584,951	40,192,469
Total pension liability, ending	<u>\$ 45,723,482</u>	<u>\$ 45,770,541</u>	<u>\$ 35,584,951</u>
Plan fiduciary net position			
Contributions, employer	\$ 1,504,416	\$ 1,105,680	\$ 1,401,723
Contributions, employee	260,984	243,305	258,049
Contributions, others	-	10,972	-
Net investment income (loss)	3,119,053	(1,045,960)	923,175
Benefit payments and refunds	(1,632,423)	(1,610,191)	(1,487,888)
Administrative expense	(76,171)	(50,780)	(56,029)
Net change in plan fiduciary net position	3,175,859	(1,346,974)	1,039,030
Plan fiduciary net position, beginning	9,258,838	10,605,812	9,566,782
Plan fiduciary net position, ending	<u>\$ 12,434,697</u>	<u>\$ 9,258,838</u>	<u>\$ 10,605,812</u>
Net pension liability	<u>\$ 33,288,785</u>	<u>\$ 36,511,703</u>	<u>\$ 24,979,139</u>
Plan fiduciary net position as a percentage of the total pension liability	27.20 %	20.23 %	29.80 %
Covered employee payroll*	\$ 2,765,493	\$ 2,625,739	\$ 2,778,373
Net pension liability as a percentage of covered valuation payroll	1,203.72 %	1,390.53 %	899.06 %

* Covered employee payroll shown is the pensionable pay for the fiscal year for all fund members

Note: The Firefighters' Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2016; therefore, 10 years of information is not available.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	1,032,949	\$ 987,334	\$ 986,970	\$ 1,075,887
	1,773,804	1,834,010	1,529,797	1,454,398
	-	-	-	
	18,391	1,058,782	289,492	-
	(314,947)	(3,796,674)	2,498,444	-
	<u>(1,423,522)</u>	<u>(1,349,682)</u>	<u>(1,351,222)</u>	<u>(1,316,005)</u>
	1,086,675	(1,266,230)	3,953,481	1,214,280
	39,105,794	40,372,024	36,418,543	35,204,263
\$	<u><u>40,192,469</u></u>	<u><u>39,105,794</u></u>	<u><u>40,372,024</u></u>	<u><u>36,418,543</u></u>
\$	998,114	\$ 788,096	\$ 702,086	\$ 612,133
	245,118	227,874	238,849	221,905
	16,784	21,325	-	-
	504,213	899,899	(227,014)	580,526
	<u>(1,423,522)</u>	<u>(1,349,682)</u>	<u>(1,351,222)</u>	<u>(1,316,005)</u>
	(56,079)	(59,542)	(62,227)	(47,171)
	284,628	527,970	(699,528)	51,388
	9,282,154	8,754,184	9,453,712	9,402,324
\$	<u><u>9,566,782</u></u>	<u><u>9,282,154</u></u>	<u><u>8,754,184</u></u>	<u><u>9,453,712</u></u>
\$	<u><u>30,625,687</u></u>	<u><u>29,823,640</u></u>	<u><u>31,617,840</u></u>	<u><u>26,964,831</u></u>
	23.80 %	23.74 %	21.68 %	25.96 %
\$	2,470,813	\$ 2,387,259	\$ 2,356,214	\$ 2,267,983
	1,239.50 %	1,249.28 %	1,341.89 %	1,188.93 %

City of North Chicago, Illinois

Multiyear Schedule of Contributions

Firefighters' Pension Fund

Seven Most Recent Fiscal Years

Fiscal Year April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2021	\$ 1,609,490	\$ 1,504,416	\$ 105,074	\$ 2,765,493	54.40 %
2020	1,530,152	1,105,680	424,472	2,625,739	42.11
2019	1,235,584	1,401,723	(166,139)	2,778,373	50.45
2018	1,034,154	998,114	36,040	2,470,813	40.40
2017	880,492	788,096	92,396	2,387,259	33.01
2016	910,002	702,086	207,916	2,356,214	29.80
2015	853,872	612,133	241,739	2,267,983	26.99

Notes to the Required Supplementary Information:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level % of Pay
Remaining amortization period	90% funded over 21 years
Asset valuation method	5-Year Smoothed Market Value
Inflation	2.50%
Total payroll increases	3.50%
Individual pay increases	2.89% - 11.13%
Investment rate of return	6.50%
Mortality	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension data, as appropriate
Retirement rates	100% of L&A 2016 Illinois Police retirement rates capped at age 60
Termination rates	200% of L&A 2016 Illinois Police termination rates
Disability rates	100% of L&A 2016 Illinois Police disability rates

Note: The Firefighters' Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

City of North Chicago, Illinois
 Multiyear Schedule of Investment Returns
 Police Pension Fund and Firefighters' Pension Fund
Seven Most Recent Fiscal Years

<u>Fiscal Year</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
<i><u>Police Pension Fund</u></i>	
2021	31.20 %
2020	(1.25)
2019	6.83
2018	7.47
2017	8.53
2016	(6.79)
2015	4.78
<i><u>Firefighters' Pension Fund</u></i>	
2021	31.45 %
2020	(14.73)
2019	9.74
2018	4.72
2017	7.96
2016	(6.07)
2015	6.05

Note: The Police Pension Fund and Firefighters' Pension Fund implemented GASB 67 beginning with their fiscal years ended April 30, 2016; therefore, 10 years of information is not available.

City of North Chicago, Illinois

Multiyear Schedule of Changes in Total Other Postretirement Benefits (OPEB) and Related Ratios

Retiree Health Plan

Three Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 47,619	\$ 42,455	\$ 39,565
Interest on the total OPEB liability	163,471	171,617	153,133
Differences between expected and actual experience	(536,435)	-	(187,427)
Changes of assumptions and other inputs	2,608,098	351,061	317,714
Benefit payments, including the implicit rate subsidy	(196,982)	(189,483)	(172,442)
Other changes	-	17,622	985,746
Net change in total OPEB liability	<u>2,085,771</u>	<u>393,272</u>	<u>1,136,289</u>
Total OPEB liability, beginning	<u>5,834,330</u>	<u>5,441,058</u>	<u>4,304,769</u>
Total OPEB liability, ending	<u><u>\$ 7,920,101</u></u>	<u><u>\$ 5,834,330</u></u>	<u><u>\$ 5,441,058</u></u>
Plan fiduciary net position			
Contributions, employer	\$ -	\$ -	\$ -
Contributions, employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Other (net transfer)	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability	<u><u>\$ 7,920,101</u></u>	<u><u>\$ 5,834,330</u></u>	<u><u>\$ 5,441,058</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %	0.00 %
Covered valuation payroll	\$ 10,749,251	\$ 10,021,401	\$ 10,021,401
Net OPEB liability as a percentage of covered valuation payroll	73.68 %	58.22 %	54.29 %

Changes in Assumptions:

The following changes were made in the fiscal year 2021 valuation: the discount rate was changed per GASB 75 rules; starting per capital costs were updated using most recent premiums; health care trend rates were reset; and decrements were changed to those in the most recent IMRF, Firefighter and Police Pension Fund valuation reports.

Note: The City implemented GASB 75 beginning with its fiscal year ended April 30, 2019; therefore, 10 years of information is not available.

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, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Taxes	\$ 10,967,860	\$ 11,577,860	\$12,354,470	\$ 776,610
Licenses and permits	596,700	596,700	638,060	41,360
Intergovernmental	5,331,000	5,331,000	6,519,572	1,188,572
Grants	625,000	625,000	1,623,439	998,439
Fines and fees	2,230,000	2,230,000	2,227,704	(2,296)
Investment income	130,000	130,000	64,463	(65,537)
Miscellaneous	<u>473,250</u>	<u>473,250</u>	<u>417,550</u>	<u>(55,700)</u>
Total revenues	<u>20,353,810</u>	<u>20,963,810</u>	<u>23,845,258</u>	<u>2,881,448</u>
Expenditures				
Current				
General government and administration	5,518,945	5,888,090	5,429,367	458,723
Highways and streets	1,538,115	1,538,115	1,579,314	(41,199)
Public safety	14,601,568	15,256,671	14,653,725	602,946
Economic development	1,627,687	1,627,687	1,599,803	27,884
Capital outlay	199,278	199,278	278,438	(79,160)
Debt service				
Principal	21,116	21,116	20,744	372
Interest and fiscal charges	<u>8,904</u>	<u>8,904</u>	<u>-</u>	<u>8,904</u>
Total expenditures	<u>23,515,613</u>	<u>24,539,861</u>	<u>23,561,391</u>	<u>978,470</u>
Excess (deficiency) of revenues over expenditures	<u>(3,161,803)</u>	<u>(3,576,051)</u>	<u>283,867</u>	<u>3,859,918</u>

(Continued)

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, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Other financing sources (uses)				
Transfers in	\$ 2,808,000	\$ 2,700,000	\$ 2,775,000	\$ 75,000
Transfers (out)	<u>(105,000)</u>	<u>(30,000)</u>	<u>(331,726)</u>	<u>(301,726)</u>
Total other financing sources (uses)	<u>2,703,000</u>	<u>2,670,000</u>	<u>2,443,274</u>	<u>(226,726)</u>
Net change in fund balance	<u>\$ (458,803)</u>	<u>\$ (906,051)</u>	\$ 2,727,141	<u>\$ 3,633,192</u>
Fund balance, beginning of year (as restated - Note K)			<u>11,339,764</u>	
Fund balance, end of year			<u>\$14,066,905</u>	

(Concluded)

City of North Chicago, Illinois
Notes to the Required Supplementary Information
April 30, 2021

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

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

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.

The legal authorization for expenditures is set by the appropriation ordinance.

Budget amounts are used in the various budget to actual schedules for comparative purposes.

Prior to July 31, the appropriation is legally enacted through passage of an ordinance. The appropriation ordinance and budget was approved on July 6, 2020.

The City prepares its appropriation ordinance in accordance with generally accepted accounting principles.

The level of control (level of which expenditures may not exceed budget/appropriations) is at the fund level. Budget/appropriations lapse at year-end.

All funds also have legally adopted budgets. The City Council amended the budget on January 4, 2021.

Discretely Presented 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 the Required Supplementary Information
April 30, 2021

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Discretely Presented Component Unit (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, 2021.

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 budget was approved on April 16, 2020.

SUPPLEMENTARY FINANCIAL INFORMATION

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, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Taxes				
Property taxes	\$ 1,991,614	\$ -	\$ 1,868,834	\$ 1,868,834
Investment income	<u>105,500</u>	<u>11,000</u>	<u>26,103</u>	<u>15,103</u>
Total revenues	<u>2,097,114</u>	<u>11,000</u>	<u>1,894,937</u>	<u>1,883,937</u>
Expenditures				
Current				
Other	2,328	6,250	-	6,250
Debt service				
Principal	905,000	-	905,000	(905,000)
Interest and fiscal charges	<u>117,150</u>	<u>-</u>	<u>167,198</u>	<u>(167,198)</u>
Total expenditures	<u>1,024,478</u>	<u>6,250</u>	<u>1,072,198</u>	<u>(1,065,948)</u>
Net change in fund balance	<u>\$ 1,072,636</u>	<u>\$ 4,750</u>	822,739	<u>\$ 817,989</u>
Fund balance, beginning of year (as restated - note K)			<u>3,651,931</u>	
Fund balance, end of year			<u>\$ 4,474,670</u>	

(Concluded)

GENERAL FUND

City of North Chicago, Illinois

General Fund

Schedule of Revenues - Budget and Actual

For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Taxes				
Property taxes				
Real estate taxes	\$ 4,254,596	\$ 4,254,596	\$ 4,208,218	\$ (46,378)
Real estate taxes - police and fire pensions	2,355,764	2,355,764	2,330,200	(25,564)
Real estate taxes - road and bridge	33,000	33,000	37,140	4,140
Hotel and motel tax	190,000	190,000	90,423	(99,577)
Real estate transfer tax	125,000	125,000	147,005	22,005
Food and beverage tax	250,000	250,000	333,575	83,575
Local motor fuel tax	675,000	675,000	535,678	(139,322)
Self storage facility tax	40,000	40,000	55,592	15,592
Utility tax	1,450,000	2,060,000	2,463,116	403,116
Simplified telecommunications tax	525,000	525,000	462,619	(62,381)
Automobile rental tax	9,500	9,500	7,491	(2,009)
Local use tax	800,000	800,000	1,454,766	654,766
State video gaming tax	260,000	260,000	228,647	(31,353)
	<u>10,967,860</u>	<u>11,577,860</u>	<u>12,354,470</u>	<u>776,610</u>
Licenses and Permits				
Video gaming terminal	-	-	80,734	80,734
Contractors license	18,000	18,000	20,695	2,695
Pet tag license	600	600	224	(376)
Liquor license	65,000	65,000	70,651	5,651
Business license	120,000	120,000	107,776	(12,224)
Landlord license	65,000	65,000	67,920	2,920
Property vacancies registration	60,000	60,000	42,906	(17,094)
Building permits	155,000	155,000	123,309	(31,691)
Rezoning variance permits	1,500	1,500	16,380	14,880
Miscellaneous permits	1,500	1,500	2,325	825
Truck stickers	12,000	12,000	1,170	(10,830)
Occupancy permits	50,000	50,000	53,795	3,795
Hazard materials permits	20,000	20,000	43,000	23,000
Fire inspections	100	100	75	(25)
Taxi A drivers license	28,000	28,000	7,100	(20,900)
	<u>596,700</u>	<u>596,700</u>	<u>638,060</u>	<u>41,360</u>

(Continued)

City of North Chicago, Illinois

General Fund

Schedule of Revenues - Budget and Actual

For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Intergovernmental				
State income tax	\$ 2,450,000	\$ 2,450,000	\$ 3,734,195	\$ 1,284,195
Sales tax	2,600,000	2,600,000	2,417,580	(182,420)
Replacement tax	235,000	235,000	338,975	103,975
Foreign fire insurance tax	21,000	21,000	-	(21,000)
Cannabis use tax	<u>25,000</u>	<u>25,000</u>	<u>28,822</u>	<u>3,822</u>
 Total intergovernmental	 <u>5,331,000</u>	 <u>5,331,000</u>	 <u>6,519,572</u>	 <u>1,188,572</u>
Grants				
North Chicago Housing Authority	15,000	15,000	19,742	4,742
Other grants	610,000	610,000	254,383	(355,617)
CARES Act Reimbursement	<u>-</u>	<u>-</u>	<u>1,349,314</u>	<u>1,349,314</u>
 Total grant proceeds	 <u>625,000</u>	 <u>625,000</u>	 <u>1,623,439</u>	 <u>998,439</u>
Fines and Fees				
Lien fees	20,000	20,000	37,481	17,481
Photocopies	3,000	3,000	3,496	496
Fire service charges				
Ambulance fees	450,000	450,000	517,477	67,477
Policing charges				
Parking fines	20,000	20,000	14,340	(5,660)
Redflex fines	375,000	375,000	356,654	(18,346)
Adjudication fines	90,000	90,000	63,955	(26,045)
Adjudication court costs	5,000	5,000	3,150	(1,850)
Police service fees	1,000,000	1,000,000	961,760	(38,240)
Alarm service fees	11,000	11,000	8,370	(2,630)
Lake County Circuit fees and fines	110,000	110,000	106,048	(3,952)

(Continued)

City of North Chicago, Illinois

General Fund

Schedule of Revenues - Budget and Actual

For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Fines and Fees (Continued)				
Overweight truck fees	\$ 1,000	\$ 1,000	\$ 730	\$ (270)
Building fines and penalties	10,000	10,000	14,750	4,750
Cable franchise fees	125,000	125,000	138,295	13,295
Railroad parking lot pass	<u>10,000</u>	<u>10,000</u>	<u>1,198</u>	<u>(8,802)</u>
Total fines and fees	<u>2,230,000</u>	<u>2,230,000</u>	<u>2,227,704</u>	<u>(2,296)</u>
Investment income				
Investment income	<u>130,000</u>	<u>130,000</u>	<u>64,463</u>	<u>(65,537)</u>
Total investment income	<u>130,000</u>	<u>130,000</u>	<u>64,463</u>	<u>(65,537)</u>
Miscellaneous				
Cable land use lease	100,000	100,000	116,781	16,781
Community days donations	25,000	25,000	31,150	6,150
Rental income	13,000	13,000	13,514	514
Sale of capital assets	31,000	31,000	702	(30,298)
Donations	1,000	1,000	2,500	1,500
Miscellaneous	10,000	10,000	84,146	74,146
NSF check fee	250	250	490	240
Reimbursements	260,000	260,000	130,800	(129,200)
Receipts from component unit	33,000	33,000	33,000	-
Garbage fees	-	-	85	85
Liability insurance	<u>-</u>	<u>-</u>	<u>4,382</u>	<u>4,382</u>
Total miscellaneous	<u>473,250</u>	<u>473,250</u>	<u>417,550</u>	<u>(55,700)</u>
Total Revenues	<u>\$ 20,353,810</u>	<u>\$ 20,963,810</u>	<u>\$23,845,258</u>	<u>\$ 2,881,448</u>

(Concluded)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
General Government				
Mayor's office				
Salaries and wages				
Full-time salaries and wages	\$ 282,000	\$ 296,400	\$ 296,243	\$ (157)
Overtime allowances	-	-	178	178
Total salaries and wages	<u>282,000</u>	<u>296,400</u>	<u>296,421</u>	<u>21</u>
Fringe benefits				
IMRF match	23,750	24,996	26,132	1,136
Employer's health insurance	35,360	35,360	9,004	(26,356)
Employer's dental and vision insurance	2,400	2,400	1,025	(1,375)
Social Security match	16,800	17,693	17,291	(402)
Medicare match	3,900	4,109	4,239	130
Life insurance premiums	<u>575</u>	<u>575</u>	<u>170</u>	<u>(405)</u>
Total fringe benefits	<u>82,785</u>	<u>85,133</u>	<u>57,861</u>	<u>(27,272)</u>
Contractual services				
Vehicle maintenance	500	500	825	325
Telephone	1,400	1,400	1,725	325
Travel and training	21,500	21,500	2,202	(19,298)
Public relations	5,000	5,000	449	(4,551)
Postage	100	100	160	60
Other professional services	12,000	12,000	9,332	(2,668)
Dues and memberships	<u>11,000</u>	<u>11,000</u>	<u>11,059</u>	<u>59</u>
Total contractual services	<u>51,500</u>	<u>51,500</u>	<u>25,752</u>	<u>(25,748)</u>
Commodities				
Office supplies	1,000	1,000	3,651	2,651
Gasoline and oil	2,000	2,000	2,023	23
Publications	1,000	1,000	499	(501)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>14,303</u>	<u>(5,697)</u>
Total commodities	<u>24,000</u>	<u>24,000</u>	<u>20,476</u>	<u>(3,524)</u>
Total mayor's office	<u>440,285</u>	<u>457,033</u>	<u>400,510</u>	<u>(56,523)</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
City Clerk's Office				
Salaries and wages				
Full-time salaries and wages	\$ 144,800	\$ 144,800	\$ 144,880	\$ 80
Total salaries and wages	<u>144,800</u>	<u>144,800</u>	<u>144,880</u>	<u>80</u>
Fringe benefits				
IMRF match	12,500	12,500	12,921	421
Employer's health insurance	11,336	11,336	11,056	(280)
Employer's dental and vision insurance	1,200	1,200	1,099	(101)
Social Security match	9,000	9,000	8,647	(353)
Medicare match	2,100	2,100	2,022	(78)
Life insurance premiums	<u>205</u>	<u>205</u>	<u>204</u>	<u>(1)</u>
Total fringe benefits	<u>36,341</u>	<u>36,341</u>	<u>35,949</u>	<u>(392)</u>
Contractual services				
Dues and memberships	1,200	1,200	1,338	138
Printing and publishing	4,600	4,600	4,850	250
Software and program fees	<u>10,000</u>	<u>10,000</u>	<u>5,833</u>	<u>(4,167)</u>
Total contractual services	<u>15,800</u>	<u>15,800</u>	<u>12,021</u>	<u>(3,779)</u>
Commodities				
Office supplies	1,000	1,000	1,122	122
Gasoline and oil	1,000	1,000	-	(1,000)
Publications	250	250	141	(109)
Miscellaneous	<u>250</u>	<u>250</u>	<u>33</u>	<u>(217)</u>
Total commodities	<u>2,500</u>	<u>2,500</u>	<u>1,296</u>	<u>(1,204)</u>
Total city clerk's office	<u>199,441</u>	<u>199,441</u>	<u>194,146</u>	<u>(5,295)</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Legislative				
Salaries and wages				
Full-time salaries and wages	\$ -	\$ -	\$ 2,750	\$ 2,750
Part-time salaries and wages	<u>77,000</u>	<u>77,000</u>	<u>72,417</u>	<u>(4,583)</u>
Total salaries and wages	<u>77,000</u>	<u>77,000</u>	<u>75,167</u>	<u>(1,833)</u>
Fringe benefits				
IMRF match	3,900	3,900	3,272	(628)
Employer's health insurance	45,240	45,240	28,819	(16,421)
Employer's dental and vision insurance	2,400	2,400	1,740	(660)
Social Security match	4,800	4,800	4,215	(585)
Medicare match	1,200	1,200	986	(214)
Life insurance premiums	<u>-</u>	<u>-</u>	<u>610</u>	<u>610</u>
Total fringe benefits	<u>57,540</u>	<u>57,540</u>	<u>39,642</u>	<u>(17,898)</u>
Contractual services				
Aldermanic expenses	39,900	39,900	19,408	(20,492)
Printing and publishing	500	500	129	(371)
Other professional services	11,250	11,250	-	(11,250)
Dues and memberships	<u>5,500</u>	<u>5,500</u>	<u>2,443</u>	<u>(3,057)</u>
Total contractual services	<u>57,150</u>	<u>57,150</u>	<u>21,980</u>	<u>(35,170)</u>
Commodities				
Office supplies	<u>500</u>	<u>500</u>	<u>705</u>	<u>205</u>
Total commodities	<u>500</u>	<u>500</u>	<u>705</u>	<u>205</u>
Total legislative	<u>192,190</u>	<u>192,190</u>	<u>137,494</u>	<u>(54,696)</u>
City Treasurer				
Salaries and wages				
Part-time salaries and wages	<u>23,000</u>	<u>23,000</u>	<u>23,072</u>	<u>72</u>
Total salaries and wages	<u>23,000</u>	<u>23,000</u>	<u>23,072</u>	<u>72</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
City Treasurer (Continued)				
Fringe benefits				
IMRF match	\$ 1,975	\$ 1,975	\$ 2,052	\$ 77
Employer's health insurance	-	-	52	52
Employer's dental and vision insurance	780	780	739	(41)
Social Security match	1,425	1,425	1,430	5
Medicare match	350	350	335	(15)
Life insurance premiums	<u>70</u>	<u>70</u>	<u>66</u>	<u>(4)</u>
Total fringe benefits	<u>4,600</u>	<u>4,600</u>	<u>4,674</u>	<u>74</u>
Contractual services				
Travel and training	6,500	6,500	-	(6,500)
Printing and publishing	2,000	2,000	1,008	(992)
Dues and memberships	<u>600</u>	<u>600</u>	<u>349</u>	<u>(251)</u>
Total contractual services	<u>9,100</u>	<u>9,100</u>	<u>1,357</u>	<u>(7,743)</u>
Commodities				
Office supplies	800	800	91	(709)
Gasoline and oil	1,000	1,000	252	(748)
Miscellaneous	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
Total commodities	<u>1,800</u>	<u>1,800</u>	<u>348</u>	<u>(1,452)</u>
Total city treasurer	<u>38,500</u>	<u>38,500</u>	<u>29,451</u>	<u>(9,049)</u>
Comptroller				
Salaries and wages				
Full-time salaries and wages	300,000	270,000	327,857	57,857
Overtime allowances	<u>3,000</u>	<u>3,000</u>	<u>5,864</u>	<u>2,864</u>
Total salaries and wages	<u>303,000</u>	<u>273,000</u>	<u>333,721</u>	<u>60,721</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Comptroller (Continued)				
Fringe benefits				
IMRF match	\$ 26,000	\$ 26,000	\$ 29,744	\$ 3,744
Employer's health insurance	48,880	35,000	33,136	(1,864)
Employer's dental and vision insurance	2,400	2,400	1,953	(447)
Social Security match	19,000	16,000	19,706	3,706
Medicare match	4,500	4,500	4,609	109
Life insurance premiums	<u>475</u>	<u>475</u>	<u>373</u>	<u>(102)</u>
Total fringe benefits	<u>101,255</u>	<u>84,375</u>	<u>89,521</u>	<u>5,146</u>
Contractual services				
Travel and training	10,000	10,000	3,009	(6,991)
Other professional services	133,300	364,350	517,965	153,615
Dues and memberships	1,000	1,000	1,575	575
Maintenance - equipment	1,300	1,300	291	(1,009)
Printing and publishing	3,000	3,000	4,630	1,630
Auditing service	22,000	22,000	37,327	15,327
Payroll services	40,000	40,000	44,314	4,314
Bank service charges	<u>14,500</u>	<u>14,500</u>	<u>139,074</u>	<u>124,574</u>
Total contractual services	<u>225,100</u>	<u>456,150</u>	<u>748,185</u>	<u>292,035</u>
Commodities				
Office supplies	2,500	2,500	4,124	1,624
Miscellaneous	<u>500</u>	<u>500</u>	<u>492</u>	<u>(8)</u>
Total commodities	<u>3,000</u>	<u>3,000</u>	<u>4,616</u>	<u>1,616</u>
Total comptroller	<u>632,355</u>	<u>816,525</u>	<u>1,176,043</u>	<u>359,518</u>
Information technology				
Contractual services				
Telephone	6,500	6,500	4,785	(1,715)
Other professional services	247,900	247,900	278,676	30,776

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Information technology (Continued)				
Maintenance - equipment	\$ 146,600	\$ 146,600	\$ 154,503	\$ 7,903
Total contractual services	<u>401,000</u>	<u>401,000</u>	<u>437,964</u>	<u>36,964</u>
Commodities				
Operating supplies	<u>7,500</u>	<u>7,500</u>	<u>8,867</u>	<u>1,367</u>
Total commodities	<u>7,500</u>	<u>7,500</u>	<u>8,867</u>	<u>1,367</u>
Total information technology	<u>408,500</u>	<u>408,500</u>	<u>446,831</u>	<u>38,331</u>
Human resources				
Salaries and wages				
Full-time salaries and wages	<u>85,000</u>	<u>85,000</u>	<u>85,328</u>	<u>328</u>
Total salaries and wages	<u>85,000</u>	<u>85,000</u>	<u>85,328</u>	<u>328</u>
Fringe benefits				
IMRF match	7,200	7,200	7,612	412
Employer's health insurance	12,100	12,100	8,161	(3,939)
Employer's dental and vision insurance	700	700	-	(700)
Social Security match	5,200	5,200	5,052	(148)
Medicare match	1,200	1,200	1,182	(18)
Life insurance premiums	<u>102</u>	<u>102</u>	<u>516</u>	<u>414</u>
Total fringe benefits	<u>26,502</u>	<u>26,502</u>	<u>22,523</u>	<u>(3,979)</u>
Contractual services				
Telephone	600	600	453	(147)
Travel and training	2,260	2,260	191	(2,069)
Postage	-	-	287	287
Other professional services	45,000	45,000	-	(45,000)
Dues and memberships	265	265	2,629	2,364
Maintenance - equipment	-	-	215	215

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Human resources (Continued)				
Contractual services (Continued)				
In-house training	\$ 7,320	\$ 7,320	\$ 2,517	\$ (4,803)
Software and program fees	9,752	9,752	8,507	(1,245)
Medical service	20,000	20,000	34,497	14,497
Other employee benefits	<u>7,050</u>	<u>7,050</u>	<u>5,863</u>	<u>(1,187)</u>
Total contractual services	<u>92,247</u>	<u>92,247</u>	<u>55,159</u>	<u>(37,088)</u>
Commodities				
Office supplies	1,750	1,750	745	(1,005)
Publications	100	100	-	(100)
Miscellaneous	-	-	(294)	(294)
Advertising	5,500	5,500	2,094	(3,406)
Employee recognition program	<u>2,000</u>	<u>2,000</u>	<u>1,954</u>	<u>(46)</u>
Total commodities	<u>9,350</u>	<u>9,350</u>	<u>4,499</u>	<u>(4,851)</u>
Total human resources	<u>213,099</u>	<u>213,099</u>	<u>167,509</u>	<u>(45,590)</u>
Boards and commissions				
Salaries and wages				
Part-time salaries and wages	<u>9,000</u>	<u>9,000</u>	<u>10,933</u>	<u>1,933</u>
Total salaries and wages	<u>9,000</u>	<u>9,000</u>	<u>10,933</u>	<u>1,933</u>
Fringe benefits				
Social Security match	560	560	678	118
Medicare match	<u>130</u>	<u>130</u>	<u>159</u>	<u>29</u>
Total fringe benefits	<u>690</u>	<u>690</u>	<u>837</u>	<u>147</u>
Contractual services				
Travel and training	3,300	3,300	-	(3,300)

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Boards and commissions (Continued)				
Contractual services (Continued)				
Dues and memberships	\$ 375	\$ 375	\$ 375	\$ -
Professional services	25,000	25,000	12,099	(12,901)
Legal services	<u>25,000</u>	<u>25,000</u>	<u>16,933</u>	<u>(8,067)</u>
Total contractual services	<u>53,675</u>	<u>53,675</u>	<u>29,407</u>	<u>(24,268)</u>
Commodities				
Miscellaneous	<u>-</u>	<u>-</u>	<u>106</u>	<u>106</u>
Total commodities	<u>-</u>	<u>-</u>	<u>106</u>	<u>106</u>
Total boards and commissions	<u>63,365</u>	<u>63,365</u>	<u>41,283</u>	<u>(22,082)</u>
COVID-19				
Salaries and wages				
Full-time salaries and wages	<u>25,000</u>	<u>65,000</u>	<u>62,851</u>	<u>(2,149)</u>
Total salaries and wages	<u>25,000</u>	<u>65,000</u>	<u>62,851</u>	<u>(2,149)</u>
Contractual services				
Other professional services	25,000	168,227	146,764	(21,463)
Contractual services	<u>25,000</u>	<u>10,000</u>	<u>5,850</u>	<u>(4,150)</u>
Total contractual services	<u>50,000</u>	<u>178,227</u>	<u>152,614</u>	<u>(25,613)</u>
Commodities				
Operating supplies	25,000	25,000	25,046	46
Miscellaneous	<u>-</u>	<u>-</u>	<u>360</u>	<u>360</u>
Total commodities	<u>25,000</u>	<u>25,000</u>	<u>25,406</u>	<u>406</u>
Total COVID-19	<u>100,000</u>	<u>268,227</u>	<u>240,871</u>	<u>(27,356)</u>
Total General Government	<u>2,287,735</u>	<u>2,656,880</u>	<u>2,834,138</u>	<u>177,258</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Administration				
Contractual services				
Telephone	\$ 150,000	\$ 150,000	\$ 95,415	\$ (54,585)
Public relations	31,000	31,000	35,755	4,755
Postage	17,000	17,000	16,462	(538)
Other professional services	100,000	100,000	525	(99,475)
Dues and memberships	5,800	5,800	5,000	(800)
Miscellaneous	15,000	15,000	54,068	39,068
Printing and publishing	7,000	7,000	79	(6,921)
Unemployment insurance	25,000	25,000	51,499	26,499
Workers comp insurance premium	65,000	65,000	65,000	-
Workers comp claims and reimbursement	200,000	200,000	414,749	214,749
Liability insurance	500,385	500,385	664,546	164,161
Liability claims and reimbursement	200,000	200,000	-	(200,000)
Duty disability insurance premium	122,000	122,000	108,764	(13,236)
Utilities	8,000	8,000	5,657	(2,343)
Legal retainer fees	26,000	26,000	20,000	(6,000)
Redflex traffic system fees	160,000	160,000	128,255	(31,745)
Economic incentive-Abbvie	620,000	620,000	31,345	(588,655)
Economic incentive-Abbott	200,000	200,000	188,017	(11,983)
Lake Bluff sales tax sharing	12,000	12,000	21,892	9,892
Lawsuits and attorney fees	350,000	350,000	389,085	39,085
Community days	25,000	25,000	35,896	10,896
VSP	37,200	37,200	29,010	(8,190)
Reimbursement	30,000	30,000	22,500	(7,500)
Property tax, interest and penalty	-	-	510	510
Illinois Department of Revenue	<u>324,825</u>	<u>324,825</u>	<u>211,200</u>	<u>(113,625)</u>
Total contractual services	<u>3,231,210</u>	<u>3,231,210</u>	<u>2,595,229</u>	<u>(635,981)</u>
Total General Government and Administration Services	<u>5,518,945</u>	<u>5,888,090</u>	<u>5,429,367</u>	<u>(458,723)</u>
Highways and Streets				
Street department				
Salaries and wages				
Full-time salaries and wages	760,000	760,000	666,927	(93,073)
Overtime allowances	<u>40,000</u>	<u>40,000</u>	<u>44,723</u>	<u>4,723</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Street department (Continued)				
Total salaries and wages	\$ 800,000	\$ 800,000	\$ 711,650	\$ (88,350)
Fringe benefits				
IMRF match	65,000	65,000	67,217	2,217
Employer's health insurance	160,000	160,000	107,595	(52,405)
Employer's dental and vision insurance	10,500	10,500	8,410	(2,090)
Social Security match	47,000	47,000	40,072	(6,928)
Medicare match	11,000	11,000	10,122	(878)
Life insurance premiums	1,300	1,300	1,346	46
Total fringe benefits	294,800	294,800	234,762	(60,038)
Contractual services				
Telephone	4,000	4,000	3,954	(46)
Travel and training	6,500	6,500	179	(6,321)
Postage	100	100	28	(72)
Other professional services	175,000	175,000	307,690	132,690
Maintenance - equipment	16,000	16,000	36,535	20,535
Printing and publishing	-	-	1,035	1,035
Software and program fees	-	-	600	600
Maintenance - building	19,000	19,000	7,530	(11,470)
Maintenance - vehicles	37,200	37,200	78,016	40,816
Maintenance - streets	60,000	60,000	24,207	(35,793)
Maintenance - grounds	5,000	5,000	1,612	(3,388)
Rentals	3,000	3,000	1,922	(1,078)
Janitorial	10,200	10,200	15,450	5,250
Engineering services	10,000	10,000	90,465	80,465
Memberships and dues	1,800	1,800	3,873	2,073
Total contractual services	347,800	347,800	573,096	225,296
Commodities				
Office supplies	900	900	1,381	481
Gasoline and oil	22,300	22,300	10,874	(11,426)
Miscellaneous	600	600	7,236	6,636
Operating supplies	18,000	18,000	20,174	2,174

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Street department (Continued)				
Commodities (Continued)				
Uniforms	\$ 20,115	\$ 20,115	\$ 11,870	\$ (8,245)
Reimbursements	100	100	59	(41)
Maintenance and supplies	<u>33,500</u>	<u>33,500</u>	<u>8,212</u>	<u>(25,288)</u>
Total commodities	<u>95,515</u>	<u>95,515</u>	<u>59,806</u>	<u>(35,709)</u>
Total Highways and Streets	<u>1,538,115</u>	<u>1,538,115</u>	<u>1,579,314</u>	<u>41,199</u>
Public Safety				
Police department				
Salaries and wages				
Full-time salaries and wages	4,910,000	4,910,000	4,807,081	(102,919)
Overtime allowances	25,000	25,000	38,300	13,300
Part-time salaries and wages	130,000	130,000	25,019	(104,981)
Sick leave sell back	21,000	21,000	-	(21,000)
Voluntary separation plan	20,000	20,000	61,640	41,640
Police special detail	45,000	45,000	-	(45,000)
Double overtime	7,500	7,500	908	(6,592)
Police overtime	900,000	900,000	824,201	(75,799)
Workers' compensation	<u>100,000</u>	<u>100,000</u>	<u>42,313</u>	<u>(57,687)</u>
Total salaries and wages	<u>6,158,500</u>	<u>6,158,500</u>	<u>5,799,462</u>	<u>(359,038)</u>
Fringe benefits				
IMRF match	14,900	14,900	34,603	19,703
Employer's health insurance	676,000	676,000	436,388	(239,612)
Employer's dental and vision insurance	47,000	47,000	39,035	(7,965)
Social Security match	10,700	10,700	30,182	19,482
Medicare match	51,400	51,400	77,881	26,481
Life insurance premiums	5,750	5,750	5,035	(715)
Employer pension contribution	1,792,738	2,149,423	2,133,763	(15,660)
Uniform allowances	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total fringe benefits	<u>2,608,488</u>	<u>2,965,173</u>	<u>2,756,887</u>	<u>(208,286)</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Police department				
Contractual services				
Telephone	\$ 22,000	\$ 22,000	\$ 17,610	\$ (4,390)
Travel and training	107,250	107,250	20,981	(86,269)
Postage	600	600	321	(279)
Other professional services	189,900	189,900	152,390	(37,510)
Dues and memberships	14,415	14,415	6,780	(7,635)
Maintenance - equipment	43,500	43,500	12,957	(30,543)
Printing and publishing	11,000	11,000	3,318	(7,682)
Software and program fees	116,400	116,400	97,934	(18,466)
Maintenance - building	6,000	6,000	6,926	926
Maintenance - vehicles	55,500	55,500	93,294	37,794
Animal control	66,750	66,750	2,023	(64,727)
Other communication service	45,800	45,800	15,867	(29,933)
Dispatch services	<u>150,000</u>	<u>150,000</u>	<u>311,225</u>	<u>161,225</u>
 Total contractual services	 <u>829,115</u>	 <u>829,115</u>	 <u>741,626</u>	 <u>(87,489)</u>
 Commodities				
Office supplies	13,000	13,000	8,146	(4,854)
Gasoline and oil	80,000	80,000	80,998	998
Miscellaneous	10,000	10,000	14,688	4,688
Operating supplies	43,200	43,200	56,262	13,062
Uniforms	64,000	64,000	25,485	(38,515)
Maintenance supplies	-	-	7	7
Prisoner meals	1,500	1,500	74	(1,426)
Investigative expense	8,000	8,000	7,095	(905)
Crime prevention	<u>25,500</u>	<u>25,500</u>	<u>6,987</u>	<u>(18,513)</u>
 Total commodities	 <u>245,200</u>	 <u>245,200</u>	 <u>199,742</u>	 <u>(45,458)</u>
 Total police department	 <u>9,841,303</u>	 <u>10,197,988</u>	 <u>9,497,717</u>	 <u>(700,271)</u>
 Fire department				
Salaries and wages				
Full-time salaries and wages	2,712,000	2,712,000	2,720,328	8,328
Overtime allowances	-	-	133	133

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Fire department (Continued)				
Salaries and wages (Continued)				
Part-time salaries and wages	\$ 1,200	\$ 1,200	\$ -	\$ (1,200)
Workers' compensation	-	-	114,966	114,966
Fire overtime	55,000	55,000	114,794	59,794
Fire lieutenant pay	5,000	5,000	4,236	(764)
Sick leave buy back	-	-	-	-
Good attendance	<u>23,000</u>	<u>23,000</u>	<u>18,551</u>	<u>(4,449)</u>
 Total salaries and wages	 <u>2,796,200</u>	 <u>2,796,200</u>	 <u>2,973,008</u>	 <u>176,808</u>
 Fringe benefits				
IMRF match	14,400	14,400	12,825	(1,575)
Employer's health insurance	424,179	424,179	308,778	(115,401)
Employer's dental and vision insurance	28,700	28,700	29,934	1,234
Social Security match	10,300	10,300	5,898	(4,402)
Medicare match	37,000	37,000	39,646	2,646
Life insurance premiums	2,960	2,960	3,472	512
Employer pension contribution	<u>1,263,026</u>	<u>1,514,319</u>	<u>1,514,320</u>	<u>1</u>
 Total fringe benefits	 <u>1,780,565</u>	 <u>2,031,858</u>	 <u>1,914,873</u>	 <u>(116,985)</u>
 Contractual services				
Telephone	4,700	4,700	7,029	2,329
Travel and training	30,000	30,000	29,352	(648)
Postage	200	200	16	(184)
Other professional services	1,700	6,125	24,016	17,891
Dues and memberships	5,000	9,700	7,866	(1,834)
Maintenance - equipment	14,300	14,300	13,460	(840)
Printing and publishing	5,600	5,600	4,366	(1,234)
Software and program fees	4,000	4,000	4,569	569
Medical service	11,500	11,500	9,825	(1,675)
Maintenance - vehicles	35,000	63,000	56,254	(6,746)
Rentals	<u>1,500</u>	<u>1,500</u>	<u>1,639</u>	<u>139</u>
 Total contractual services	 <u>113,500</u>	 <u>150,625</u>	 <u>158,392</u>	 <u>7,767</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Fire department (Continued)				
Commodities				
Office supplies	\$ 2,500	\$ 2,500	\$ 3,484	\$ 984
Gasoline and oil	23,000	23,000	20,142	(2,858)
Miscellaneous	2,500	2,500	2,698	198
Operating supplies	10,000	10,000	9,692	(308)
Uniforms	15,000	25,000	25,006	6
Maintenance supplies	5,000	5,000	4,384	(616)
Ambulance operating supplies	9,000	9,000	42,929	33,929
Hazardous material enforcement	<u>3,000</u>	<u>3,000</u>	<u>1,400</u>	<u>(1,600)</u>
 Total commodities	 <u>70,000</u>	 <u>80,000</u>	 <u>109,735</u>	 <u>29,735</u>
 Total fire department	 <u>4,760,265</u>	 <u>5,058,683</u>	 <u>5,156,008</u>	 <u>97,325</u>
 Total Public Safety	 <u>14,601,568</u>	 <u>15,256,671</u>	 <u>14,653,725</u>	 <u>(602,946)</u>
 Economic Development				
Building division				
Salaries and wages				
Full-time salaries and wages	255,000	255,000	311,843	56,843
Straight overtime	-	-	1,930	1,930
Overtime	<u>7,000</u>	<u>7,000</u>	<u>4,066</u>	<u>(2,934)</u>
 Total salaries and wages	 <u>262,000</u>	 <u>262,000</u>	 <u>317,839</u>	 <u>55,839</u>
 Fringe benefits				
IMRF match	21,700	21,700	28,526	6,826
Employer's health insurance	45,760	45,760	38,759	(7,001)
Employer's dental and vision insurance	5,450	5,450	4,761	(689)
Social Security match	15,500	15,500	18,944	3,444
Medicare match	3,600	3,600	4,430	830
Life insurance premiums	<u>410</u>	<u>410</u>	<u>357</u>	<u>(53)</u>
 Total fringe benefits	 <u>92,420</u>	 <u>92,420</u>	 <u>95,777</u>	 <u>3,357</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Building division (Continued)				
Contractual services				
Telephone	\$ 2,600	\$ 2,600	\$ 2,021	\$ (579)
Travel and training	2,800	2,800	1,073	(1,727)
Postage	300	300	277	(23)
Other professional services	350,000	350,000	83,361	(266,639)
Dues and memberships	1,850	1,850	344	(1,506)
Printing and publishing	6,000	6,000	1,864	(4,136)
Maintenance - vehicles	-	-	450	450
Reimbursable building division	60,000	60,000	149,655	89,655
Demolition	15,000	15,000	34,143	19,143
Fasttrack demolition	<u>35,000</u>	<u>35,000</u>	<u>3,775</u>	<u>(31,225)</u>
 Total contractual services	 <u>473,550</u>	 <u>473,550</u>	 <u>276,963</u>	 <u>(196,587)</u>
Commodities				
Office supplies	2,700	2,700	4,890	2,190
Gasoline and oil	2,200	2,200	2,022	(178)
Miscellaneous	1,000	1,000	643	(357)
Maintenance supplies	-	-	938	938
Operating supplies	-	-	75	75
Uniforms	<u>1,600</u>	<u>1,600</u>	<u>162</u>	<u>(1,438)</u>
 Total commodities	 <u>7,500</u>	 <u>7,500</u>	 <u>8,730</u>	 <u>1,230</u>
 Total building division	 <u>835,470</u>	 <u>835,470</u>	 <u>699,309</u>	 <u>(136,161)</u>
Facilities management				
Salaries and wages				
Full-time salaries and wages	95,000	95,000	101,023	6,023
Overtime	<u>5,000</u>	<u>5,000</u>	<u>1,283</u>	<u>(3,717)</u>
 Total salaries and wages	 <u>100,000</u>	 <u>100,000</u>	 <u>102,306</u>	 <u>2,306</u>
Fringe benefits				
IMRF match	8,000	8,000	9,133	1,133
Employer's health insurance	14,872	14,872	8,548	(6,324)

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Facilities management (Continued)				
Fringe benefits (Continued)				
Employer's dental and vision insurance	\$ 750	\$ 750	\$ 692	\$ (58)
Social Security match	5,800	5,800	5,967	167
Medicare match	1,300	1,300	1,396	96
Life insurance premiums	<u>130</u>	<u>130</u>	<u>127</u>	<u>(3)</u>
Total fringe benefits	<u>30,852</u>	<u>30,852</u>	<u>25,863</u>	<u>(4,989)</u>
Contractual services				
Maintenance - building	72,000	72,000	72,835	835
Maintenance - vehicles	560	560	91	(469)
Maintenance - equipment	8,000	8,000	44,284	36,284
Telephone	750	750	679	(71)
Travel and training	500	500	219	(281)
Postage	-	-	145	145
Printing and publishing	150	150	144	(6)
Janitorial services	74,000	74,000	61,628	(12,372)
Other professional services	-	-	5,865	5,865
Pest control	<u>37,500</u>	<u>37,500</u>	<u>37,658</u>	<u>158</u>
Total contractual services	<u>193,460</u>	<u>193,460</u>	<u>223,548</u>	<u>30,088</u>
Commodities				
Office supplies	225	225	919	694
Maintenance supplies	800	800	6,431	5,631
Contingency	<u>25,000</u>	<u>25,000</u>	<u>10,441</u>	<u>(14,559)</u>
Total commodities	<u>26,025</u>	<u>26,025</u>	<u>17,791</u>	<u>(8,234)</u>
Total facilities management	<u>350,337</u>	<u>350,337</u>	<u>369,508</u>	<u>19,171</u>
Planning division				
Salaries and wages				
Full-time salaries and wages	167,000	167,000	168,650	1,650
Overtime	<u>600</u>	<u>600</u>	<u>168</u>	<u>(432)</u>
Total salaries and wages	<u>167,600</u>	<u>167,600</u>	<u>168,818</u>	<u>1,218</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Planning division (Continued)				
Fringe benefits				
IMRF match	\$ 14,000	\$ 14,000	\$ 15,061	\$ 1,061
Employer's health insurance	36,400	36,400	14,263	(22,137)
Employer's dental and vision insurance	2,400	2,400	2,324	(76)
Social Security match	10,000	10,000	9,628	(372)
Medicare match	2,300	2,300	2,252	(48)
Life insurance premiums	<u>180</u>	<u>180</u>	<u>229</u>	<u>49</u>
Total fringe benefits	<u>65,280</u>	<u>65,280</u>	<u>43,757</u>	<u>(21,523)</u>
Contractual services				
Telephone	600	600	453	(147)
Travel and training	3,500	3,500	-	(3,500)
Postage	500	500	65	(435)
Other professional services	10,000	10,000	2,597	(7,403)
Dues and memberships	2,000	2,000	1,668	(332)
Printing and publishing	600	600	3,718	3,118
Software and program fees	1,500	1,500	600	(900)
Maintenance - vehicles	-	-	1,677	1,677
Engineering services	50,000	50,000	-	(50,000)
Reimbursable planning charges	-	-	-	-
Reimbursable planning division	140,000	140,000	7,598	(132,402)
Other	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total contractual services	<u>208,700</u>	<u>208,700</u>	<u>318,376</u>	<u>109,676</u>
Commodities				
Office supplies	-	-	20	20
Publications	300	300	-	(300)
Miscellaneous	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Total commodities	<u>300</u>	<u>300</u>	<u>35</u>	<u>(265)</u>
Total planning division	<u>441,880</u>	<u>441,880</u>	<u>530,986</u>	<u>89,106</u>
Total Economic Development	<u>1,627,687</u>	<u>1,627,687</u>	<u>1,599,803</u>	<u>(27,884)</u>

(Continued)

City of North Chicago, Illinois
 General Fund
 Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Capital outlay				
Equipment - mayor's office	\$ -	\$ -	\$ 9,073	\$ 9,073
Equipment - city clerk's office	-	-	4,166	4,166
Equipment - comptroller	80,000	80,000	102,863	22,863
Equipment - information technology	36,000	36,000	50,750	14,750
Equipment - COVID-19	5,000	5,000	-	(5,000)
Equipment - highways and streets	13,244	13,244	37,358	24,114
Equipment - police department	57,558	57,558	63,717	6,159
Equipment - fire department	7,476	7,476	8,387	911
Building improvements - economic development	-	-	2,124	2,124
Total capital outlay	<u>199,278</u>	<u>199,278</u>	<u>278,438</u>	<u>79,160</u>
Debt service				
Principal	21,116	21,116	20,744	(372)
Interest and fiscal charges	<u>8,904</u>	<u>8,904</u>	<u>-</u>	<u>(8,904)</u>
Total debt service	<u>30,020</u>	<u>30,020</u>	<u>20,744</u>	<u>(9,276)</u>
Total Expenditures	<u><u>\$23,515,613</u></u>	<u><u>\$24,539,861</u></u>	<u><u>\$23,561,391</u></u>	<u><u>\$ (978,470)</u></u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

City of North Chicago, Illinois

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2021

	Special Revenue Funds				
	Motor Fuel Tax	Grant	Community Development Block Grant	Federal Forfeited Property (DEA)	E911 Emergency
ASSETS					
Cash and cash equivalents	\$ 2,243,918	\$ -	\$ 314,400	\$ 77,538	\$ -
Receivables					
Intergovernmental	228,186	-	-	-	-
Other	-	-	803	-	-
Due from other funds	1,158	-	-	-	-
Prepaid items	-	-	-	-	584,136
Property held for resale	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,473,262</u>	<u>\$ -</u>	<u>\$ 315,203</u>	<u>\$ 77,538</u>	<u>\$ 584,136</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 84,560	\$ 17,098	\$ 34,906	\$ -	\$ 1,656
Due to other funds	-	14,689	-	-	1,280
Other liabilities	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>84,560</u>	<u>31,787</u>	<u>34,906</u>	<u>-</u>	<u>2,936</u>
Deferred inflows					
Property taxes levied for a future period	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)					
Nonspendable - due from other funds	1,158	-	-	-	-
Nonspendable - prepaid items	-	-	-	-	584,136
Nonspendable - property held for resale	-	-	-	-	-
Restricted for special revenue funds	2,387,544	-	280,297	77,538	-
Restricted for debt service	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-
Assigned for Grant Place	-	-	-	-	-
Unassigned	-	(31,787)	-	-	(2,936)
	<u>-</u>	<u>(31,787)</u>	<u>-</u>	<u>-</u>	<u>(2,936)</u>
Total fund balances (deficits)	<u>2,388,702</u>	<u>(31,787)</u>	<u>280,297</u>	<u>77,538</u>	<u>581,200</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,473,262</u>	<u>\$ -</u>	<u>\$ 315,203</u>	<u>\$ 77,538</u>	<u>\$ 584,136</u>

Special Revenue Funds

Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area Operating	Total Nonmajor Special Revenue Funds
\$ 74,981	\$ 25,247	\$ 551,984	\$ 82,067	\$ -	\$ 3,370,135
-	-	-	-	-	228,186
-	-	1,105	2,220	-	4,128
-	-	-	-	1,140	2,298
-	-	-	-	-	584,136
-	-	520,000	-	3,300,000	3,820,000
<u>\$ 74,981</u>	<u>\$ 25,247</u>	<u>\$ 1,073,089</u>	<u>\$ 84,287</u>	<u>\$ 3,301,140</u>	<u>\$ 8,008,883</u>
\$ -	\$ -	\$ -	\$ 12,709	\$ 35,112	\$ 186,041
-	-	-	-	495,098	511,067
-	-	-	2,445	-	2,445
-	-	-	15,154	530,210	699,553
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,140	2,298
-	-	-	-	-	584,136
-	-	520,000	-	3,300,000	3,820,000
74,981	25,247	553,089	-	-	3,398,696
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	69,133	-	69,133
-	-	-	-	(530,210)	(564,933)
<u>74,981</u>	<u>25,247</u>	<u>1,073,089</u>	<u>69,133</u>	<u>2,770,930</u>	<u>7,309,330</u>
<u>\$ 74,981</u>	<u>\$ 25,247</u>	<u>\$ 1,073,089</u>	<u>\$ 84,287</u>	<u>\$ 3,301,140</u>	<u>\$ 8,008,883</u>

(Continued)

City of North Chicago, Illinois

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2021

	Debt Service Funds			
	Downtown Tax Increment Financing Redevelopment Project Area Debt Service 2007A	Downtown Tax Increment Financing Redevelopment Project Area Debt Service 2007B	Grant Place Retail Center Debt Service 2007C	Total Nonmajor Debt Service Funds
ASSETS				
Cash and cash equivalents	\$ 29,953	\$ 22,258	\$ 235,804	\$ 288,015
Receivables	-	-	-	-
Intergovernmental	-	-	-	-
Other	380	291	1,488	2,159
Due from other funds	-	-	-	-
Prepaid items	11,200	102,697	158,923	272,820
Property held for resale	-	-	-	-
Total assets	\$ 337,711	\$ 336,422	\$ 1,322,511	\$ 1,996,644
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows				
Property taxes levied for a future period	296,178	211,176	926,296	1,433,650
Total deferred inflows	296,178	211,176	926,296	1,433,650
Fund balances (deficits)				
Nonspendable - due from other funds	11,200	102,697	158,923	272,820
Nonspendable - prepaid items	-	-	-	-
Nonspendable - property held for resale	-	-	-	-
Restricted for special revenue funds	-	-	-	-
Restricted for debt service	30,333	22,549	237,292	290,174
Restricted for capital projects	-	-	-	-
Assigned for Grant Place	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	41,533	125,246	396,215	562,994
Total liabilities, deferred inflows, and fund balances	\$ 337,711	\$ 336,422	\$ 1,322,511	\$ 1,996,644

Capital Project Funds				
Capital Improvement	Downtown Tax Increment Financing Redevelopment Project Area	Skokie Highway TIF III Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,238,442	\$ 301,726	\$ 1,540,168	\$ 5,198,318
-	-	-	-	228,186
-	-	-	-	6,287
-	-	3,563	3,563	5,861
-	-	-	-	856,956
-	151,367	-	151,367	3,971,367
<u>\$ -</u>	<u>\$ 1,389,809</u>	<u>\$ 555,289</u>	<u>\$ 1,945,098</u>	<u>\$ 11,950,625</u>
\$ 10,285	\$ 18,267	\$ 15,670	\$ 44,222	\$ 230,263
131,921	-	15,193	147,114	658,181
-	-	-	-	2,445
<u>142,206</u>	<u>18,267</u>	<u>30,863</u>	<u>191,336</u>	<u>890,889</u>
-	-	250,000	250,000	1,683,650
-	-	250,000	250,000	1,683,650
-	-	3,563	3,563	278,681
-	-	-	-	584,136
-	151,367	-	151,367	3,971,367
-	-	-	-	3,398,696
-	-	-	-	290,174
-	1,220,175	270,863	1,491,038	1,491,038
-	-	-	-	69,133
<u>(142,206)</u>	<u>-</u>	<u>-</u>	<u>(142,206)</u>	<u>(707,139)</u>
<u>(142,206)</u>	<u>1,371,542</u>	<u>274,426</u>	<u>1,503,762</u>	<u>9,376,086</u>
<u>\$ -</u>	<u>\$ 1,389,809</u>	<u>\$ 555,289</u>	<u>\$ 1,945,098</u>	<u>\$ 11,950,625</u>

(Concluded)

City of North Chicago, Illinois

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

For the Year Ended April 30, 2021

	Special Revenue Funds				
	Motor Fuel Tax	Grant	Community Development Block Grant	Federal Forfeited Property (DEA)	E911 Emergency
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Grants	2,358,924	-	-	-	-
Investment income	-	95,500	7,284	92	-
Miscellaneous	2,265	-	2,282	6	1,452
	371,901	-	35,000	-	-
Total revenues	<u>2,733,090</u>	<u>95,500</u>	<u>44,566</u>	<u>98</u>	<u>1,452</u>
Expenditures					
Highways and streets	1,168,595	-	-	-	-
Public safety	-	-	-	-	215,129
Economic development	-	524,448	79,859	-	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	25,328	-	84,860	-
Total expenditures	<u>1,168,595</u>	<u>549,776</u>	<u>79,859</u>	<u>84,860</u>	<u>215,129</u>
Excess (deficiency) of revenues over expenditures	1,564,495	(454,276)	(35,293)	(84,762)	(213,677)
Other financing sources					
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,564,495	(454,276)	(35,293)	(84,762)	(213,677)
Fund balance (deficit), beginning of year, as restated (Note K)	<u>824,207</u>	<u>422,489</u>	<u>315,590</u>	<u>162,300</u>	<u>794,877</u>
Fund balance (deficit), end of year	<u>\$ 2,388,702</u>	<u>\$ (31,787)</u>	<u>\$ 280,297</u>	<u>\$ 77,538</u>	<u>\$ 581,200</u>

Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area Operating	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,164	-	-	-	-	2,381,088
-	25,000	-	-	-	127,876
15	-	2,845	14	-	8,879
9,715	-	801	214,045	-	631,462
<u>31,894</u>	<u>25,000</u>	<u>3,646</u>	<u>214,059</u>	<u>-</u>	<u>3,149,305</u>
-	-	-	-	-	1,168,595
18,940	-	-	-	-	234,069
-	-	685,975	157,948	105,057	1,553,287
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	110,188
<u>18,940</u>	<u>-</u>	<u>685,975</u>	<u>157,948</u>	<u>105,057</u>	<u>3,066,139</u>
12,954	25,000	(682,329)	56,111	(105,057)	83,166
-	-	-	-	-	-
-	-	-	-	-	-
12,954	25,000	(682,329)	56,111	(105,057)	83,166
<u>62,027</u>	<u>247</u>	<u>1,755,418</u>	<u>13,022</u>	<u>2,875,987</u>	<u>7,226,164</u>
<u>\$ 74,981</u>	<u>\$ 25,247</u>	<u>\$ 1,073,089</u>	<u>\$ 69,133</u>	<u>\$ 2,770,930</u>	<u>\$ 7,309,330</u>

(Continued)

City of North Chicago, Illinois

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

For the Year Ended April 30, 2021

	Debt Service Funds			
	Downtown Tax Increment Financing Redevelopment Project Area Debt Service 2007A	Downtown Tax Increment Financing Redevelopment Project Area Debt Service 2007B	Grant Place Retail Center Debt Service 2007C	Total Nonmajor Debt Service Funds
Revenues				
Property taxes	\$ 287,326	\$ 204,966	\$ 898,362	\$ 1,390,654
Intergovernmental Grants	-	-	-	-
Investment income	978	769	3,975	5,722
Miscellaneous	-	-	-	-
Total revenues	288,304	205,735	902,337	1,396,376
Expenditures				
Highways and streets	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	255,000	-	550,000	805,000
Interest and fiscal charges	35,751	207,261	357,946	600,958
Capital outlay	-	-	-	-
Total expenditures	290,751	207,261	907,946	1,405,958
Excess (deficiency) of revenues over expenditures	(2,447)	(1,526)	(5,609)	(9,582)
Other financing sources				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(2,447)	(1,526)	(5,609)	(9,582)
Fund balance (deficit), beginning of year, as restated (Note K)	43,980	126,772	401,824	572,576
Fund balance (deficit), end of year	\$ <u>41,533</u>	\$ <u>125,246</u>	\$ <u>396,215</u>	\$ <u>562,994</u>

Capital Project Funds				Total
Capital Improvement	Downtown Tax Increment Financing Redevelopment Project Area	Skokie Highway TIF III Fund	Total Nonmajor Capital Project Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ 356,093	\$ 356,093	\$ 1,746,747
-	-	-	-	2,381,088
-	-	-	-	127,876
-	1,015	276	1,291	15,892
-	-	-	-	631,462
-	1,015	356,369	357,384	4,903,065
-	-	-	-	1,168,595
-	-	-	-	234,069
-	75,655	83,029	158,684	1,711,971
-	-	-	-	805,000
-	-	-	-	600,958
214,527	-	48,919	263,446	373,634
214,527	75,655	131,948	422,130	4,894,227
(214,527)	(74,640)	224,421	(64,746)	8,838
26,726	-	-	26,726	26,726
26,726	-	-	26,726	26,726
(187,801)	(74,640)	224,421	(38,020)	35,564
45,595	1,446,182	50,005	1,541,782	9,340,522
<u>\$ (142,206)</u>	<u>\$ 1,371,542</u>	<u>\$ 274,426</u>	<u>\$ 1,503,762</u>	<u>\$ 9,376,086</u>

(Concluded)

City of North Chicago, Illinois

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended April 30, 2021

	Motor Fuel Tax Fund			Community Development Block Grant Fund			Federal Forfeited Property Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues									
Intergovernmental	\$ 2,055,585	\$ 2,055,585	\$ 2,358,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	-	-	-	494,000	494,000	7,284	-	-	92
Investment income	5,000	5,000	2,265	5,300	5,300	2,282	-	-	6
Miscellaneous	<u>30,000</u>	<u>30,000</u>	<u>371,901</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,090,585</u>	<u>2,090,585</u>	<u>2,733,090</u>	<u>499,300</u>	<u>499,300</u>	<u>44,566</u>	<u>-</u>	<u>-</u>	<u>98</u>
Expenditures									
Current									
Highways and streets	1,378,300	1,378,300	1,168,595	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	494,000	494,000	79,859	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>84,860</u>
Total expenditures	<u>1,378,300</u>	<u>1,378,300</u>	<u>1,168,595</u>	<u>494,000</u>	<u>494,000</u>	<u>79,859</u>	<u>60,000</u>	<u>60,000</u>	<u>84,860</u>
Net change in fund balances	<u>\$ 712,285</u>	<u>\$ 712,285</u>	1,564,495	<u>\$ 5,300</u>	<u>\$ 5,300</u>	(35,293)	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	(84,762)
Fund balance, beginning of year, as restated (Note K)			<u>824,207</u>			<u>315,590</u>			<u>162,300</u>
Fund balance (deficit), end of year			<u>\$ 2,388,702</u>			<u>\$ 280,297</u>			<u>\$ 77,538</u>

(Continued)

City of North Chicago, Illinois

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended April 30, 2021

	E911 Emergency Fund			State Seized Drug Money Fund			Grant Place Capital Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues									
Intergovernmental	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 22,164	\$ -	\$ -	\$ -
Grants	-	-	-	-	-	-	-	-	-
Investment income	500	500	1,452	200	200	15	3,000	3,000	2,845
Miscellaneous	-	-	-	-	-	9,715	1,200	1,200	801
Total revenues	<u>500</u>	<u>500</u>	<u>1,452</u>	<u>700</u>	<u>700</u>	<u>31,894</u>	<u>4,200</u>	<u>4,200</u>	<u>3,646</u>
Expenditures									
Current									
Highways and streets	-	-	-	-	-	-	-	-	-
Public safety	630,000	630,000	215,129	-	-	18,940	-	-	-
Economic development	-	-	-	-	-	-	300	300	685,975
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	<u>630,000</u>	<u>630,000</u>	<u>215,129</u>	<u>-</u>	<u>-</u>	<u>18,940</u>	<u>300</u>	<u>300</u>	<u>685,975</u>
Net change in fund balances	<u>\$ (629,500)</u>	<u>\$ (629,500)</u>	(213,677)	<u>\$ 700</u>	<u>\$ 700</u>	12,954	<u>\$ 3,900</u>	<u>\$ 3,900</u>	(682,329)
Fund balance, beginning of year, as restated (Note K)			<u>794,877</u>			<u>62,027</u>			<u>1,755,418</u>
Fund balance (deficit), end of year			<u>\$ 581,200</u>			<u>\$ 74,981</u>			<u>\$ 1,073,089</u>

(Continued)

City of North Chicago, Illinois

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended April 30, 2021

	Grant Place Operating Fund			Sheridan Crossing TIF Redevelopment Project Area Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	-	-	-	-	-	-
Investment income	4,000	4,000	14	-	-	-
Miscellaneous	<u>225,000</u>	<u>225,000</u>	<u>214,045</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>229,000</u>	<u>229,000</u>	<u>214,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current						
Highways and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	179,200	179,200	157,948	50,250	50,250	105,057
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>179,200</u>	<u>179,200</u>	<u>157,948</u>	<u>50,250</u>	<u>50,250</u>	<u>105,057</u>
Net change in fund balances	<u>\$ 49,800</u>	<u>\$ 49,800</u>	56,111	<u>\$ (50,250)</u>	<u>\$ (50,250)</u>	(105,057)
Fund balance, beginning of year, as restated (Note K)			<u>13,022</u>			<u>2,875,987</u>
Fund balance (deficit), end of year			<u>\$ 69,133</u>			<u>\$ 2,770,930</u>

(Concluded)

City of North Chicago, Illinois

Schedules of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Budget and Actual

Nonmajor Debt Service Funds

For the Year Ended April 30, 2021

	Downtown TIF Redevelopment Project Area Debt Service 2007A Fund			Downtown TIF Redevelopment Project Area Debt Service 2007B Fund			Grant Place Retail Center Debt Service 2007C Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues									
Property taxes	\$ 290,476	\$ 290,476	\$ 287,326	\$ 207,110	\$ 207,110	\$ 204,966	\$ 908,462	\$ 908,462	\$ 898,362
Investment income	<u>3,850</u>	<u>3,850</u>	<u>978</u>	<u>2,000</u>	<u>2,000</u>	<u>769</u>	<u>6,000</u>	<u>6,000</u>	<u>3,975</u>
Total revenues	<u>294,326</u>	<u>294,326</u>	<u>288,304</u>	<u>209,110</u>	<u>209,110</u>	<u>205,735</u>	<u>914,462</u>	<u>914,462</u>	<u>902,337</u>
Expenditures									
Debt service									
Principal	255,000	255,000	255,000	-	-	-	550,000	550,000	550,000
Interest and fiscal charges	<u>33,500</u>	<u>33,500</u>	<u>35,751</u>	<u>205,702</u>	<u>205,702</u>	<u>207,261</u>	<u>349,968</u>	<u>349,968</u>	<u>357,946</u>
Total expenditures	<u>288,500</u>	<u>288,500</u>	<u>290,751</u>	<u>205,702</u>	<u>205,702</u>	<u>207,261</u>	<u>899,968</u>	<u>899,968</u>	<u>907,946</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 5,826</u>	<u>\$ 5,826</u>	(2,447)	<u>\$ 3,408</u>	<u>\$ 3,408</u>	(1,526)	<u>\$ 14,494</u>	<u>\$ 14,494</u>	(5,609)
Fund balance, beginning of year, as restated (Note K)			<u>43,980</u>			<u>126,772</u>			<u>401,824</u>
Fund balance, end of year			<u>\$ 41,533</u>			<u>\$ 125,246</u>			<u>\$ 396,215</u>

City of North Chicago, Illinois

Schedules of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Budget and Actual

Nonmajor Capital Projects Funds

For the Year Ended April 30, 2021

	Capital Improvement Fund			Downtown TIF Redevelopment Project Area Fund			Skokie Highway TIF III Fund		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
	Budget	Budget		Budget	Budget		Budget		
Revenues									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 356,093
Intergovernmental	311,000	311,000	-	-	-	-	-	-	-
Investment income	-	-	-	11,000	11,000	1,015	-	-	276
Total revenues	<u>311,000</u>	<u>311,000</u>	<u>-</u>	<u>11,000</u>	<u>11,000</u>	<u>1,015</u>	<u>100,000</u>	<u>100,000</u>	<u>356,369</u>
Expenditures									
Current									
Economic development	-	-	-	6,250	6,250	75,655	31,250	31,250	83,029
Capital outlay	<u>341,000</u>	<u>341,000</u>	<u>214,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>48,919</u>
Total expenditures	<u>341,000</u>	<u>341,000</u>	<u>214,527</u>	<u>6,250</u>	<u>6,250</u>	<u>75,655</u>	<u>281,250</u>	<u>281,250</u>	<u>131,948</u>
Excess (deficiency) of revenues over expenditures	<u>(30,000)</u>	<u>(30,000)</u>	<u>(214,527)</u>	<u>4,750</u>	<u>4,750</u>	<u>(74,640)</u>	<u>(181,250)</u>	<u>(181,250)</u>	<u>224,421</u>
Other financing sources									
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>26,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>30,000</u>	<u>30,000</u>	<u>26,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(187,801)</u>	<u>\$ 4,750</u>	<u>\$ 4,750</u>	<u>(74,640)</u>	<u>\$ (181,250)</u>	<u>\$ (181,250)</u>	<u>224,421</u>
Fund balance, beginning of year, as restated (Note K)			<u>45,595</u>			<u>1,446,182</u>			<u>50,005</u>
Fund balance (deficit), end of year			<u>\$ (142,206)</u>			<u>\$ 1,371,542</u>			<u>\$ 274,426</u>

ENTERPRISE FUNDS

City of North Chicago, Illinois

Water, Sewer, and Refuse Fund - Non GAAP Budgetary Basis
 Schedule of Revenues, Expenses, and Changes in Net Position - Budget to Actual
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget
Operating revenues				
Charges for services	\$ 7,953,200	\$ 7,953,200	\$ 8,522,257	\$ 569,057
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>7,291</u>	<u>(2,709)</u>
Total operating revenues	7,963,200	7,963,200	8,529,548	566,348
Operating expenses				
Operations	<u>4,698,370</u>	<u>4,697,620</u>	<u>4,409,092</u>	<u>288,528</u>
Total operating expenses	<u>4,698,370</u>	<u>4,697,620</u>	<u>4,409,092</u>	<u>288,528</u>
Operating income (loss)	3,264,830	3,265,580	4,120,456	277,820
Nonoperating revenues (expenses)				
Property taxes	281,184	281,184	278,442	(2,742)
Investment income	125,000	125,000	13,723	(111,277)
Capital outlay	(4,207,150)	(4,207,150)	(2,121,150)	2,086,000
Principal	(111,875)	(111,875)	(277,875)	(166,000)
Interest and fiscal charges	<u>(221,000)</u>	<u>(221,000)</u>	<u>(62,565)</u>	<u>158,435</u>
Total nonoperating revenues (expenses)	<u>(4,133,841)</u>	<u>(4,133,841)</u>	<u>(2,169,425)</u>	<u>1,964,416</u>
Income (loss) before other financing sources (uses)	<u>(869,011)</u>	<u>(868,261)</u>	<u>1,951,031</u>	<u>2,242,236</u>
Other financing sources (uses)				
Transfers in	75,000	75,000	305,000	230,000
Transfers (out)	<u>(2,700,000)</u>	<u>(2,700,000)</u>	<u>(2,700,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,625,000)</u>	<u>(2,625,000)</u>	<u>(2,395,000)</u>	<u>230,000</u>
Change in net position, budgetary basis	<u>(3,494,011)</u>	<u>(3,493,261)</u>	<u>(443,969)</u>	<u>2,472,236</u>

(Continued)

City of North Chicago, Illinois

Water, Sewer, and Refuse Fund - Non GAAP Budgetary Basis
Schedule of Revenues, Expenses, and Changes in Net Position - Budget to Actual
For the Year Ended April 30, 2021

Adjustments to GAAP basis	
Principal payments	\$ 277,875
Amortization of bond premium	22,664
Pension income	63,807
OPEB income	90,653
Depreciation expense	(679,785)
Assets capitalized	<u>2,121,150</u>
Total adjustments to GAAP basis	<u>1,896,364</u>
Net position, beginning of year, as restated (Note K)	<u>14,940,198</u>
Net position, end of year	<u>\$ 16,392,593</u>

(Concluded)

City of North Chicago, Illinois

Water, Sewer, and Refuse Fund - Non GAAP Budgetary Basis

Schedule of Operating Revenues - Budget and Actual

For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Operating revenues				
Charges for services				
Industrial water	\$ 1,650,000	\$ 1,650,000	\$ 1,578,489	\$ (71,511)
Abbott park water	800,000	800,000	922,551	122,551
Abbott raw water	700,000	700,000	867,495	167,495
Residential water	1,375,000	1,375,000	1,547,052	172,052
Commercial water	300,000	300,000	282,219	(17,781)
Meter sales	20,000	20,000	5,502	(14,498)
Tap-on fees	12,000	12,000	2,100	(9,900)
Water base fees	700,000	700,000	762,325	62,325
Service restoration fees	18,000	18,000	9,700	(8,300)
Water penalty and late fees	55,000	55,000	63,000	8,000
Raw water equipment	23,700	23,700	23,706	6
Sewer usage - residential	575,000	575,000	669,150	94,150
Sewer usage - industrial	675,000	675,000	730,436	55,436
Sewer usage - commercial	105,000	105,000	105,802	802
Sewer base fees	103,500	103,500	107,101	3,601
Sewer penalty and late fees	16,000	16,000	23,236	7,236
Refuse hauling	825,000	825,000	822,393	(2,607)
Total charges for services	<u>7,953,200</u>	<u>7,953,200</u>	<u>8,522,257</u>	<u>569,057</u>
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>7,291</u>	<u>(2,709)</u>
Total other revenues	<u>10,000</u>	<u>10,000</u>	<u>7,291</u>	<u>(2,709)</u>
Total operating revenues	<u>\$ 7,963,200</u>	<u>\$ 7,963,200</u>	<u>\$ 8,529,548</u>	<u>\$ 566,348</u>

(Concluded)

City of North Chicago, Illinois

Water, Sewer and Refuse Fund - Non GAAP Budgetary Basis

Schedule of Operating Expenses - Budget and Actual

For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Operating expenses				
Salaries and wages				
Full-time salaries and wages	\$ 1,096,500	\$ 1,096,500	\$ 774,393	\$ 322,107
Overtime allowances	175,000	175,000	180,839	(5,839)
Total salaries and wages	<u>1,271,500</u>	<u>1,271,500</u>	<u>955,232</u>	<u>316,268</u>
Fringe benefits				
IMRF match	95,000	95,000	85,467	9,533
Employer's health insurance	219,000	219,000	111,860	107,140
Employer's dental and vision insurance	17,100	17,100	11,693	5,407
Social Security match	68,000	68,000	56,840	11,160
Medicare match	16,100	16,100	13,358	2,742
Life insurance premiums	1,500	1,500	1,067	433
Total fringe benefits	<u>416,700</u>	<u>416,700</u>	<u>280,285</u>	<u>136,415</u>
Contractual services				
Maintenance - building	104,000	104,000	48,544	55,456
Maintenance - vehicles	14,500	14,500	20,695	(6,195)
Maintenance - equipment	279,000	279,000	129,363	149,637
Maintenance - grounds	1,000	1,000	-	1,000
Maintenance - utility system	2,000	2,000	45,221	(43,221)
Liability insurance	273,000	273,000	273,000	-
Telephone	9,600	9,600	7,342	2,258
Utilities	561,000	561,000	676,866	(115,866)
Rentals	2,500	2,500	-	2,500
Travel and training	5,500	5,500	1,812	3,688
Postage	15,000	15,000	11,418	3,582
Printing and publishing	4,000	4,000	3,319	681
Software and program fees	55,000	55,000	15,424	39,576
Janitorial	10,000	10,000	10,200	(200)
Auditing service	15,500	15,500	5,000	10,500

(Continued)

City of North Chicago, Illinois

Water, Sewer and Refuse Fund - Non GAAP Budgetary Basis

Schedule of Operating Expenses - Budget and Actual

For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Operating expenses (continued)				
Contractual services (continued)				
Engineering services	\$ 125,000	\$ 125,000	\$ 268,635	\$ (143,635)
Other professional services	273,250	272,500	403,160	(130,660)
Dues and memberships	-	-	606	(606)
Bank service charges	15,250	15,250	23,693	(8,443)
Sludge treatment	14,000	14,000	(372)	14,372
Intake inspection	-	-	15,400	(15,400)
Total contractual services	<u>1,779,100</u>	<u>1,778,350</u>	<u>1,959,326</u>	<u>(180,976)</u>
Commodities				
Office supplies	500	500	99	401
Gasoline and oil	22,000	22,000	35,719	(13,719)
Maintenance supplies	15,000	15,000	64,788	(49,788)
Operating supplies	125,000	125,000	64,478	60,522
Uniforms	10,000	10,000	5,968	4,032
Miscellaneous	233,570	233,570	229,562	4,008
Total commodities	<u>406,070</u>	<u>406,070</u>	<u>400,614</u>	<u>5,456</u>
Refuse collection	825,000	825,000	839,867	(14,867)
Capital outlay				
Contractual services	3,150	3,150	2,771	379
Other improvements	3,873,900	3,873,900	2,274,323	1,599,577
Water meters	-	-	25,239	(25,239)
Total capital outlay	<u>3,877,050</u>	<u>3,877,050</u>	<u>2,302,333</u>	<u>1,574,717</u>
Total operating expenses	<u>\$ 4,698,370</u>	<u>\$ 4,697,620</u>	<u>\$ 6,737,657</u>	<u>\$ 262,296</u>

(Continued)

City of North Chicago, Illinois
Water, Sewer and Refuse Fund - Non GAAP Budgetary Basis
Schedule of Operating Expenses - Budget and Actual
For the Year Ended April 30, 2021

Adjustments to GAAP basis	
Pension income	\$ (63,807)
OPEB income	(90,653)
Assets capitalized	(2,328,565)
Depreciation expense	<u>679,785</u>
Total adjustments to GAAP basis	<u>(1,803,240)</u>
Total operating expenses	<u>\$4,934,417</u>

(Concluded)

FIDUCIARY FUNDS

City of North Chicago, Illinois
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
April 30, 2021

	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 1,631,995	2,842,648	\$ 4,474,643
Investments			
U.S. Treasury obligations	1,249,838	-	1,249,838
U.S. Agencies	-	75,602	75,602
Corporate bonds	2,140,631	2,321,950	4,462,581
Insurance contracts	3,208,375	-	3,208,375
Equity securities	2,050,784	3,794,887	5,845,671
Mutual funds	8,278,981	3,401,864	11,680,845
Total investments	16,928,609	9,594,303	26,522,912
Receivables			
Accrued interest	45,930	124	46,054
Prepaid items	-	4,475	4,475
Total assets	16,974,539	9,598,902	26,573,441
LIABILITIES			
Accounts payable	985	6,853	7,838
Due to City	2,598	-	2,598
Total liabilities	3,583	6,853	10,436
NET POSITION			
RESTRICTED FOR PENSIONS	\$ 18,602,951	\$ 12,434,697	\$ 31,037,648

The accompanying notes are an integral part of this statement.

City of North Chicago, Illinois

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position

For the Year Ended April 30, 2021

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions			
Contributions			
Employer	\$ 2,131,165	1,504,416	\$ 3,635,581
Plan members	<u>447,914</u>	<u>260,984</u>	<u>708,898</u>
Total contributions	<u>2,579,079</u>	<u>1,765,400</u>	<u>4,344,479</u>
Investment income			
Interest and dividends	308,994	133,654	442,648
Net change in fair value of investments	<u>4,081,498</u>	<u>3,024,272</u>	<u>7,105,770</u>
Total investment earnings	4,390,492	3,157,926	7,548,418
Less investment expenses	<u>117,771</u>	<u>38,873</u>	<u>156,644</u>
Net investment income	<u>4,272,721</u>	<u>3,119,053</u>	<u>7,391,774</u>
Total additions	<u>6,851,800</u>	<u>4,884,453</u>	<u>11,736,253</u>
Deductions			
Administration	51,359	76,171	127,530
Benefits and refunds of contributions	<u>2,820,621</u>	<u>1,632,423</u>	<u>4,453,044</u>
Total deductions	<u>2,871,980</u>	<u>1,708,594</u>	<u>4,580,574</u>
Change in net position	3,979,820	3,175,859	7,155,679
Net position retracted for pensions			
Beginning of year	<u>14,623,131</u>	<u>9,258,838</u>	<u>23,881,969</u>
End of year	<u>\$ 18,602,951</u>	<u>\$ 12,434,697</u>	<u>\$ 31,037,648</u>

The accompanying notes are an integral part of this statement.

INTERNAL SERVICE FUNDS

City of North Chicago, Illinois
Internal Service Funds
Combining Schedule of Net Position (Deficit)
April 30, 2021

	<u>Dental and Vision</u>	<u>Retiree's Premium</u>	<u>Total Internal Service Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 20,434	\$ 20,434
Other receivables	<u>1,414</u>	<u>-</u>	<u>1,414</u>
 Total assets	 <u>1,414</u>	 <u>20,434</u>	 <u>21,848</u>
LIABILITIES			
Accounts payable	5,292	208	5,500
Due to other funds	<u>27,768</u>	<u>-</u>	<u>27,768</u>
 Total liabilities	 <u>33,060</u>	 <u>208</u>	 <u>33,268</u>
NET POSITION (DEFICIT)			
Unrestricted	<u>\$ (31,646)</u>	<u>\$ 20,226</u>	<u>\$ (11,420)</u>

(Concluded)

City of North Chicago, Illinois

Internal Service Funds

Combining Schedule of Revenues, Expenses, and Changes in Net Position (Deficit)

For the Year Ended April 30, 2021

	<u>Dental and Vision</u>	<u>Retiree's Premium</u>	<u>Total Internal Service Funds</u>
Operating revenues			
Charges for services	\$ 8,439	\$ 185,472	\$ 193,911
Total operating revenues	<u>8,439</u>	<u>185,472</u>	<u>193,911</u>
Operating expenses			
Premiums and claim payments	<u>11,038</u>	<u>169,288</u>	<u>180,326</u>
Operating income	<u>(2,599)</u>	<u>16,184</u>	<u>13,585</u>
Nonoperating revenues			
Investment income	<u>31</u>	<u>37</u>	<u>68</u>
Total nonoperating revenues	<u>31</u>	<u>37</u>	<u>68</u>
Income before transfers	(2,568)	16,221	13,653
Transfers (out)	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Change in net position	(77,568)	16,221	(61,347)
Net position (deficit), beginning of year (as restated, Note K)	<u>45,922</u>	<u>4,005</u>	<u>49,927</u>
Net position (deficit), end of year	<u><u>\$ (31,646)</u></u>	<u><u>\$ 20,226</u></u>	<u><u>\$ (11,420)</u></u>

(Concluded)

City of North Chicago, Illinois

Internal Service Funds

Combining Schedule of Cash Flows

For the year ended April 30, 2021

	<u>Dental and Vision</u>	<u>Retiree's Premium</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities			
Cash received from customers	\$ 17,783	\$ 185,721	\$ 203,504
Cash payments for goods and services	<u>(6,319)</u>	<u>(219,429)</u>	<u>(225,748)</u>
Net cash provided by (used in) operating activities	<u>11,464</u>	<u>(33,708)</u>	<u>(22,244)</u>
Cash flows from noncapital financing activities			
Interfund advances	27,768	-	27,768
Transfer (out)	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Net cash used in noncapital financing activities	<u>(47,232)</u>	<u>-</u>	<u>(47,232)</u>
Cash flows from investing activities			
Interest received	<u>31</u>	<u>37</u>	<u>68</u>
Net cash provided by investing activities	<u>31</u>	<u>37</u>	<u>68</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,737)	(33,671)	(69,408)
Cash and cash equivalents, beginning of year	<u>35,737</u>	<u>54,105</u>	<u>89,842</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 20,434</u>	<u>\$ 20,434</u>
Reconciliation of operating income to net cash flows from operating activities			
Operating income	\$ (2,599)	\$ 16,184	\$ 13,585
Adjustments to reconcile operating income to net cash used in operating activities			
Decrease in other receivables	9,344	249	9,593
Increase (decrease) in accounts payable	<u>4,719</u>	<u>(50,141)</u>	<u>(45,422)</u>
Net cash provided by (used in) operating activities	<u>\$ 11,464</u>	<u>\$ (33,708)</u>	<u>\$ (22,244)</u>

(Concluded)

NORTH CHICAGO PUBLIC LIBRARY - COMPONENT UNIT

City of North Chicago, Illinois
North Chicago Public Library - Component Unit
Balance Sheet and Statement of Net Position
April 30, 2021

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 1,385,448	\$ -	\$ 1,385,448
Receivables			
Property taxes	764,390	-	764,390
Accounts	1,799	-	1,799
Other	5,255	-	5,255
Prepaid expenses	7,319	-	7,319
Net pension asset	-	164,967	164,967
Capital assets not being depreciated	-	71,966	71,966
Capital assets net of accumulated depreciation	-	517,326	517,326
	<u>2,164,211</u>	<u>754,259</u>	<u>2,918,470</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	-	99,481	99,481
Deferred outflows related to OPEB	-	171,356	171,356
	<u>-</u>	<u>270,837</u>	<u>270,837</u>
Total deferred outflows of resources	<u>-</u>	<u>270,837</u>	<u>270,837</u>
Total assets and deferred outflows of resources	<u>2,164,211</u>	<u>1,025,096</u>	<u>3,189,307</u>

(Continued)

City of North Chicago, Illinois
North Chicago Public Library - Component Unit
Balance Sheet and Statement of Net Position
April 30, 2021

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
LIABILITIES			
Accounts payable	\$ 25,544	\$ -	\$ 25,544
Due to primary government	33,000	-	33,000
Accrued payroll	9,305	-	9,305
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	-	437,152	437,152
Total liabilities	<u>67,849</u>	<u>437,152</u>	<u>505,001</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for a future period	764,390	-	764,390
Deferred inflows related to pensions	-	292,240	292,240
Deferred inflows related to OPEB	-	32,747	32,747
Total deferred inflows of resources	<u>764,390</u>	<u>324,987</u>	<u>1,089,377</u>
Total liabilities and deferred inflows of resources	<u>832,239</u>	<u>762,139</u>	<u>1,594,378</u>
FUND BALANCE/NET POSITION			
Net investment in capital assets	-	589,292	589,292
Unassigned/Unrestricted	1,331,972	(326,335)	1,005,637
Total fund balance/net position	<u>\$ 1,331,972</u>	<u>\$ 262,957</u>	<u>\$ 1,594,929</u>

(Concluded)

City of North Chicago, Illinois

North Chicago Public Library - Component Unit

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

For the Year Ended April 30, 2021

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Revenues			
Property taxes	\$ 756,676	\$ -	\$ 756,676
Grants	85,671	-	85,671
Fines and fees	3,185	-	3,185
Investment income	11,715	-	11,715
Miscellaneous	<u>12,384</u>	<u>-</u>	<u>12,384</u>
Total revenues	<u>869,631</u>	<u>-</u>	<u>869,631</u>
Expenditures			
Current			
Culture and recreation	781,786	212,615	994,401
Capital outlay	<u>42,808</u>	<u>(42,808)</u>	<u>-</u>
Total expenditures/expenses	<u>824,594</u>	<u>169,807</u>	<u>994,401</u>
Change in fund balance/net position	45,037	(169,807)	(124,770)
Fund balance/net position, beginning of year	<u>1,286,935</u>	<u>432,764</u>	<u>1,719,699</u>
Fund balance/net position, end of year	<u>\$ 1,331,972</u>	<u>\$ 262,957</u>	<u>\$ 1,594,929</u>

(Concluded)

City of North Chicago, Illinois

North Chicago Public Library - Component Unit

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

Library Operating Fund

For the Year Ended April 30, 2021

	Original and Final Budget	Actual	Variance from Final Budget
Revenues			
Property taxes	\$ 764,392	\$ 756,676	\$ (7,716)
Grants	134,160	85,671	(48,489)
Fines and fees	8,200	3,185	(5,015)
Investment income	12,200	11,715	(485)
Miscellaneous	<u>37,500</u>	<u>12,384</u>	<u>(25,116)</u>
Total revenues	<u>956,452</u>	<u>869,631</u>	<u>(86,821)</u>
Expenditures			
Current			
Culture and recreation	1,033,217	781,786	251,431
Capital outlay	<u>44,200</u>	<u>42,808</u>	<u>1,392</u>
Total expenditures	<u>1,077,417</u>	<u>824,594</u>	<u>252,823</u>
NET CHANGE IN FUND BALANCE	<u>\$ (120,965)</u>	45,037	<u>\$ (339,644)</u>
Fund balance, beginning of year		<u>1,286,935</u>	
Fund balance, end of year		<u>\$ 1,331,972</u>	

(Concluded)

OTHER SUPPLEMENTARY INFORMATION
(Unaudited)

City of North Chicago, Illinois
 General Obligation Bonds Series 2007A
 Schedule of Annual Debt Service Requirements
April 30, 2021

General Obligation Bonds
 Series 2007A
 General Governmental Obligation

Date May 9, 2007
 Issuance \$2,475,000
 Due November 1, as set forth below
 Registration Fully registered
 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
2022	4.00%	\$ 270,000	\$ 22,400	\$ 292,400
2023	4.00	290,000	11,600	301,600
		<u>\$ 560,000</u>	<u>\$ 34,000</u>	<u>\$ 594,000</u>

City of North Chicago, Illinois
 General Obligation Bonds Series 2007B
 Schedule of Annual Debt Service Requirements
April 30, 2021

General Obligation Bonds
 Series 2007B
 General Governmental Obligation

Date May 9, 2007
 Issuance \$4,740,000
 Due November 1, as set forth below
 Registration Fully registered
 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
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

City of North Chicago, Illinois
 General Obligation Bonds Series 2007B (Continued)
 Schedule of Annual Debt Service Requirements
April 30, 2021

General Obligation Bonds
 Series 2007B (Continued)
 General Governmental Obligation

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
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>\$ 2,575,118</u>	<u>\$ 7,315,118</u>

(Concluded)

City of North Chicago, Illinois
 General Obligation Bonds Series 2007C
 Schedule of Annual Debt Service Requirements
April 30, 2021

General Obligation Bonds
 Series 2007C
 General Governmental Obligation

Date August 15, 2007
 Issuance \$8,860,000
 Due November 1, as set forth below
 Registration Fully registered
 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
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>\$ 5,325,000</u>	<u>\$ 1,202,878</u>	<u>\$ 6,527,878</u>

City of North Chicago, Illinois
 General Obligation Bonds Series 2014A Refunding
 Schedule of Annual Debt Service Requirements
April 30, 2021

General Obligation Bonds
 Series 2014A Refunding
 General Governmental Obligation

Date February 4, 2015
 Issuance \$6,010,000
 Due November 1, as set forth below
 Registration Fully registered
 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
2022	4.00%	\$ 970,000	\$ 60,800	\$ 1,030,800
2023	4.00	1,035,000	20,700	1,055,700
		<u>\$ 2,005,000</u>	<u>\$ 81,500</u>	<u>\$ 2,086,500</u>

City of North Chicago, Illinois
 General Obligation Bonds Series 2014B Refunding
 Schedule of Annual Debt Service Requirements
April 30, 2021

General Obligation Bonds
 Series 2014B Refunding
 Enterprise Obligation

Date February 4, 2015
 Issuance \$2,275,000
 Due November 1, as set forth below
 Registration Fully registered
 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
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>\$ 1,240,000</u>	<u>\$ 127,600</u>	<u>\$ 1,367,600</u>

City of North Chicago, Illinois

Legal Debt Margin

April 30, 2021

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."

To date, the General Assembly has set no limits for home rule municipalities.