

CITY OF NORTH CHICAGO, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2025

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CITY OF NORTH CHICAGO, ILLINOIS

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FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITOR'S REPORT

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



INDEPENDENT AUDITOR'S REPORT

September 23, 2026

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Chicago (the City), Illinois, as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Chicago, Illinois, as of April 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Chicago, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2025

Our discussion and analysis of the City of North Chicago (the City), Illinois' financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2025. Please read it in conjunction with the City's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The City's net position increased as a result of this year's operations. Net position of the governmental activities increased by \$12,496,885, or 17.4 percent, and net position of business-type activities increased by \$2,248,760, or 8.5 percent.
- During the year, government-wide revenues for the primary government totaled \$48,155,930, while expenses totaled \$33,410,285, resulting in an increase to net position of \$14,745,645.
- The City's net position totaled a deficit \$31,443,837 on April 30, 2025, which includes \$26,818,920 net investment in capital assets, \$10,867,250 subject to external restrictions, and a deficit \$69,130,007 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported an increase this year of \$962,339 or 4.1 percent, resulting in ending fund balance of \$24,483,040.
- The beginning net position of the governmental activities was restated due to the implementation of GASB Statement No. 101, *Compensated Absences*. In addition, the beginning net position governmental activities and the fund balance of the Grant Place Retail Center Debt Service 2007C Fund were restated to correctly record cash at paying agent in the current year. The Library was restated to correct capital assets.

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

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

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

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

Management's Discussion and Analysis

April 30, 2025

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements - Continued

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Downtown TIF Redevelopment Projects Area Debt Service 2007B Fund, the Downtown TIF Redevelopment Projects Area Debt Service 2014A Fund, and the Capital Improvement Fund, which are considered major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of the governmental funds, except Grant Place, Grant Place Operating, Sheridan Crossing TIF Redevelopment Project Area Operating, Downtown TIF Redevelopment Project Area Debt Service 2007A, Downtown TIF Redevelopment Project Area Debt Service 2007B, Downtown TIF Redevelopment Project Area Debt Service 2014A, and Downtown TIF Redevelopment Project Area Funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2025

USING THIS ANNUAL REPORT - Continued

Fund Financial Statements - Continued

Proprietary Funds

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

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City, liabilities/deferred inflows exceeded assets/deferred outflows by \$31,443,837.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 61,909,693	57,593,886	8,548,780	13,081,263	70,458,473	70,675,149
Noncurrent Assets	9,206,826	8,215,580	30,791,691	18,244,970	39,998,517	26,460,550
Total assets	71,116,519	65,809,466	39,340,471	31,326,233	110,456,990	97,135,699
Deferred Outflows	8,802,556	14,399,714	721,933	645,725	9,524,489	15,045,439
Total Assets and Deferred Outflows	79,919,075	80,209,180	40,062,404	31,971,958	119,981,479	112,181,138
Noncurrent Liabilities	93,981,385	93,643,038	9,883,391	3,545,696	103,864,776	97,188,734
Current Liabilities	13,533,134	13,146,708	1,191,562	1,648,855	14,724,696	14,795,563
Total Liabilities	107,514,519	106,789,746	11,074,953	5,194,551	118,589,472	111,984,297
Deferred Inflows	32,621,083	45,307,441	214,761	253,477	32,835,844	45,560,918
Total Liabilities and Deferred Inflows	140,135,602	152,097,187	11,289,714	5,448,028	151,425,316	157,545,215
Net Position						
Net Investment in Capital Assets	5,123,276	3,364,735	21,695,644	14,943,911	26,818,920	18,308,646
Restricted	10,701,937	6,469,269	165,313	—	10,867,250	6,469,269
Unrestricted (Deficit)	(76,041,740)	(81,722,011)	6,911,733	11,580,019	(69,130,007)	(70,141,992)
Total Net Position	(60,216,527)	(71,888,007)	28,772,690	26,523,930	(31,443,837)	(45,364,077)

A portion of the City's net position, \$26,818,920, reflects its investment in capital assets (for example, land, construction in progress, land improvements, building and improvements, infrastructure, machinery and equipment, lease assets, subscription assets, and underground equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$10,867,250, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining portion, a deficit \$69,130,007, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for Services	\$ 3,136,149	3,329,035	7,276,456	7,359,993	10,412,605	10,689,028
Operating Grants/Contributions	2,514,048	2,520,675	—	—	2,514,048	2,520,675
Capital Grants/Contributions	85,490	128,566	—	1,250,000	85,490	1,378,566
General Revenues:						
Taxes						
Property Taxes	13,979,654	11,982,046	—	—	13,979,654	11,982,046
Intergovernmental						
Sales Tax	4,525,026	3,576,655	—	—	4,525,026	3,576,655
Income Tax	5,346,049	5,035,697	—	—	5,346,049	5,035,697
Other Taxes	7,007,087	7,256,062	—	—	7,007,087	7,256,062
Investment Income	1,834,719	1,060,352	341,852	583,140	2,176,571	1,643,492
Other General Revenues	2,078,967	2,586,639	30,433	275,547	2,109,400	2,862,186
Total Revenues	40,507,189	37,475,727	7,648,741	9,468,680	48,155,930	46,944,407
Expenses						
General Government						
and Administration	6,993,453	5,250,664	—	—	6,993,453	5,250,664
Public Safety	12,312,218	9,733,690	—	—	12,312,218	9,733,690
Economic Development	2,536,634	3,491,399	—	—	2,536,634	3,491,399
Highways and Streets	4,221,276	4,453,029	—	—	4,221,276	4,453,029
Interest on Long-Term Debt	179,402	324,123	—	—	179,402	324,123
Water, Sewer, and Refuse	—	—	7,167,302	6,558,011	7,167,302	6,558,011
Total Expenses	26,242,983	23,252,905	7,167,302	6,558,011	33,410,285	29,810,916
Change Before Transfers	14,264,206	14,222,822	481,439	2,910,669	14,745,645	17,133,491
Internal Activity-Transfers	(1,767,321)	—	1,767,321	—	—	—
Change in Net Position	12,496,885	14,222,822	2,248,760	2,910,669	14,745,645	17,133,491
Net Position - Beginning as Previously Reported	(71,888,007)	(86,110,829)	26,523,930	23,613,261	(45,364,077)	(62,497,568)
Restatement - Change in Accounting Principle	(925,922)	—	—	—	(925,922)	—
Restatement - Error Correction	100,517	—	—	—	100,517	—
Net Position - Beginning as Restated	(72,713,412)	(86,110,829)	26,523,930	23,613,261	(46,189,482)	(62,497,568)
Net Position - Ending	(60,216,527)	(71,888,007)	28,772,690	26,523,930	(31,443,837)	(45,364,077)

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Net position of the City's governmental activities increased by 17.4 percent (deficit \$60,216,527 in 2025 compared to restated deficit \$72,713,412 in 2024). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$76,041,740 at April 30, 2025.

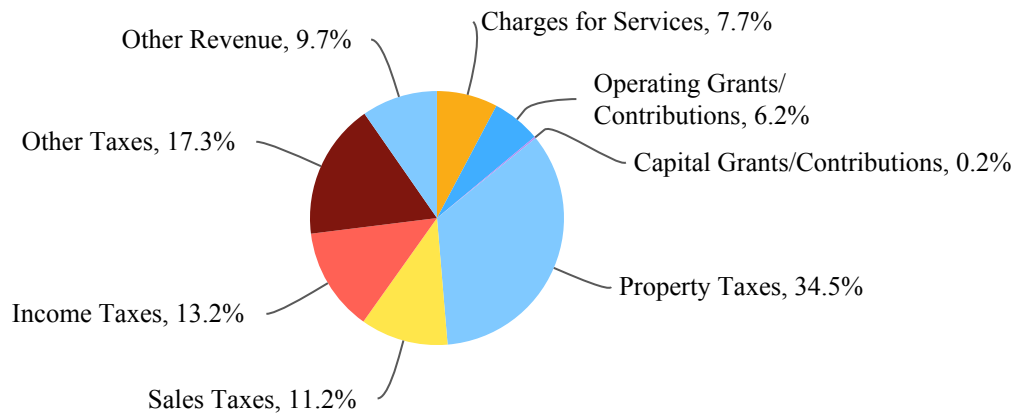
Net position of business-type activities increased by 8.5 percent (\$28,772,690 in 2025 compared to \$26,523,930 in 2024).

Governmental Activities

Revenues for governmental activities totaled \$40,507,189, while the cost of all governmental functions totaled \$26,242,983. This results in a surplus of \$14,264,206 before transfers out of \$1,767,321. In 2024, revenues of \$37,475,727 exceeded expenses of \$23,252,905, resulting in a surplus of \$14,222,822. The increase in 2025 was mainly due to significant increases in property taxes, sales tax, income tax, and investment income revenues by \$1,997,608, \$948,371, \$310,352, and \$774,367 respectively.

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

Governmental Revenues by Source



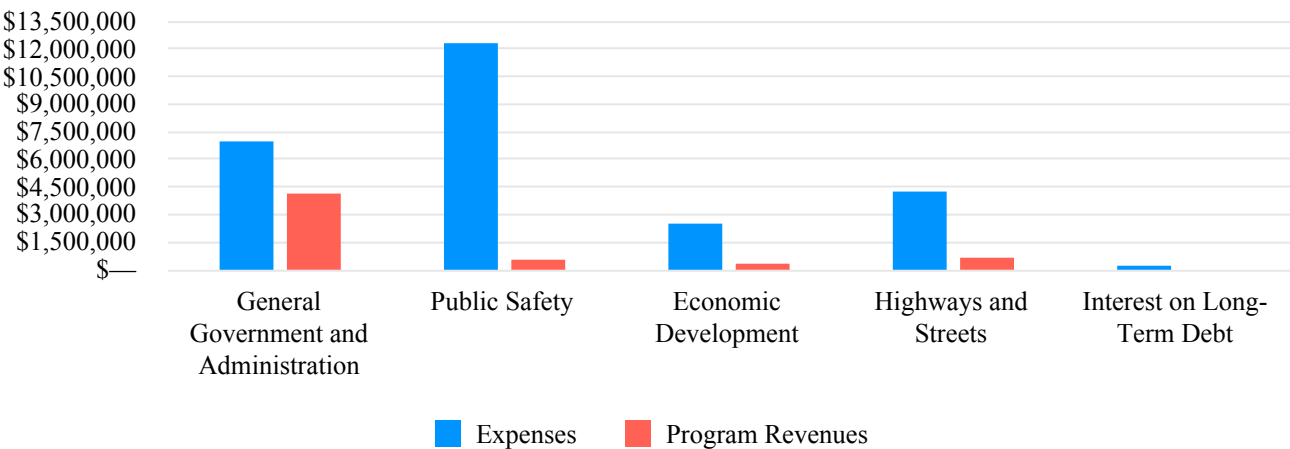
Management’s Discussion and Analysis
April 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Governmental Activities - Continued

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

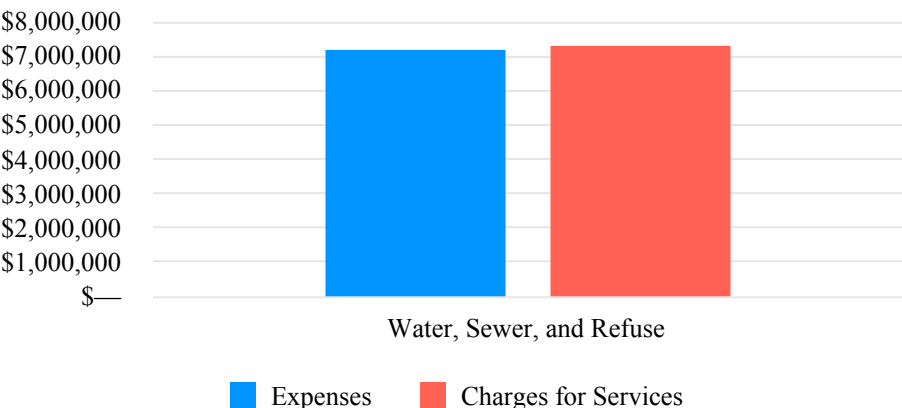
Expenses and Program Revenues - Governmental Activities



Business-Type activities

Business-type activities posted total revenues of \$7,648,741, while the cost of all business-type activities totaled \$7,167,302. This results in a surplus of \$481,439 before the transfers in of \$1,767,321. In 2024, revenues of \$9,468,680 exceed expenses of \$6,558,011, resulting in a surplus of \$2,910,669. The increase in the current year is mainly due to lower than expected operating costs, including reduced maintenance and purchased services expenses, which kept the total expenses below revenues.

Expenses and Program Revenues - Business-Type Activities



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

Management's Discussion and Analysis

April 30, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The City's governmental funds reported combining ending fund balances of \$34,820,786, which is \$3,338,211, or 10.6 percent, higher than last year's restated total of \$31,482,575. Of the \$34,820,786 total, \$22,588,145, or approximately 64.9 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$962,339, an increase of 4.1 percent. This was due to higher taxes, intergovernmental, and investment income in the current year driven by the remote retailers collection change, increased retail base, and better interest rate.

The General Fund is the chief operating fund of the City. At April 30, 2025, unassigned fund balance in the General Fund was \$23,477,396, which represents 95.9 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 72.0 percent of total General Fund expenditures.

The Downtown TIF Redevelopment Projects Area Debt Service 2007B Fund reported no change in fund balance, ending at \$2,346.

The Downtown TIF Redevelopment Projects Area Debt Service 2014A Fund reported a decrease of \$1,024,025 from the prior year. The fund saw a decrease mainly due to transfers out totaling \$2,514,236 to reimburse other funds for TIF eligible projects that were initially paid using non-TIF funds.

The Capital Improvement Fund reported an increase of \$1,704,617 from the prior year. The increase was primarily due to the transfers in of \$3,362,500 to cover the capital outlay expenditures.

Proprietary Funds

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

The City reports the Water, Sewer, and Refuse Fund as a major proprietary fund. The Water, Sewer, and Refuse Fund accounts for all of the operations of the municipal water and sewer system, as well as the City's refuse operations. Refuse services are provided by LRS Waste Management Services at a monthly rate of \$96,868. Water is sold to all municipal customers at a rate of \$5.11 per thousand gallons for water and a rate of \$2.41 for sewer. The spread between purchase and sale rates is intended to finance the operations of the water, sewer, and refuse operations, including labor costs, supplies, and infrastructure maintenance.

The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water, Sewer, and Refuse Fund during the current fiscal year was \$2,248,760, while the previous fiscal year reported a surplus of \$2,910,669. Unrestricted net position in the Water, Sewer, and Refuse Fund totaled \$6,911,733 at April 30, 2025.

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made no budget/appropriations amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$34,930,285, compared to budgeted revenues of \$29,355,158. All line items came in over budget, but the largest overage was in intergovernmental and other revenues.

The General Fund actual expenditures for the year were \$296,733 over budget (\$32,617,524 actual compared to \$32,320,791 budgeted). General and administration, capital outlay, and debt service functions came in over budget. The largest overage was in workers compensation claims.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2025 was \$39,998,517 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, infrastructure, machinery and equipment, lease assets, subscription assets, and underground equipment.

Capital Assets - Net of Depreciation/Amortization						
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Land	\$ 728,006	728,006	638,264	14,491	1,366,270	742,497
Construction in Progress	897,843	958,234	9,827,526	3,588,173	10,725,369	4,546,407
Land Improvements	2,163,733	1,845,548	54,586	68,681	2,218,319	1,914,229
Buildings and Improvements	2,274,744	2,115,002	2,735,440	2,906,222	5,010,184	5,021,224
Infrastructure	236,448	245,128	—	—	236,448	245,128
Machinery and Equipment	2,037,665	1,801,506	1,159,079	902,096	3,196,744	2,703,602
Lease Assets - Vehicles	472,559	522,156	—	—	472,559	522,156
Subscription Assets - Software	395,828	—	—	—	395,828	—
Underground Equipment	—	—	16,376,796	10,765,307	16,376,796	10,765,307
	9,206,826	8,215,580	30,791,691	18,244,970	39,998,517	26,460,550

This year's major additions included:

Land	\$ 623,773
Construction in Progress	7,134,423
Buildings and Improvements	320,159
Machinery and Equipment	587,216
Subscription Assets - Software	593,742
Underground Equipment	5,747,217
	<u>15,006,530</u>

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

CITY OF NORTH CHICAGO, ILLINOIS

Management's Discussion and Analysis

April 30, 2025

DEBT ADMINISTRATION

At year-end, the City had total outstanding debt of \$26,336,110 as compared to \$18,105,912 the previous year, an increase of 45.5 percent. The following is a comparative statement of outstanding debt:

	Outstanding Long-Term Debt					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 2,580,000	3,345,000	—	—	2,580,000	3,345,000
Notes Payable	3,714,960	3,003,095	—	—	3,714,960	3,003,095
TIF Notes Payable	1,396,833	1,499,297	—	—	1,396,833	1,499,297
Lease Assets - Vehicles	574,099	786,682	—	—	574,099	786,682
Subscription Assets - Software	388,982	—	—	—	388,982	—
IEPA Loans Payable	—	—	9,008,110	3,040,497	9,008,110	3,040,497
Lawsuit Settlement Liability	34,800	42,600	—	—	34,800	42,600
Pollution Remediation Liability	8,638,326	6,388,741	—	—	8,638,326	6,388,741
	17,328,000	15,065,415	9,008,110	3,040,497	26,336,110	18,105,912

The City has maintained a BBB rating from S&P Global Ratings for its general obligation debt for the last five years. In response to S&P Global Ratings' concerns, the City has actively addressed three major issues: severe pension underfunding and the absence of a plan to improve it, a high debt burden, and the Fire Pension Board intercept. Since the 2018 rating, the City has implemented a pension fund policy, reducing its pension liability. The City contributes to the pensions in accordance with actuarial recommendations to achieve 100% funded prior to 2040. The City also established designated revenue sources to help fund the pensions. These actions demonstrated the City's commitment to reducing its liabilities.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2026 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Unemployment rates for April 30, 2025 for Lake County was percent and the state and national unemployment rates were 4.2 and 4.2 percent, respectively.

These indicators were taken into account when adopting the General Fund budget for 2026. Amounts available for appropriation in the General Fund budget are \$35,720,602, an increase of 13.88 percent from the final 2025 budget of \$32,320,791. The City anticipates an increase in tax revenues, budgeting \$32,555,036 for 2026 as compared to the final 2025 budget of \$18,228,485, an increase of 11.38 percent. The City has added no major new programs or initiatives in the 2026 budget.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Funds

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

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position

April 30, 2025

See Following Page

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position

April 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	North Chicago Public Library
ASSETS				
Current Assets				
Cash and Investments	\$ 36,534,702	7,513,715	44,048,417	658,336
Receivables - Net of Allowances	20,179,131	882,269	21,061,400	556,614
Due from Other Governments	365,993	—	365,993	—
Internal Balances	15,587	(15,587)	—	—
Prepays	947,528	3,070	950,598	12,488
Land Held for Resale	3,509,706	—	3,509,706	—
Total Current Assets	61,552,647	8,383,467	69,936,114	1,227,438
Noncurrent Assets				
Capital assets				
Nondepreciable	1,625,849	10,465,790	12,091,639	71,966
Depreciable	18,280,511	50,512,862	68,793,373	2,210,779
Accumulated Depreciation	(10,699,534)	(30,186,961)	(40,886,495)	(1,048,267)
Total Capital Assets	9,206,826	30,791,691	39,998,517	1,234,478
Other Assets				
Net Pension Asset - IMRF	357,046	165,313	522,359	41,120
Total Noncurrent Assets	9,563,872	30,957,004	40,520,876	1,275,598
Total Assets	71,116,519	39,340,471	110,456,990	2,503,036
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	707,621	327,630	1,035,251	81,495
Deferred Items - Police Pension	2,041,825	—	2,041,825	—
Deferred Items - Firefighters' Pension	2,691,257	—	2,691,257	—
Deferred Items - Retiree Benefits Plan	3,361,853	394,303	3,756,156	182,356
Total Deferred Outflows of Resources	8,802,556	721,933	9,524,489	263,851
Total Assets and Deferred Outflows of Resources	79,919,075	40,062,404	119,981,479	2,766,887

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	North Chicago Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 1,992,027	928,411	2,920,438	89,961
Accrued Payroll	408,996	48,816	457,812	14,729
Retainage Payable	56,046	87,937	143,983	—
Accrued Interest Payable	77,529	—	77,529	—
Other Liabilities	3,081,438	—	3,081,438	—
Other Payables	5,543,605	—	5,543,605	—
Current Portion of Long-Term Liabilities	2,373,493	126,398	2,499,891	22,581
Total Current Liabilities	13,533,134	1,191,562	14,724,696	127,271
Noncurrent Liabilities				
Compensated Absences Payable	2,166,638	173,570	2,340,208	43,832
Net Pension Liability - Police Pension	47,771,230	—	47,771,230	—
Net Pension Liability - Firefighters' Pension	21,856,817	—	21,856,817	—
Notes Payable	3,318,947	—	3,318,947	—
Total OPEB Liability - Retiree Benefits Plan	6,476,243	759,587	7,235,830	351,291
General Obligation Bonds Payable - Net	1,770,000	—	1,770,000	—
Lawsuit Settlement Liability	27,000	—	27,000	—
Pollution Remediation Liability	8,638,326	—	8,638,326	—
TIF Notes Payable	1,396,833	—	1,396,833	—
Lease Assets Payables	361,515	—	361,515	—
Subscription Assets Payable	197,836	—	197,836	—
IEPA Loans Payable	—	8,950,234	8,950,234	—
Total Noncurrent Liabilities	93,981,385	9,883,391	103,864,776	395,123
Total Liabilities	107,514,519	11,074,953	118,589,472	522,394
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	15,229,097	—	15,229,097	478,130
Deferred Items - IMRF	11,271	5,219	16,490	1,298
Deferred Items - Police Pension	9,730,206	—	9,730,206	—
Deferred Items - Firefighters' Pension	5,863,946	—	5,863,946	—
Deferred Items - Retiree Benefits Plan	1,786,563	209,542	1,996,105	96,908
Total Deferred Inflows of Resources	32,621,083	214,761	32,835,844	576,336
Total Liabilities and Deferred Inflows of Resources	140,135,602	11,289,714	151,425,316	1,098,730
NET POSITION				
Net Investment in Capital Assets	5,123,276	21,695,644	26,818,920	1,234,478
Restricted - Public Safety	142,669	—	142,669	—
Restricted - Economic Development	1,392	—	1,392	—
Restricted - Highways and Streets	3,447,884	—	3,447,884	—
Restricted - Land Held for Resale	3,451,471	—	3,451,471	—
Restricted - Debt Service	1,028,630	—	1,028,630	—
Restricted - Capital Projects	2,272,845	—	2,272,845	—
Restricted - Public Library	—	—	—	433,679
Restricted - Retirement	357,046	165,313	522,359	—
Unrestricted (Deficit)	(76,041,740)	6,911,733	(69,130,007)	—
Total Net Position	(60,216,527)	28,772,690	(31,443,837)	1,668,157

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

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2025

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Governmental Activities				
General Government and Administration	\$ 6,993,453	2,818,965	1,304,978	—
Public Safety	12,312,218	317,184	276,185	—
Economic Development	2,536,634	—	242,876	85,490
Highways and Streets	4,221,276	—	690,009	—
Interest on Long-Term Debt	179,402	—	—	—
Total Governmental Activities	26,242,983	3,136,149	2,514,048	85,490
Business-Type Activities				
Water, Sewer, and Refuse	7,167,302	7,276,456	—	—
Total Primary Government	33,410,285	10,412,605	2,514,048	85,490
Component Unit				
North Chicago Public Library	1,109,332	10,829	82,922	—

General Revenues

Taxes

Property Taxes

State Use Taxes

Utility Taxes

Hotel/Motel Taxes

Video Gaming Taxes

Telecommunications Taxes

Home Rule Sales Taxes

Other Taxes

Intergovernmental - Unrestricted

State Replacement

State Income Taxes

State Sales Taxes

American Rescue Plan

Investment Income

Miscellaneous

Transfers - Internal Activity

Totals

Change in Net Position

Net Position - Beginning as Previously Reported

Restatement - Change in Accounting Principle

Restatement - Error Correction

Net Position - Beginning as Restated

Net Position - Ending

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

Net (Expenses) Revenues			Component Unit North Chicago Public Library
Primary Government			
Governmental Activities	Business-Type Activities	Totals	
(2,869,510)	—	(2,869,510)	—
(11,718,849)	—	(11,718,849)	—
(2,208,268)	—	(2,208,268)	—
(3,531,267)	—	(3,531,267)	—
(179,402)	—	(179,402)	—
(20,507,296)	—	(20,507,296)	—
—	109,154	109,154	—
(20,507,296)	109,154	(20,398,142)	—
—	—	—	(1,015,581)
13,979,654	—	13,979,654	799,436
803,857	—	803,857	—
1,660,882	—	1,660,882	—
301,967	—	301,967	—
740,781	—	740,781	—
412,459	—	412,459	—
1,904,521	—	1,904,521	—
2,638,096	—	2,638,096	—
449,045	—	449,045	—
5,346,049	—	5,346,049	—
2,620,505	—	2,620,505	—
69,297	—	69,297	—
1,834,719	341,852	2,176,571	52,827
2,009,670	30,433	2,040,103	9,947
(1,767,321)	1,767,321	—	—
33,004,181	2,139,606	35,143,787	862,210
12,496,885	2,248,760	14,745,645	(153,371)
(71,888,007)	26,523,930	(45,364,077)	1,605,409
(925,922)	—	(925,922)	(15,136)
100,517	—	100,517	231,255
(72,713,412)	26,523,930	(46,189,482)	1,821,528
(60,216,527)	28,772,690	(31,443,837)	1,668,157

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

CITY OF NORTH CHICAGO, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2025

		General
ASSETS		
Cash and Investments	\$	22,277,311
Receivables - Net of Allowances		
Taxes		14,878,594
Accounts		3,043,002
Other		26,369
Due from Other Governments		255,061
Due from Other Funds		1,175,460
Land Held for Resale		58,235
Prepays		947,409
Total Assets		42,661,441
LIABILITIES		
Accounts Payable		1,443,704
Accrued Payroll		408,996
Retainage Payable		—
Other Liabilities		3,080,338
Due to Other Funds		140,842
Total Liabilities		5,073,880
DEFERRED INFLOWS OF RESOURCES		
Property Taxes		13,104,521
Grants		—
Total Deferred Inflows of Resources		13,104,521
Total Liabilities and Deferred Inflows of Resources		18,178,401
FUND BALANCES		
Nonspendable		1,005,644
Restricted		—
Committed		—
Unassigned		23,477,396
Total Fund Balances		24,483,040
Total Liabilities, Deferred Inflows of Resources and Fund Balances		42,661,441

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

Debt Service		Capital Projects Capital Improvement	Nonmajor	Totals
Downtown TIF Redevelopment Project Area Debt Service 2007B	Downtown TIF Redevelopment Project Area Debt Service 2014A			
2,346	726,926	6,888,632	6,203,196	36,098,411
—	—	—	2,124,576	17,003,170
—	—	—	100,154	3,143,156
—	—	—	5,237	31,606
—	—	—	111,173	366,234
—	—	—	50,239	1,225,699
—	—	—	3,451,471	3,509,706
—	—	—	119	947,528
2,346	726,926	6,888,632	12,046,165	62,325,510
—	—	484,423	63,217	1,991,344
—	—	—	—	408,996
—	—	56,046	—	56,046
—	—	—	1,100	3,081,438
—	—	100	1,053,256	1,194,198
—	—	540,569	1,117,573	6,732,022
—	—	—	2,124,576	15,229,097
—	—	5,543,605	—	5,543,605
—	—	5,543,605	2,124,576	20,772,702
—	—	6,084,174	3,242,149	27,504,724
—	—	—	119	1,005,763
2,346	726,926	—	9,693,148	10,422,420
—	—	804,458	—	804,458
—	—	—	(889,251)	22,588,145
2,346	726,926	804,458	8,804,016	34,820,786
2,346	726,926	6,888,632	12,046,165	62,325,510

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

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2025

Total Governmental Fund Balances	\$ 34,820,786
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	9,206,826
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - IMRF	357,046
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	696,350
Deferred Items - Police Pension	(7,688,381)
Deferred Items - Firefighters' Pension	(3,172,689)
Deferred Items - Retiree Benefits Plan	1,575,290
Internal service funds are used by the City to charge the costs of central services and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	420,652
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable	(2,708,297)
Net Pension Liability - Police Pension	(47,771,230)
Net Pension Liability - Firefighters' Pension	(21,856,817)
Total OPEB Liability - Retiree Benefits Plan	(6,690,534)
General Obligation Bonds Payable	(2,580,000)
Notes Payable	(3,714,960)
Lawsuit Settlement Liability	(34,800)
Pollution Remediation Liability	(8,638,326)
TIF Notes Payable	(1,396,833)
Lease Assets Payable	(574,099)
Subscription Assets Payable	(388,982)
Accrued Interest Payable	(77,529)
Net Position of Governmental Activities	(60,216,527)

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

CITY OF NORTH CHICAGO, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2025**

See Following Page

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2025

	<u>General</u>
Revenues	
Taxes	\$ 19,116,360
Intergovernmental	9,969,070
Charges for Services	2,049,453
Licenses and Permits	769,512
Fines and Forfeitures	317,184
Investment Income	1,422,104
Miscellaneous	1,286,602
Total Revenues	<u>34,930,285</u>
Expenditures	
General Government and Administration	5,756,183
Public Safety	21,178,106
Economic Development	1,352,380
Highways and Streets	2,817,075
Capital Outlay	758,626
Debt Service	
Principal Retirement	755,154
Interest and Fiscal Charges	—
Total Expenditures	<u>32,617,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,312,761</u>
Other Financing Sources (Uses)	
Disposal of Capital Assets	17,760
Debt Issuance	1,635,618
Transfers In	—
Transfers Out	<u>(3,003,800)</u>
	<u>(1,350,422)</u>
Net Change in Fund Balances	<u>962,339</u>
Fund Balances - Beginning as Previously Reported	23,520,701
Restatement - Error Correction	—
Fund Balances - Beginning as Restated	<u>23,520,701</u>
Fund Balances - Ending	<u><u>24,483,040</u></u>

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

Debt Service		Capital Projects Capital Improvement	Nonmajor	Totals
Downtown TIF Redevelopment Project Area Debt Service 2007B	Downtown TIF Redevelopment Project Area Debt Service 2014A			
—	1,369,056	—	1,956,801	22,442,217
—	—	69,297	1,046,067	11,084,434
—	—	—	—	2,049,453
—	—	—	—	769,512
—	—	—	—	317,184
—	121,155	—	274,516	1,817,775
—	—	—	723,068	2,009,670
—	1,490,211	69,297	4,000,452	40,490,245
—	—	—	—	5,756,183
—	—	—	5,600	21,183,706
—	—	—	106,543	1,458,923
—	—	—	357,798	3,174,873
—	—	1,727,180	1,153,696	3,639,502
—	—	—	867,464	1,622,618
—	—	—	202,390	202,390
—	—	1,727,180	2,693,491	37,038,195
—	1,490,211	(1,657,883)	1,306,961	3,452,050
—	—	—	104	17,864
—	—	—	—	1,635,618
—	—	3,362,500	388,215	3,750,715
—	(2,514,236)	—	—	(5,518,036)
—	(2,514,236)	3,362,500	388,319	(113,839)
—	(1,024,025)	1,704,617	1,695,280	3,338,211
2,346	1,750,951	(900,159)	7,008,219	31,382,058
—	—	—	100,517	100,517
2,346	1,750,951	(900,159)	7,108,736	31,482,575
2,346	726,926	804,458	8,804,016	34,820,786

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

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Fiscal Year Ended April 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 3,338,211
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital Outlays	1,741,503
Depreciation Expense	(750,257)

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

Change in Net Pension Asset - IMRF	(322,122)
------------------------------------	-----------

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

Change in Deferred Items - IMRF	(251,027)
Change in Deferred Items - Police Pension	5,529,239
Change in Deferred Items - Firefighters' Pension	1,109,654
Change in Deferred Items - Retiree Benefits Plan	1,911,811

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

	33,429
--	--------

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

Change in Compensated Absences Payable	11,683
Change in Net Pension Liability - Police Pension	2,655,177
Change in Net Pension Liability - Firefighters' Pension	1,972,003
Change in Total OPEB Liability - Retiree Benefits Plan	(2,242,822)
Debt Issuance	(1,635,618)
Debt Retirement	1,622,618
Change in Pollution Remediation Liability	(2,249,585)

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

	<u>22,988</u>
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Changes in Net Position of Governmental Activities	<u>12,496,885</u>
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The accompanying notes to the financial statements are an integral part of this statement.

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2025

See Following Page

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2025

	Business-Type Activities - Enterprise Fund Water, Sewer, and Refuse	Governmental Activities Internal Service
ASSETS		
Current Assets		
Cash and Investments	\$ 7,513,715	436,291
Receivables - Net of Allowances		
Accounts	646,093	1,199
Other	135,536	—
Grants	100,640	—
Due from Other Funds	92,003	—
Prepays	3,070	—
Total Current Assets	8,491,057	437,490
Noncurrent Assets		
Capital Assets		
Nondepreciable	10,465,790	—
Depreciable	50,512,862	—
Accumulated Depreciation	(30,186,961)	—
Total Capital Assets	30,791,691	—
Other Assets		
Net Pension Asset - IMRF	165,313	—
Total Noncurrent Assets	30,957,004	—
Total Assets	39,448,061	437,490
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	327,630	—
Deferred Items - Retiree Benefits Plan	394,303	—
Total Deferred Outflows of Resources	721,933	—
Total Assets and Deferred Outflows of Resources	40,169,994	437,490

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

	Business-Type Activities - Enterprise Fund	Governmental Activities Internal Service
	Water, Sewer, and Refuse	
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 928,411	924
Accrued Payroll	48,816	—
Retainage Payable	87,937	—
Due to Other Funds	107,590	15,914
Compensated Absences Payable	43,393	—
Total OPEB Liability - Retiree Benefits Plan	25,129	—
IEPA Loans Payable	57,876	—
Total Current Liabilities	1,299,152	16,838
Noncurrent Liabilities		
Compensated Absences	173,570	—
Total OPEB Liability - Retiree Benefits Plan	759,587	—
IEPA Loans Payable	8,950,234	—
Total Noncurrent Liabilities	9,883,391	—
Total Liabilities	11,182,543	16,838
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	5,219	—
Deferred Items - RBP	209,542	—
Total Deferred Inflows of Resources	214,761	—
Total Liabilities and Deferred Inflows of Resources	11,397,304	16,838
NET POSITION		
Net Investment in Capital Assets	21,695,644	—
Restricted - Retirement	165,313	—
Unrestricted	6,911,733	420,652
Total Net Position	28,772,690	420,652

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

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2025

	Business-Type Activities - Enterprise Fund	Governmental Activities Internal Service
	Water, Sewer, and Refuse	
Operating Revenues		
Charges for Services	\$ 7,276,456	—
Miscellaneous	25,933	—
Interfund Services	—	187,865
Total Operating Revenues	7,302,389	187,865
Operating Expenses		
Operations		
Water	4,941,766	—
Sewer	433,868	—
Refuse	1,048,625	—
Premiums and Claims Payments	—	171,380
Depreciation/Amortization	718,306	—
Total Operating Expenses	7,142,565	171,380
Operating Income	159,824	16,485
Nonoperating Revenues (Expenses)		
Investment Income	341,852	16,944
Other Income	4,500	—
Interest Expense	(24,737)	—
	321,615	16,944
Income Before Transfers	481,439	33,429
Transfers In	1,767,321	—
Change in Net Position	2,248,760	33,429
Net Position - Beginning	26,523,930	387,223
Net Position - Ending	28,772,690	420,652

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

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended April 30, 2025

	Business-Type Activities Enterprise Fund Water, Sewer, and Refuse	Governmental Activities Internal Service
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 7,270,476	—
Receipts from Interfund Services	—	187,865
Payments to Employees	(1,376,421)	(11,886)
Payments to Suppliers	(5,173,765)	(143,733)
	<u>720,290</u>	<u>32,246</u>
Cash Flows from Noncapital Financing Activities		
Interfund Loans and Repayment	<u>107,590</u>	<u>—</u>
Cash Flows from Capital and Related Financing Activities		
Transfers In	1,767,321	—
Change in Capital Grants Receivable	1,332,487	—
Purchase of Capital Assets	(13,265,027)	—
Debt Issuance	6,099,524	—
Debt Retirement	(131,911)	—
Interest Expense	(24,737)	—
	<u>(4,222,343)</u>	<u>—</u>
Cash Flows from Investing Activities		
Investment Income	<u>341,852</u>	<u>16,944</u>
Net Change in Cash and Cash Equivalents	(3,052,611)	49,190
Cash and Cash Equivalents - Beginning	<u>10,566,326</u>	<u>387,101</u>
Cash and Cash Equivalents - Ending	<u><u>7,513,715</u></u>	<u><u>436,291</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income	159,824	16,485
Adjustments to Reconcile Operating Income to Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation/Amortization	718,306	—
Other Income	4,500	—
(Increase) Decrease in Current Assets	(36,413)	—
Increase (Decrease) in Current Liabilities	(125,927)	15,761
	<u>720,290</u>	<u>32,246</u>
Net Cash Provided by Operating Activities	<u><u>720,290</u></u>	<u><u>32,246</u></u>

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

CITY OF NORTH CHICAGO, ILLINOIS

Statement of Fiduciary Net Position

April 30, 2025

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 831,197
Investments	
Illinois Police Officers' Pension Investment Trust	18,552,717
Illinois Firefighters' Pension Investment Trust	15,875,410
Insurance Contracts	3,647,687
Prepays	<u>6,617</u>
Total Assets	<u>38,913,628</u>
LIABILITIES	
Accounts Payable	7,930
Due to Municipality	<u>241</u>
Total Liabilities	<u>8,171</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>38,905,457</u></u>

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

CITY OF NORTH CHICAGO, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2025**

	Pension Trust
Additions	
Contributions - Employer	\$ 7,482,068
Contributions - Plan Members	655,667
Total Contributions	8,137,735
Investment Income (Loss)	
Interest Earned	350,765
Net Change in Fair Value	3,001,889
	3,352,654
Less Investment Expenses	(27,733)
Net Investment Income	3,324,921
Total Additions	11,462,656
Deductions	
Administration	101,745
Benefits and Refunds	5,724,545
Total Deductions	5,826,290
Change in Fiduciary Net Position	5,636,366
Net Position Restricted for Pensions	
Beginning	33,269,091
Ending	38,905,457

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

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

Blended Component Units

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

Firefighters' Pension Employees Retirement System

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 and GASB Statement No. 84 but do not meet the criteria for blending.

North Chicago Public Library

The North Chicago Public Library is a legally separate organization. The board of the Library is appointed by the Mayor with the approval of the City Council. The Library's budget and tax levy is subject to approval by the City Council. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended April 30, 2025. No separate annual financial report is issued for the Library.

BASIS OF PRESENTATION

Government-Wide Financial Statements

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government and administration, public safety, economic development, highways and streets, etc.). The functions are supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, licenses and permits, fines and forfeitures, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

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

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

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements

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

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

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

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

Governmental Funds

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

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

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

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Downtown TIF Redevelopment Project Area Debt Service 2007B, a major fund, is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district. The Downtown TIF Redevelopment Project Area Debt Service 2014A Fund, also a major fund, is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the tax increment financing district. The City also maintains two nonmajor debt service funds.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Governmental Funds - Continued

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fiduciary Funds - Continued

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

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

Basis of Accounting

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

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

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

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

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

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

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/
NET POSITION**

Cash and Investments

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

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/
NET POSITION- Continued**

Interfund Receivables, Payables and Activity

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

Receivables

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

Prepays - Land Held for Resale

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

Capital Assets

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

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Capital Assets - Continued

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

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

Land Improvements	20 Years
Buildings and Improvements	45 - 50 Years
Infrastructure	15 - 80 Years
Machinery and Equipment	5 - 15 Years
Lease Assets - Vehicles	8 Years
Subscription Assets - Software	3 Years
Underground Equipment	45 Years

Compensated Absences

The City accrues compensated absences when earned by employees and when the leave is attributable to services already rendered and is more likely than not to be used for time off or otherwise paid or settled. Employees may accumulate vacation, holiday, and sick leave benefits in accordance with collective bargaining agreements and City personnel policies.

Vacation leave is earned based on years of service and may be carried forward subject to contractual or personnel policy limitations. Employees are compensated for unused accrued vacation leave upon separation from employment. Patrol officers receive annual holiday leave that is provided as paid time off and is scheduled and used in a manner similar to vacation leave.

Sick leave is accrued monthly up to a maximum of 560 hours. Eligible employees may receive compensation for a portion of unused accumulated sick leave upon retirement, resignation, or through authorized sick leave buy-back provisions in accordance with applicable collective bargaining agreements and City personnel policies.

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

Deferred Outflows/Inflows of Resources

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

Notes to the Financial Statements

April 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/
NET POSITION - Continued**

Long-Term Obligations

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

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

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

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

Use of Estimates

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. The City passed the Appropriation Ordinance 2024-12 and made no amendments during the year. Annual budgets are adopted (at the fund level) for all funds, except for Grant Place, Grant Place Operating, Sheridan Crossing TIF Redevelopment Project Area Operating, Downtown TIF Redevelopment Project Area Debt Service 2014A, Downtown TIF Redevelopment Project Area Debt Service 2007A, Downtown TIF Redevelopment Project Area Debt Service 2007B, Downtown TIF Redevelopment Project Area, and Police Pension and Firefighters' Pension Funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had excess of actual expenditures over budget for the fiscal year, but below the appropriation amount:

Fund	Budget	Actual	Appropriation
General	\$ 32,320,791	32,617,524	37,506,632
Grant Place Retail Center Debt Service 2007C	967,285	967,390	1,015,649
Skokie Highway TIF III	53,000	102,464	87,150

DEFICIT FUND BALANCE

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

Fund	Deficit
Grant	\$ 610,990
Community Development Block Grant	243,057
Grant Place Operating	3,380

Deficits will be eliminated by future revenues or transfers.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, and commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, Illinois Metropolitan Investment Fund, and Illinois Public Reserves Investment Management Trust.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company.

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

City

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$26,575,381 and the bank balances totaled \$26,590,556. In addition, the City has \$5,103,887 invested in the Illinois Funds, \$558,080 invested in IPRIME, \$827,904 invested in IMET, and \$3,509,706 in land held for resale.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasuries	\$ 7,158,423	2,486,704	2,917,774	1,753,945	—
U.S. Agencies	149,903	149,903	—	—	—
Corporate Bonds	2,364,049	1,775,230	588,819	—	—
Municipal Bonds	1,310,790	—	457,160	853,630	—
Totals	10,983,165	4,411,837	3,963,753	2,607,575	—

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Investments - Continued. The City has the following recurring fair value measurements as of April 30, 2025:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Total			
Debt Securities				
U.S. Treasuries	\$ 7,158,423	7,158,423	—	—
U.S. Agencies	149,903	—	149,903	—
Corporate Bonds	2,364,049	—	2,364,049	—
Municipal Bonds	1,310,790	—	1,310,790	—
Land Held for Resale	3,509,706	—	3,509,706	—
Total Investments by Fair Value Level	14,492,871	7,158,423	7,334,448	—
Investments Measured at the Net Asset Value (NAV)				
Illinois Funds	5,103,887			
IPRIME	558,080			
IMET	827,904			
Total Investments at the (NAV)	6,489,871			
Total Investments Measured at Fair Value	20,982,742			

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by limiting investment maturities to no more than three years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. The objective is to maintain a core portfolio with maturities in the one- to three-year range. Illinois Funds, IMET and IPRIME have average maturities of less than one year.

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

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy states that deposits should have a collateralization ratio of 102% of the fair value of funds secured, with collateral held by a third-party custodian designated by the Investment Officer and evidenced by safekeeping receipts. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

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

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy requires the City to diversity its investments by security type and institution. The policy states that no more than 25% of its investments may be invested in any individual financial holding or investment and no financial institution may be responsible for more than 45% of the City's investment portfolio. U.S. Treasuries may not exceed 50%, commercial paper may not exceed 25%, and IL Funds or other money market securities may not exceed 35% of the City's investment portfolio.

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

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund

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

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$638,878 and the bank balances totaled \$668,418.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy does not address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For investments, the Fund's investment policy limits its exposure by requiring all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian, in the name of the respective Fund, and evidenced by safekeeping receipts.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The District's investment policy does not specifically address concentration risk. At year-end, the City has investments over 5 percent of the total cash and investment portfolio in insurance contract in AXA Equitable - Non-Brokered Securities of \$1,362,748.

Investments. At year-end the Fund has \$18,552,717 invested in IPOPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The fund may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF. The Fund also has \$3,647,687 invested in insurance contracts (Level 2).

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Continued

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

Rate of Return

For the year ended April 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

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

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's deposits totaled \$192,319 and the bank balances totaled \$192,319.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank, and evidenced by safekeeping receipts. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For investments, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party custodian and evidenced by safekeeping receipts.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Continued

Investments. At year-end the Fund has \$15,875,410 invested in IFPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

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

Rate of Return

For the year ended April 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

North Chicago Public Library

Deposits. At year-end, the carrying amount of the Library's deposits for governmental totaled \$658,336 and the bank balances totaled \$651,511.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by limiting investment maturities to no more than three years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

North Chicago Public Library - Continued

Custodial Credit Risk - Investments. For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library's investment policy does not address this risk. At year-end, the Library did not have any investments.

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

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

INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	Capital Improvement	\$ 100
General	Nonmajor Governmental	1,051,856
General	Water, Sewer, and Refuse	107,590
General	Internal Service	15,914
Nonmajor Governmental	General	48,839
Nonmajor Governmental	Nonmajor Governmental	1,400
Water, Sewer, and Refuse	General	92,003
		<u>1,317,702</u>

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages and the result from the time lag between when transactions are recorded in the accounting system and payments between funds are made.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfers In		Transfers Out	Amount
Capital Improvement		General	\$ 3,003,800 (2)
Capital Improvement	Downtown TIF Redevelopment Project Area Debt Service 2014A		358,700 (1) (2)
Nonmajor Governmental	Downtown TIF Redevelopment Project Area Debt Service 2014A		388,215 (1)
Water, Sewer, and Refuse	Downtown TIF Redevelopment Project Area Debt Service 2014A		<u>1,767,321 (1)</u>
			<u>5,518,036</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) fund future capital improvements projects.

PROPERTY TAXES

Property taxes for 2024 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and August 1 during the following year. The County collects such taxes and remits them periodically.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 728,006	—	—	728,006
Construction in Progress	958,234	614,194	674,585	897,843
	<u>1,686,240</u>	<u>614,194</u>	<u>674,585</u>	<u>1,625,849</u>
Depreciable/Amortizable Capital Assets				
Land Improvements	2,697,216	446,661	—	3,143,877
Buildings and Improvements	5,413,902	320,159	—	5,734,061
Infrastructure	260,394	—	—	260,394
Machinery and Equipment	7,510,554	441,332	—	7,951,886
Lease Assets - Vehicles	596,551	—	—	596,551
Subscription Assets - Software	—	593,742	—	593,742
	<u>16,478,617</u>	<u>1,801,894</u>	<u>—</u>	<u>18,280,511</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	851,668	128,476	—	980,144
Buildings and Improvements	3,298,900	160,417	—	3,459,317
Infrastructure	15,266	8,680	—	23,946
Machinery and Equipment	5,709,048	205,173	—	5,914,221
Lease Assets - Vehicles	74,395	49,597	—	123,992
Subscription Assets - Software	—	197,914	—	197,914
	<u>9,949,277</u>	<u>750,257</u>	<u>—</u>	<u>10,699,534</u>
Total Net Depreciable/Amortizable Capital Assets	<u>6,529,340</u>	<u>1,051,637</u>	<u>—</u>	<u>7,580,977</u>
Total Net Capital Assets	<u>8,215,580</u>	<u>1,665,831</u>	<u>674,585</u>	<u>9,206,826</u>

Depreciation/amortization expense was charged to governmental activities as follows:

General Government and Administration	\$ 379,142
Public Safety	145,000
Economic Development	128,711
Highways and Streets	<u>97,404</u>
	<u>750,257</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 14,491	623,773	—	638,264
Construction in Progress	3,588,173	6,520,229	280,876	9,827,526
	3,602,664	7,144,002	280,876	10,465,790
Depreciable Capital Assets				
Land Improvements	219,773	—	—	219,773
Buildings	8,570,265	—	—	8,570,265
Machinery and Equipment	5,499,074	373,808	—	5,872,882
Underground Equipment	29,821,849	6,028,093	—	35,849,942
	44,110,961	6,401,901	—	50,512,862
Less Accumulated Depreciation				
Land Improvements	151,092	14,095	—	165,187
Buildings	5,664,043	170,782	—	5,834,825
Machinery and Equipment	4,596,978	116,825	—	4,713,803
Underground Equipment	19,056,542	416,604	—	19,473,146
	29,468,655	718,306	—	30,186,961
Total Net Depreciable Capital Assets	14,642,306	5,683,595	—	20,325,901
Total Net Capital Assets	18,244,970	12,827,597	280,876	30,791,691

Depreciation expense of \$718,306 was charged to the Water, Sewer, and Refuse Fund.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Component Unit - North Chicago Public Library

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 71,966	—	—	71,966
Construction in Progress	231,255	—	231,255	—
	303,221	—	231,255	71,966
Depreciable Capital Assets				
Land Improvements	9,400	—	—	9,400
Buildings and Improvements	1,335,401	735,901	—	2,071,302
Machinery and Equipment	98,357	31,720	—	130,077
	1,443,158	767,621	—	2,210,779
Less Accumulated Depreciation				
Land Improvements	9,400	—	—	9,400
Buildings and Improvements	911,776	28,734	—	940,510
Machinery and Equipment	98,357	—	—	98,357
	1,019,533	28,734	—	1,048,267
Total Net Depreciable Capital Assets	423,625	738,887	—	1,162,512
Total Net Capital Assets	726,846	738,887	231,255	1,234,478

Depreciation expense of \$28,734 was charged to the Library's culture and recreation function.

LONG-TERM OBLIGATIONS

General Obligation Bonds

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

General Obligation Bonds - Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$8,860,000 General Obligation Bonds of 2007C dated August 15, 2007, due in annual installments of \$195,000 to \$910,000 plus interest at 5.81% to 6.01% through November 1, 2027.	Downtown TIF Redevelopment Project Area Debt Service 2007C	\$ 3,345,000	—	765,000	2,580,000

IEPA Loans Payable

The City has entered into loan agreements with the IEPA to provide low interest financing for sewer and water improvements. The final repayment schedule for IEPA Loan of 2023 is not available as of the date of this report. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,752,856 IEPA Loan of 2011, due in semi-annual installments of \$57,875 through October 20, 2030. This loan is non-interest bearing.	Water, Sewer, and Refuse	\$ 376,188	—	57,875	318,313
\$3,914,309 IEPA Loan of 2023 due in semi-annual installments, including 0.93% interest through September 27, 2054.	Water, Sewer, and Refuse	2,664,309	6,099,524	74,036	8,689,797
		3,040,497	6,099,524	131,911	9,008,110

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Notes Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$3,960,126 Note Payable of 2021, due in monthly installments of \$33,001 through January 1, 2031. This note is non-interest bearing.	General	\$ 3,003,095	1,041,876	330,011	3,714,960

Tax Increment Financing Notes Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Tax Increment Financing Notes Payable of 2020 - Due from incremental real estate taxes, when available, non interest bearing.	Skokie Highway TIF #3	\$ 1,499,297	—	102,464	1,396,833

CITY OF NORTH CHICAGO, ILLINOIS**Notes to the Financial Statements****April 30, 2025****NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued****LONG-TERM OBLIGATIONS - Continued****Leases Payable**

The City has the following leases payable at year-end:

Lease	Start Date	End Date	Payments	Interest Rate
2021 Dodge Durango VIN # 5834	4/5/2022	4/1/2026	\$10,846 per Year	No Interest
2021 Dodge Durango VIN # 5837	4/5/2022	4/1/2026	\$9,586 per Year	No Interest
2021 Dodge Durango VIN # 5836	4/5/2022	4/1/2026	\$9,586 per Year	No Interest
2021 Dodge Durango VIN # 5835	5/2/2022	5/1/2026	\$805 - \$9,673 per Year	No Interest
2022 Ford F-550 Chassis VIN # 6131	10/27/2022	10/1/2027	\$6,192 - \$12,387 per Year	No Interest
2023 Chevrolet Silverado 2500HD VIN # 4260	1/30/2023	1/1/2028	\$10,721 - \$14,295 per Year	No Interest
2022 Ford F-550 Chassis VIN # 6132	2/1/2023	2/1/2028	\$10,408 - \$12,489 per Year	No Interest
2023 Dodge Charger VIN # 9719	3/27/2023	3/1/2027	\$10,227 - \$11,156 per Year	No Interest
2023 Western Star Chassis 47X #1	10/31/2023	10/30/2028	\$23,378 - \$53,710 per Year	No Interest
2023 Western Chassis 47X #2	10/31/2023	10/30/2028	\$21,908 - \$52,575 per Year	No Interest
Durango Pursuit 4DR AWD	1/12/2024	1/11/2028	\$10,854- \$16,281 per Year	No Interest

The future principal and interest lease payments as of the year-end were as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2026	\$ 212,584	—
2027	172,769	—
2028	144,460	—
2029	44,286	—
	<u>574,099</u>	<u>—</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Subscription Based Information Technology Arrangements (SBITAs)

The City has the following subscription arrangements at year end:

Subscription Assets	Start Date	End Date	Payments	Interest Rate
Axon Fleet	12/1/2024	12/1/2026	\$127,643 - \$136,734 per Year	3.50%
Axon Body Camera	2/1/2025	2/1/2027	\$63,503 - \$68,026 per Year	3.50%

The future principal and interest subscription arrangement payments as of the year-end were as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2026	\$ 191,146	13,615
2027	197,836	6,923
	388,982	20,538

Long-Term Liability Activity

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

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due Within One Year
Governmental Activities					
Compensated Absences	\$ 2,719,980	—	11,683	2,708,297	541,659
Net Pension Liability - Police Pension	50,426,407	—	2,655,177	47,771,230	—
Net Pension Liability - Firefighters' Pension	23,828,820	—	1,972,003	21,856,817	—
Total OPEB Liability - RBP	4,447,712	2,242,822	—	6,690,534	214,291
General Obligation Bonds	3,345,000	—	765,000	2,580,000	810,000
Notes Payable	3,003,095	1,041,876	330,011	3,714,960	396,013
TIF Notes Payable	1,499,297	—	102,464	1,396,833	—
Lease Assets Payable	786,682	—	212,583	574,099	212,584
Subscription Assets Payable	—	593,742	204,760	388,982	191,146
Lawsuit Settlement Liability	42,600	—	7,800	34,800	7,800
Pollution Remediation Liability	6,388,741	2,249,585	—	8,638,326	—
	96,488,334	6,128,025	6,261,481	96,354,878	2,373,493

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Long-Term Liability Activity - Continued

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

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due Within One Year
Business-Type Activities					
Compensated Absences	\$ 107,708	109,255	—	216,963	43,393
Total OPEB Liability - RBP	497,825	286,891	—	784,716	25,129
IEPA Loans Payable	3,040,497	6,099,524	131,911	9,008,110	57,876
	<u>3,646,030</u>	<u>6,495,670</u>	<u>131,911</u>	<u>10,009,789</u>	<u>126,398</u>
Component Unit - North Chicago Public Library					
Compensated Absences	49,853	4,937	—	54,790	10,958
Total OPEB Liability - RBP	194,933	167,981	—	362,914	11,623
	<u>244,786</u>	<u>172,918</u>	<u>—</u>	<u>417,704</u>	<u>22,581</u>

Compensated absences are reported as the net change amount for the fiscal year.

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

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Pollution Remediation

The City has recognized an obligation to clean up environmental contamination on blighted land located within the Sheridan TIF District in accordance with federal, state, and/or local requirements. The estimated pollution remediation obligation of approximately \$8,638,326 was determined based on currently available information, including engineering analyses, contractor bids received for the remediation project, and estimated costs associated with the remaining remediation activities. The estimate includes remediation activities associated with the Illinois Environmental Protection Agency and the United States Environmental Protection Agency portions of the project. The estimated obligation is subject to change based on actual costs incurred, changes in remediation requirements or technology, and applicable laws or regulations.

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities						Business-Type Activities		
	General		Notes Payable		Lease		IEPA Loans*		
	Obligation Bonds				Assets Payable				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$	810,000	130,718	396,013	—	212,584	—	57,876	—
2027		860,000	80,534	396,013	—	172,769	—	57,876	—
2028		910,000	27,346	396,013	—	144,460	—	57,876	—
2029		—	—	396,013	—	44,286	—	57,876	—
2030		—	—	396,013	—	—	—	57,876	—
2031		—	—	396,013	—	—	—	28,933	—
2032		—	—	396,013	—	—	—	—	—
2033		—	—	396,013	—	—	—	—	—
2034		—	—	396,013	—	—	—	—	—
2035		—	—	150,843	—	—	—	—	—
		2,580,000	238,598	3,714,960	—	574,099	—	318,313	—

*Final repayment schedule for the IEPA Loan of 2023 is not available as of the date of the report.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Legal Debt Margin

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

REPORTING UNITS AFFECTED BY RESTATEMENTS OF BEGINNING BALANCES

Change in Accounting Principle. The City is implementing the provisions of GASB Statement 101, *Compensated Absences*, in the financial statements of the current fiscal year. The City provides two forms of employee leave (vacation and sick), but has previously only accrued vacation leave. Sick leave is earned each month and carries over without limits at the end of the fiscal year. Because unused sick leave is not paid upon termination, however, the City did not accrue a liability in previous years. Under Statement 101, accumulated sick leave meets the first two criteria (attributable to past service and accumulates). The City therefore examined its past experience with accumulated sick leave and estimated the amount of accumulated leave that was more likely than not to be used by employees. This estimate is now to be reported as a liability in the government-wide and enterprise fund financial statements. The portion of this liability that existed at the beginning of the current year (or the earliest year presented in comparative statements) is recognized as a decrease in beginning net position resulting from adoption of a new accounting standard.

Error Correction. The beginning net position governmental activities and the fund balance of the Grant Place Retail Center Debt Service 2007C Fund were restated to correctly record cash at paying agent in the current year. The Library was restated to correct capital assets. The following is a summary of the net position/fund balance as previously reported and as restated:

	Governmental Activities	Nonmajor	Component Unit North Chicago Public Library
Net Position/Fund Balance - Beginning as Previously Reported	\$ (71,888,007)	7,008,219	1,605,409
Change in Accounting Principle Compensated Absences	(925,922)	—	(15,136)
Error Corrections			
Cash at Paying Agent	100,517	100,517	—
Capital Assets	—	—	231,255
	100,517	100,517	231,255
Net Position/Fund Balance - Beginning as Restated	(72,713,412)	7,108,736	1,590,273

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2025:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 9,206,826
Less Capital Related Debt:	
General Obligation Bonds of 2007C	(2,580,000)
Lease Assets Payable	(574,099)
Subscription Assets Payable	(388,982)
Capital Related Accounts Payable	(484,423)
Retainage Payable	<u>(56,046)</u>
Net Investment in Capital Assets	<u>5,123,276</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	30,791,691
Less Capital Related Debt:	
IEPA Loan Payable	(9,008,110)
Retainage Payable	<u>(87,937)</u>
Net Investment in Capital Assets	<u>21,695,644</u>

FUND BALANCE CLASSIFICATIONS

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

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

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

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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

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

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

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

		Debt Service				
		Downtown TIF Redevelopment Project Area Debt Service	Downtown TIF Redevelopment Project Area Debt Service	Capital Projects Capital Improvement	Nonmajor	Totals
	General	2007B	2014A			
Fund Balances						
Nonspendable						
Land Held for Resale	\$ 58,235	—	—	—	—	58,235
Prepays	947,409	—	—	—	119	947,528
	1,005,644	—	—	—	119	1,005,763
Restricted						
Public Safety	—	—	—	—	142,669	142,669
Economic Development	—	—	—	—	1,392	1,392
Highways and Streets	—	—	—	—	3,447,884	3,447,884
Land Held for Resale	—	—	—	—	3,451,471	3,451,471
Debt Service	—	2,346	726,926	—	376,887	1,106,159
Capital Projects	—	—	—	—	2,272,845	2,272,845
	—	2,346	726,926	—	9,693,148	10,422,420
Committed						
Capital Projects	—	—	—	804,458	—	804,458
Unassigned	23,477,396	—	—	—	(889,251)	22,588,145
Total Fund Balances	24,483,040	2,346	726,926	804,458	8,804,016	34,820,786

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

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

Construction Commitments

The City has certain contracts for various funds for construction projects which were in progress at April 30, 2025. Remaining commitments under these contracts approximated \$1,597,008.

Tax Rebate Agreements

The City of North Chicago has entered into various tax rebate agreements with local developers and corporations under municipal code. Under these agreements, the City rebates a portions of sales and TIF taxes. For the fiscal year ended April 30, 2025, the City rebated a total of \$236,978 in taxes under these agreements.

CONTINGENT LIABILITIES

Litigation

During fiscal year 2006, the City reached a settlement for an alleged wrongful termination of a former employee. Under this agreement, the City is required to make monthly payments for the rest of the former employee's life. The estimated present value of these future settlement payments of \$34,800 has been recorded as a liability at April 30, 2025. From time to time, the City is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

Grants

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

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

The aggregate amounts recognized for the three pension plans are:

	Net Pension Liability/ (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense/ (Revenue)
IMRF				
City	\$ (522,359)	1,035,251	16,490	949,012
Library	(41,120)	81,495	1,298	89,236
Police Pension	47,771,230	2,041,825	9,730,206	(3,167,031)
Firefighters' Pension	21,856,817	2,691,257	5,863,946	(616,974)
	69,064,568	5,849,828	15,611,940	(2,745,757)

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension Plan or the Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

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

Plan Membership. As of December 31, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	112
Inactive plan members entitled to but not yet receiving benefits	67
Active plan members	<u>68</u>
Total	<u><u>247</u></u>

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2025, the City's contribution was 2.95% of covered payroll.

Net Pension (Asset). The City's net pension (asset) was measured as of December 31, 2024. 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, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

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

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. 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-2021. 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-2021.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.50%	5.20%
Domestic Equities	33.50%	4.35%
International Equities	18.00%	5.40%
Real Estate	10.50%	6.40%
Blended	12.50%	4.85% - 6.25%
Cash and Cash Equivalents	1.00%	3.60%

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City	\$ 2,573,190	(522,359)	(3,018,836)
Library	202,562	(41,120)	(237,643)
Net Pension Liability/(Asset)	<u>2,775,752</u>	<u>(563,479)</u>	<u>(3,256,479)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	City	Library	Totals
Total Pension Liability			
Service Cost	\$ 350,226	27,570	377,796
Interest	1,895,795	149,679	2,045,474
Differences Between Expected and Actual Experience	628,022	55,063	683,085
Change of Assumptions	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(1,492,176)	(117,464)	(1,609,640)
Net Change in Total Pension Liability	1,381,867	114,848	1,496,715
Total Pension Liability - Beginning	27,178,755	1,731,181	28,909,936
Total Pension Liability - Ending	28,560,622	1,846,029	30,406,651
Plan Fiduciary Net Position			
Contributions - Employer	128,655	10,128	138,783
Contributions - Members	193,292	15,216	208,508
Net Investment Income	2,774,471	218,406	2,992,877
Benefit Payments, Including Refunds of Member Contributions	(1,492,176)	(117,464)	(1,609,640)
Other (Net Transfer)	(687,387)	(54,111)	(741,498)
Net Change in Plan Fiduciary Net Position	916,855	72,175	989,030
Plan Net Position - Beginning	28,166,126	1,814,974	29,981,100
Plan Net Position - Ending	29,082,981	1,887,149	30,970,130
Employer's Net Pension (Asset)	(522,359)	(41,120)	(563,479)

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended April 30, 2025, the City recognized pension expense of \$949,012, and the Library recognized pension expense of \$89,236. At April 30, 2025, the City and Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		Library		
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Totals
Difference Between Expected and Actual Experience	\$ 333,465	(14,613)	26,250	(1,150)	343,952
Change in Assumptions	—	(1,877)	—	(148)	(2,025)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	657,136	—	51,730	—	708,866
	990,601	(16,490)	77,980	(1,298)	1,050,793
Pension Contributions Made Subsequent to the Measurement Date	44,650	—	3,515	—	48,165
Total Deferred Amounts Related to IMRF	1,035,251	(16,490)	81,495	(1,298)	1,098,958

\$48,165 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension (asset) in the reporting year ended April 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources		
	City	Library	Totals
2026	\$ 595,011	46,839	641,850
2027	913,147	71,883	985,030
2028	(368,091)	(28,976)	(397,067)
2029	(165,956)	(13,064)	(179,020)
2030	—	—	—
Thereafter	—	—	—
Total	974,111	76,682	1,050,793

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At April 30, 2025, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	51
Inactive Plan Members Entitled to but not yet Receiving Benefits	29
Active Plan Members	<u>46</u>
Total	<u><u>126</u></u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

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

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2025, the City's contribution was 95.40% of covered payroll.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2025, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.00% - 11.00%
Cost of Living Adjustments	2.25%
Inflation	2.50%

Mortality rates were based on PubS-2010 base rates projected generationally with Scale MP-2021.

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 56,986,293	47,771,230	40,188,682

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2024	\$ 69,876,015	19,449,608	50,426,407
Changes for the Year:			
Service Cost	848,715	—	848,715
Interest on the Total Pension Liability	4,745,455	—	4,745,455
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	253,372	—	253,372
Changes of Assumptions	(1,268,703)	—	(1,268,703)
Contributions - Employer	—	5,017,385	(5,017,385)
Contributions - Employees	—	392,758	(392,758)
Contributions - Other	—	—	—
Net Investment Income	—	1,872,430	(1,872,430)
Benefit Payments, including Refunds of Employee Contributions	(3,847,167)	(3,847,167)	—
Administrative Expenses	—	(48,557)	48,557
Net Changes	731,672	3,386,849	(2,655,177)
Balances at April 30, 2025	70,607,687	22,836,457	47,771,230

CITY OF NORTH CHICAGO, ILLINOIS**Notes to the Financial Statements****April 30, 2025****NOTE 4 - OTHER INFORMATION - Continued****EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued****Police Pension Plan - Continued****Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended April 30, 2025, the City recognized pension revenue of \$3,167,031. At April 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,828,904	(841,653)	987,251
Change in Assumptions	168,263	(8,888,553)	(8,720,290)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	44,658	—	44,658
Total Deferred Amounts Related to Police Pension	2,041,825	(9,730,206)	(7,688,381)

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2026	\$ (7,432,027)
2027	388,184
2028	(423,326)
2029	(221,212)
2030	—
Thereafter	—
Total	(7,688,381)

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

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

Plan Membership. At April 30, 2025, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	31
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	<u>27</u>
Total	<u><u>73</u></u>

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

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

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

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2025, the City's contribution was 87.56% of covered payroll.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2025, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal (Level %)
Asset valuation method	Fair Value
Actuarial assumptions	
Interest rate	7.00%
Salary increases	4.00% - 12.50%
Cost of living adjustments	2.25%
Inflation	2.50%

Mortality rates were based on the PubS-2010 base rates projected generationally with Scale MP-2021.

Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 27,190,785	21,856,817	17,501,528

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2024	\$ 37,648,303	13,819,483	23,828,820
Changes for the year:			
Service Cost	543,351	—	543,351
Interest on the Total Pension Liability	2,564,298	—	2,564,298
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,095,987)	—	(1,095,987)
Changes of Assumptions	143,230	—	143,230
Contributions - Employer	—	2,464,683	(2,464,683)
Contributions - Employees	—	262,909	(262,909)
Contributions - Other	—	—	—
Net Investment Income	—	1,452,491	(1,452,491)
Benefit Payments, Including Refunds of Employee Contributions	(1,877,378)	(1,877,378)	—
Other (Net Transfer)	—	(53,188)	53,188
Net changes	277,514	2,249,517	(1,972,003)
Balances at April 30, 2025	37,925,817	16,069,000	21,856,817

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

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

For the year ended April 30, 2025, the City recognized pension revenue of \$616,974. At April 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Totals
Difference between expected and actual experience	\$ 874,684	(1,539,190)	(664,506)
Change in assumptions	1,816,573	(4,237,759)	(2,421,186)
Net difference between projected and actual earnings on pension plan investments	—	(86,997)	(86,997)
Total deferred amounts related to Firefighters' Pension	<u>2,691,257</u>	<u>(5,863,946)</u>	<u>(3,172,689)</u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2026	\$ (1,481,423)
2027	(1,083,264)
2028	(326,821)
2029	(278,974)
2030	(2,207)
Thereafter	<u>—</u>
Total	<u>(3,172,689)</u>

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

Benefits Provided. The City provides pre- and post-Medicare post-employment 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; an prescriptions. Upon a retiree reaching 65 years of age, Medicare become the primary insurer and the City's plan becomes secondary.

Plan Membership. As of April 30, 2025, the measurement date, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability was measured as of April 30, 2025 and was determined by an actuarial valuation as of April 30, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	4.64%
Healthcare Cost Trend Rates	Initial trend rate of 6.50% in 2025 with and ultimate trend rate of 4.50% in years 2047 and later.
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

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

Mortality rates were based on the PubG.H-2010(B) with improvements using Scale MP-2021.

Change in the Total OPEB Liability

	City	Library	Totals
Balance at April 30, 2024	\$ 4,945,537	194,933	5,140,470
Changes for the Year:			
Service Cost	72,796	3,534	76,330
Interest on the Total OPEB Liability	168,322	53,339	221,661
Difference Between Expected and Actual Experience	1,700,360	82,550	1,782,910
Changes of Assumptions or Other Inputs	827,655	40,181	867,836
Benefit Payments	(239,420)	(11,623)	(251,043)
Net changes	2,529,713	167,981	2,697,694
Balance at April 30, 2025	7,475,250	362,914	7,838,164

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 4.64%, while the prior valuation used 4.22%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
City	\$ 6,397,876	7,475,250	8,897,015
Library	310,608	362,914	431,937
Total OPEB Liability	6,708,484	7,838,164	9,328,952

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

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

	1% Decrease (Varies)	Healthcare Trend Rates (Varies)	1% Increase (Varies)
City	\$ 8,907,297	7,475,250	6,371,865
Library	432,436	362,914	309,345
Total OPEB Liability	9,339,733	7,838,164	6,681,210

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

For the year ended April 30, 2025, the City recognized OPEB expense of \$634,895, and the Library recognized OPEB expense of \$79,408. At April 30, 2025, the City and Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		Library		
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,486,876	(407,190)	72,186	(19,769)	1,132,103
Change in Assumptions	2,269,280	(1,588,915)	110,170	(77,139)	713,396
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—	—	—
Total Deferred Amounts Related to OPEB	3,756,156	(1,996,105)	182,356	(96,908)	1,845,499

CITY OF NORTH CHICAGO, ILLINOIS

Notes to the Financial Statements

April 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

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

Fiscal Year	Net Deferred Outflows of Resources		
	City	Library	Totals
2026	\$ 397,036	19,275	416,311
2027	265,335	12,882	278,217
2028	165,092	8,015	173,107
2029	75,968	3,688	79,656
2030	259,750	12,611	272,361
Thereafter	596,870	28,977	625,847
Total	1,760,051	85,448	1,845,499

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to the Required Supplementary Information

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

CITY OF NORTH CHICAGO, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Employer Contributions - Last Ten Fiscal Years

April 30, 2025

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	Totals	\$ 424,834	\$ 421,862	\$ (2,972)	\$ 4,627,821	9.12%
2017	Totals	411,883	421,048	9,165	4,669,874	9.02%
2018	Totals	463,986	463,986	—	5,143,963	9.02%
2019	Totals	456,774	456,774	—	5,336,150	8.56%
2020	Totals	328,902	335,211	6,309	4,908,990	6.83%
2021	Totals	379,488	379,488	—	4,244,842	8.94%
2022	Totals	309,749	309,749	—	3,828,335	8.09%
2023	Totals	200,450	200,450	—	3,835,703	5.23%
2024	Totals	124,281	124,281	—	4,053,372	3.07%
2025	City	125,470	125,470	—	4,248,090	2.95%
	Library	9,877	9,877	—	334,410	2.95%
	Totals	135,347	135,347	—	4,582,500	2.95%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	19 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.75% to 13.75%, 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 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

Police Pension Fund

Schedule of Employer Contributions - Last Ten Fiscal Years

April 30, 2025

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 1,731,260	\$ 1,119,364	\$ (611,896)	\$ 4,313,455	25.95%
2017	1,974,935	1,245,337	(729,598)	4,204,648	29.62%
2018	2,368,071	1,340,164	(1,027,907)	4,351,811	30.80%
2019	2,743,966	2,074,877	(669,089)	3,966,822	52.31%
2020	2,894,959	1,631,561	(1,263,398)	4,239,961	38.48%
2021	3,082,436	2,131,165	(951,271)	4,687,717	45.46%
2022	3,536,474	1,978,193	(1,558,281)	4,186,033	47.26%
2023	3,556,299	2,163,650	(1,392,649)	4,383,046	49.36%
2024	3,502,997	3,860,080	357,083	4,747,162	81.31%
2025	5,014,027	5,017,385	3,358	5,259,360	95.40%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	90% Funded over 16 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.50% - 11.00%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	PubS-2010 base rates projected generationally with Scale MP-2021.

CITY OF NORTH CHICAGO, ILLINOIS

Firefighters' Pension Fund

Schedule of Employer Contributions - Last Ten Fiscal Years

April 30, 2025

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 910,002	\$ 702,086	\$ (207,916)	\$ 2,356,214	29.80%
2017	880,492	788,096	(92,396)	2,387,259	33.01%
2018	1,034,154	998,114	(36,040)	2,470,813	40.40%
2019	1,235,584	1,401,723	166,139	2,778,373	50.45%
2020	1,530,152	1,105,680	(424,472)	2,625,739	42.11%
2021	1,609,490	1,504,416	(105,074)	2,765,493	54.40%
2022	1,836,106	1,600,000	(236,106)	2,572,678	62.19%
2023	1,962,455	1,750,000	(212,455)	2,825,731	61.93%
2024	1,757,985	2,171,446	413,461	2,485,554	87.36%
2025	2,461,965	2,464,683	2,718	2,814,700	87.56%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar (Closed)
Remaining Amortization Period	16 years
Asset Valuation Method	5-Year Smoothed Fair value
Inflation	2.25%
Salary Increases	4.00% - 12.50%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	PubS-2010 base rates projected generationally with Scale MP-2021.

CITY OF NORTH CHICAGO, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Measurement Years

April 30, 2025

	Totals			
	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Total Pension Liability				
Service Cost	\$ 496,614	477,467	527,252	548,419
Interest	1,595,969	1,686,673	1,754,501	1,813,605
Differences Between Expected and Actual Experience	135,340	(234,768)	496,693	285,360
Change of Assumptions	27,111	(27,863)	(821,061)	757,516
Benefit Payments, Including Refunds of Member Contributions	(980,356)	(1,031,753)	(1,072,356)	(1,287,468)
Net Change in Total Pension Liability	1,274,678	869,756	885,029	2,117,432
Total Pension Liability - Beginning	21,521,458	22,796,136	23,665,892	24,550,921
Total Pension Liability - Ending	22,796,136	23,665,892	24,550,921	26,668,353
Plan Fiduciary Net Position				
Contributions - Employer	\$ 421,862	421,048	463,986	456,774
Contributions - Members	266,754	210,159	231,479	269,498
Net Investment Income	109,525	1,474,443	3,965,076	(1,398,107)
Benefit Payments, Including Refunds of Member Contributions	(980,356)	(1,031,753)	(1,072,356)	(1,287,468)
Other (Net Transfer)	(487,761)	76,347	(341,468)	309,344
Net Change in Plan Fiduciary Net Position	(669,976)	1,150,244	3,246,717	(1,649,959)
Plan Net Position - Beginning	22,050,828	21,380,852	22,531,096	25,777,813
Plan Net Position - Ending	21,380,852	22,531,096	25,777,813	24,127,854
Employer's Net Pension Liability/(Asset)	\$ 1,415,284	1,134,796	(1,226,892)	2,540,499
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.79%	95.20%	105.00%	90.47%
Covered Payroll	\$ 4,627,821	4,669,874	5,143,963	5,336,150
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	30.58%	24.30%	(23.85%)	47.61%

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017 and 2023.

					12/31/2024		
12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	City	Library	Totals
547,796	512,356	389,170	368,811	390,713	350,226	27,570	377,796
1,902,000	1,959,495	1,940,555	1,971,737	2,007,428	1,895,795	149,679	2,045,474
(116,087)	(836,373)	(287,650)	(294,662)	(104,171)	628,022	55,063	683,085
—	(201,520)	—	—	(13,379)	—	—	—
(1,415,548)	(1,630,340)	(1,636,890)	(1,566,689)	(1,645,169)	(1,492,176)	(117,464)	(1,609,640)
918,161	(196,382)	405,185	479,197	635,422	1,381,867	114,848	1,496,715
26,668,353	27,586,514	27,390,132	27,795,317	28,274,514	27,178,755	1,731,181	28,909,936
27,586,514	27,390,132	27,795,317	28,274,514	28,909,936	28,560,622	1,846,029	30,406,651
335,211	379,488	346,995	242,664	127,844	128,655	10,128	138,783
221,003	194,388	175,645	167,998	182,402	193,292	15,216	208,508
4,536,102	3,941,597	5,147,345	(4,341,933)	3,068,227	2,774,471	218,406	2,992,877
(1,415,548)	(1,630,340)	(1,636,890)	(1,566,689)	(1,645,169)	(1,492,176)	(117,464)	(1,609,640)
(148,271)	(630,052)	(460,109)	(331,014)	592,352	(687,387)	(54,111)	(741,498)
3,528,497	2,255,081	3,572,986	(5,828,974)	2,325,656	916,855	72,175	989,030
24,127,854	27,656,351	29,911,432	33,484,418	27,655,444	28,166,126	1,814,974	29,981,100
27,656,351	29,911,432	33,484,418	27,655,444	29,981,100	29,082,981	1,887,149	30,970,130
(69,837)	(2,521,300)	(5,689,101)	619,070	(1,071,164)	(522,359)	(41,120)	(563,479)
100.25%	109.21%	120.47%	97.81%	103.71%	101.83%	102.23%	101.85%
4,908,990	4,244,842	3,903,209	3,733,292	4,053,372	4,302,827	338,719	4,641,546
(1.42%)	(59.40%)	(145.75%)	16.58%	(26.43%)	(12.14%)	(12.14%)	(12.14%)

CITY OF NORTH CHICAGO, ILLINOIS

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability - Last Ten Fiscal Years

April 30, 2025

	4/30/2016	4/30/2017	4/30/2018
Total Pension Liability			
Service cost	\$ 2,102,749	2,077,064	2,162,639
Interest	2,486,868	3,495,010	3,311,058
Changes of Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	980,066	882,242	24,748
Change of Assumptions	13,134,903	(8,324,912)	(1,858,694)
Benefit Payments, Including Refunds of Member Contributions	(2,328,436)	(2,437,558)	(2,750,999)
Net Change in Total Pension Liability	16,376,150	(4,308,154)	888,752
Total Pension Liability - Beginning	69,672,984	86,049,134	81,740,980
Total Pension Liability - Ending	86,049,134	81,740,980	82,629,732
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,119,364	1,245,337	1,340,164
Contributions - Members	474,366	422,719	391,043
Contributions - Other	—	4,502	—
Net Investment Income	(951,249)	1,225,102	1,044,192
Benefit Payments, Including Refunds of Member Contributions	(2,328,436)	(2,437,558)	(2,750,999)
Administrative Expense	(58,334)	(52,857)	(50,720)
Net Change in Plan Fiduciary Net Position	(1,744,289)	407,245	(26,320)
Plan Net Position - Beginning	16,486,405	14,742,116	15,149,361
Plan Net Position - Ending	14,742,116	15,149,361	15,123,041
Employer's Net Pension Liability	\$ 71,307,018	66,591,619	67,506,691
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	17.13%	18.53%	18.30%
Covered Payroll	\$ 4,313,455	4,204,648	4,351,811
Employer's Net Pension Liability as a Percentage of Covered Payroll	1,653.13%	1,583.76%	1,551.23%

Changes of Assumptions: Changes of assumptions related to the discount rate were made in 2016 through 2023. Change of assumption related to bond rate assumption was made in 2025.

4/30/2019	4/30/2020	4/30/2021	4/30/2022	4/30/2023	4/30/2024	4/30/2025
2,001,215	1,769,787	2,921,273	2,396,555	1,692,642	851,203	848,715
3,460,534	3,689,710	3,527,900	3,502,406	3,925,633	4,402,556	4,745,455
—	404,320	—	—	(71,504)	—	—
(453,236)	609,119	(1,409,879)	(6,658,288)	418,847	3,367,353	253,372
(7,313,198)	25,408,469	(4,368,056)	(13,448,677)	(24,925,258)	—	(1,268,703)
(2,793,059)	(2,911,005)	(2,820,621)	(3,068,708)	(3,298,428)	(3,563,322)	(3,847,167)
(5,097,744)	28,970,400	(2,149,383)	(17,276,712)	(22,258,068)	5,057,790	731,672
82,629,732	77,531,988	106,502,388	104,353,005	87,076,293	64,818,225	69,876,015
77,531,988	106,502,388	104,353,005	87,076,293	64,818,225	69,876,015	70,607,687
2,074,877	1,631,561	2,131,165	1,978,193	2,163,650	3,860,080	5,017,385
380,089	405,485	447,914	462,546	406,963	387,614	392,758
—	—	—	—	57,460	2,926	—
1,009,187	(142,088)	4,272,721	(321,925)	173,888	1,767,428	1,872,430
(2,793,059)	(2,911,005)	(2,820,621)	(3,068,708)	(3,298,428)	(3,563,322)	(3,847,167)
(57,945)	(97,012)	(51,359)	(50,831)	(48,164)	(62,713)	(48,557)
613,149	(1,113,059)	3,979,820	(1,000,725)	(544,631)	2,392,013	3,386,849
15,123,041	15,736,190	14,623,131	18,602,951	17,602,226	17,057,595	19,449,608
15,736,190	14,623,131	18,602,951	17,602,226	17,057,595	19,449,608	22,836,457
61,795,798	91,879,257	85,750,054	69,474,067	47,760,630	50,426,407	47,771,230
20.30%	13.73%	17.83%	20.21%	26.32%	27.83%	32.34%
3,966,822	4,239,961	4,687,717	4,186,033	4,383,046	4,747,162	5,259,360
1,557.82%	2,166.98%	1,829.25%	1,659.66%	1,089.67%	1,062.24%	908.31%

CITY OF NORTH CHICAGO, ILLINOIS

Firefighter's Pension Fund

Schedule of Changes in the Employer's Net Pension Liability - Last Ten Fiscal Years

April 30, 2025

	4/30/2016	4/30/2017	4/30/2018
Total Pension Liability			
Service Cost	\$ 986,970	987,334	1,032,949
Interest	1,529,798	1,834,010	1,773,804
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	289,491	1,058,782	18,391
Change of Assumptions	2,498,444	(3,796,674)	(314,947)
Benefit Payments, Including Refunds of Member Contributions	(1,351,222)	(1,349,682)	(1,423,522)
Net Change in Total Pension Liability	3,953,481	(1,266,230)	1,086,675
Total Pension Liability - Beginning	36,418,543	40,372,024	39,105,794
Total Pension Liability - Ending	\$ 40,372,024	39,105,794	40,192,469
Plan Fiduciary Net Position			
Contributions - Employer	\$ 702,086	788,096	998,114
Contributions - Members	238,849	227,874	245,118
Contributions - Other	—	21,325	16,784
Net Investment Income	(227,014)	899,900	504,213
Benefit Payments, Including Refunds of Member Contributions	(1,351,222)	(1,349,682)	(1,423,522)
Administrative Expense	(62,227)	(59,543)	(56,079)
Prior Period Audit Adjustment	6,030	—	—
Net Change in Plan Fiduciary Net Position	(693,498)	527,970	284,628
Plan Net Position - Beginning	9,447,682	8,754,184	9,282,154
Plan Net Position - Ending	\$ 8,754,184	9,282,154	9,566,782
Employer's Net Pension Liability	\$ 31,617,840	29,823,640	30,625,687
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.68%	23.74%	23.80%
Covered Payroll	\$ 2,356,214	2,387,259	2,470,813
Employer's Net Pension Liability as a Percentage of Covered Payroll	1,341.89%	1,249.28%	1,239.50%

Changes of Assumptions: Changes of assumptions related to the discount rate were made in 2016 through 2023. Change of assumption related to bond rate assumption was made in 2025.

4/30/2019	4/30/2020	4/30/2021	4/30/2022	4/30/2023	4/30/2024	4/30/2025
1,130,220	790,979	1,080,817	985,103	647,678	543,304	543,351
1,842,246	2,052,011	2,173,465	2,157,569	2,381,843	2,467,029	2,564,298
—	290,099	—	—	(78,157)	—	—
1,072,746	372,655	843,541	(2,256,829)	1,192,090	219,018	(1,095,987)
(7,164,842)	8,290,037	(2,512,459)	(7,726,485)	(2,998,889)	—	143,230
(1,487,888)	(1,610,191)	(1,632,423)	(1,785,353)	(2,024,580)	(1,798,520)	(1,877,378)
(4,607,518)	10,185,590	(47,059)	(8,625,995)	(880,015)	1,430,831	277,514
40,192,469	35,584,951	45,770,541	45,723,482	37,097,487	36,217,472	37,648,303
35,584,951	45,770,541	45,723,482	37,097,487	36,217,472	37,648,303	37,925,817
1,401,723	1,105,680	1,504,416	1,600,000	1,750,000	2,171,446	2,464,683
258,049	243,305	260,984	243,247	244,028	240,994	262,909
—	10,972	—	—	—	8,036	—
923,175	(1,045,960)	3,119,053	(534,147)	154,042	1,299,197	1,452,491
(1,487,888)	(1,610,191)	(1,632,423)	(1,785,353)	(2,024,580)	(1,798,520)	(1,877,378)
(56,029)	(50,780)	(76,171)	(61,459)	(71,350)	(50,795)	(53,188)
—	—	—	—	—	—	—
1,039,030	(1,346,974)	3,175,859	(537,712)	52,140	1,870,358	2,249,517
9,566,782	10,605,812	9,258,838	12,434,697	11,896,985	11,949,125	13,819,483
10,605,812	9,258,838	12,434,697	11,896,985	11,949,125	13,819,483	16,069,000
24,979,139	36,511,703	33,288,785	25,200,502	24,268,347	23,828,820	21,856,817
29.80%	20.23%	27.20%	32.07%	32.99%	36.71%	42.37%
2,778,373	2,625,739	2,765,493	2,572,678	2,825,731	2,485,554	2,814,700
899.06%	1,390.53%	1,203.72%	979.54%	858.83%	958.69%	776.52%

CITY OF NORTH CHICAGO, ILLINOIS

Police Pension Fund

Schedule of Investment Returns - Last Ten Fiscal Years

April 30, 2025

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2016	(6.79%)
2017	8.53%
2018	7.47%
2019	6.83%
2020	(1.25%)
2021	31.20%
2022	(4.79%)
2023	0.86%
2024	1.42%
2025	9.68%

CITY OF NORTH CHICAGO, ILLINOIS

Firefighters' Pension Fund

Schedule of Investment Returns - Last Ten Fiscal Years

April 30, 2025

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2016	(6.07%)
2017	7.96%
2018	4.72%
2019	9.74%
2020	(14.73%)
2021	31.45%
2022	(7.42%)
2023	6.19%
2024	1.73%
2025	10.23%

CITY OF NORTH CHICAGO, ILLINOIS

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

April 30, 2025

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

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

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

Changes of Assumptions. Changes of assumptions related to the discount rate were made in 2019 through 2025.

				4/30/2025		
4/30/2021	4/30/2022	4/30/2023	4/30/2024	City	Library	Totals
47,619	56,652	40,282	39,321	72,796	3,534	76,330
163,471	142,880	216,467	215,619	168,322	53,339	221,661
(536,435)	—	(336,711)	—	1,700,360	82,550	1,782,910
2,608,098	(2,346,515)	66,623	(214,629)	827,655	40,181	867,836
(196,982)	(224,923)	(218,627)	(216,070)	(239,420)	(11,623)	(251,043)
—	—	—	—	—	—	—
2,085,771	(2,371,906)	(231,966)	(175,759)	2,529,713	167,981	2,697,694
5,834,330	7,920,101	5,548,195	5,316,229	4,945,537	194,933	5,140,470
7,920,101	5,548,195	5,316,229	5,140,470	7,475,250	362,914	7,838,164
10,749,251	11,179,115	10,577,445	11,000,364	10,491,039	509,325	11,000,364
73.68%	49.63%	50.26%	46.73%	71.25%	71.25%	71.25%

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 18,228,485	18,228,485	19,116,360
Intergovernmental	7,376,988	7,376,988	9,969,070
Charges for Services	1,971,050	1,971,050	2,049,453
Licenses and Permits	599,100	599,100	769,512
Fines and Forfeitures	188,900	188,900	317,184
Investment Income	270,925	270,925	1,422,104
Miscellaneous	719,710	719,710	1,286,602
Total Revenues	29,355,158	29,355,158	34,930,285
Expenditures			
General Government and Administration	5,392,851	5,392,851	5,756,183
Public Safety	22,009,326	22,009,326	21,178,106
Economic Development	1,398,370	1,398,370	1,352,380
Highways and Streets	3,316,367	3,316,367	2,817,075
Capital Outlay	203,877	203,877	758,626
Debt Service			
Principal Retirement	—	—	755,154
Total Expenditures	32,320,791	32,320,791	32,617,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,965,633)	(2,965,633)	2,312,761
Other Financing Sources (Uses)			
Disposal of Capital Assets	2,000	2,000	17,760
Debt Issuance	—	—	1,635,618
Transfers In	130,000	130,000	—
Transfers Out	(3,003,800)	(3,003,800)	(3,003,800)
	(2,871,800)	(2,871,800)	(1,350,422)
Change in Fund Balance	(5,837,433)	(5,837,433)	962,339
Fund Balance - Beginning			23,520,701
Fund Balance - Ending			24,483,040

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Motor Fuel Tax Fund

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

Grant Fund

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

Community Development Block Grant Fund

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

Federal Forfeited Property (DEA) Fund

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

Seized Drug Money (State) Fund

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

INDIVIDUAL FUND SCHEDULES - Continued

SPECIAL REVENUE FUNDS - Continued

Grant Place Fund

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

Grant Place Operating Fund

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

Sheridan Crossing TIF Redevelopment Project Area Operating Fund

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

DEBT SERVICE FUNDS

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

Downtown TIF Redevelopment Project Area Debt Service 2007B Fund

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

Downtown TIF Redevelopment Project Area Debt Service 2014A Fund

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

Downtown TIF Redevelopment Project Area Debt Service 2007A Fund

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

Grant Place Retail Center Debt Service 2007C Fund

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

INDIVIDUAL FUND SCHEDULES - Continued

CAPITAL PROJECTS FUNDS

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

Capital Improvement Fund

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

Downtown TIF Redevelopment Project Area Fund

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

Skokie Highway TIF III Fund

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

ENTERPRISE FUND

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

Water, Sewer and Refuse Fund

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

INDIVIDUAL FUND SCHEDULES - Continued

INTERNAL SERVICE FUNDS

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

Dental and Vision Fund

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

Retiree's Premium Fund

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

FIDUCIARY FUNDS

PENSION TRUST FUND

Police Pension Fund

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

Firefighters' Pension Fund

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

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 10,662,505	10,662,505	10,653,797
State Use Taxes	1,194,990	1,194,990	803,857
Utility Taxes	1,725,000	1,725,000	1,660,882
Hotel/Motel Taxes	308,000	308,000	301,967
Video Gaming Taxes	725,000	725,000	740,781
Telecommunications Taxes	325,000	325,000	412,459
Other Taxes	1,787,990	1,787,990	2,638,096
Home Rule Sales Taxes	1,500,000	1,500,000	1,904,521
Total Taxes	18,228,485	18,228,485	19,116,360
Intergovernmental			
State Income Taxes	4,400,000	4,400,000	5,346,049
State Sales Taxes	1,486,000	1,486,000	2,620,505
Replacement Taxes	522,000	522,000	449,045
Foreign Fire Taxes	60,000	60,000	71,979
Grants	125,000	125,000	176,514
Other	783,988	783,988	1,304,978
Total Intergovernmental	7,376,988	7,376,988	9,969,070
Charges for Services	1,971,050	1,971,050	2,049,453
Licenses and Permits	599,100	599,100	769,512
Fines and Forfeitures	188,900	188,900	317,184
Investment Income	270,925	270,925	1,422,104
Miscellaneous	719,710	719,710	1,286,602
Total Revenues	29,355,158	29,355,158	34,930,285

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended April 30, 2025

	Budget		
	Original	Final	Actual
General Government and Administration			
Mayor's Office			
Salaries and Wages	\$ 335,000	335,000	390,643
Employee Benefits	53,640	53,640	56,794
Employee - Other	52,000	52,000	42,698
Professional Services	4,000	4,000	3,455
Purchased Services	1,000	1,000	1,006
Utilities	2,850	2,850	2,314
Commodities	5,150	5,150	2,781
Other Expenditures	33,347	33,347	21,297
	486,987	486,987	520,988
City Clerk's Office			
Salaries and Wages	149,420	149,420	154,828
Employee Benefits	40,805	40,805	33,015
Employee - Other	2,081	2,081	691
Purchased Services	14,997	14,997	16,111
Commodities	3,050	3,050	289
Other Expenditures	203	203	214
	210,556	210,556	205,148
Legislative			
Salaries and Wages	77,000	77,000	77,000
Employee Benefits	71,572	71,572	70,550
Employee - Other	4,350	4,350	2,605
Other Expenditures	213,000	213,000	37,499
	365,922	365,922	187,654
City Treasurer			
Salaries and Wages	18,000	18,000	23,000
Employee Benefits	15,154	15,154	10,413
Employee - Other	7,876	7,876	6,650
Purchased Services	1,038	1,038	1,008
Commodities	880	880	319
Other Expenditures	3,108	3,108	69,382
	46,056	46,056	110,772

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2025

	Budget		
	Original	Final	Actual
General Government and Administration - Continued			
Comptroller's Office			
Salaries and Wages	\$ 348,210	348,210	269,434
Employee Benefits	113,310	113,310	68,390
Employee - Other	7,070	7,070	2,483
Professional Services	160,500	160,500	196,270
Purchased Services	2,300	2,300	5,526
Commodities	3,000	3,000	1,725
Other Expenditures	2,000	2,000	15,668
	636,390	636,390	559,496
Board and Commissions			
Salaries and Wages	24,220	24,220	13,234
Employee Benefits	1,870	1,870	1,012
Employee - Other	4,440	4,440	4,179
Professional Services	58,590	58,590	45,456
Purchased Services	2,400	2,400	—
Other Expenditures	500	500	254
	92,020	92,020	64,135
Administrative Services			
Employee - Other	500	500	557
Professional Services	465,000	465,000	411,142
Purchased Services	99,224	99,224	52,976
Insurance	1,766,811	1,766,811	2,428,108
Utilities	78,600	78,600	6,750
Other Expenditures	355,779	355,779	425,801
	2,765,914	2,765,914	3,325,334
Human Resources			
Salaries and Wages	160,335	160,335	169,538
Employee Benefits	26,860	26,860	28,491
Employee - Other	21,150	21,150	11,285
Professional Services	10,900	10,900	27,414
Purchased Services	25,450	25,450	27,020
Insurance	13,500	13,500	12,880
Utilities	600	600	379
Commodities	970	970	1,351
	259,765	259,765	278,358

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Information Technology			
Professional Services	\$ 373,307	373,307	365,188
Purchased Services	75,323	75,323	36,053
Utilities	72,880	72,880	98,084
Commodities	7,731	7,731	4,973
	529,241	529,241	504,298
Total General Government and Administration	5,392,851	5,392,851	5,756,183
Public Safety			
Police Department			
Salaries and Wages	6,536,470	6,536,470	6,072,962
Employee Benefits	5,822,240	5,822,240	5,829,787
Employee - Other	149,540	149,540	171,203
Professional Services	235,078	235,078	149,399
Purchased Services	1,128,296	1,128,296	872,358
Insurance	—	—	495
Utilities	25,500	25,500	75,284
Commodities	128,844	128,844	109,627
Other Expenditures	275,649	275,649	33,739
	14,301,617	14,301,617	13,314,854
Fire Department			
Salaries and Wages	3,373,560	3,373,560	3,336,762
Employee Benefits	3,724,505	3,724,505	4,113,951
Employee - Other	106,152	106,152	55,108
Professional Services	4,580	4,580	3,898
Purchased Services	318,910	318,910	209,763
Utilities	7,107	7,107	14,843
Commodities	57,500	57,500	71,631
Equipment	43,245	43,245	10,024
Other Expenditures	72,150	72,150	47,272
	7,707,709	7,707,709	7,863,252
Total Public Safety	22,009,326	22,009,326	21,178,106

CITY OF NORTH CHICAGO, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Economic Development			
Building Division			
Salaries and Wages	\$ 746,455	746,455	492,188
Employee Benefits	406,860	406,860	618,014
Employee - Other	12,500	12,500	5,169
Professional Services	157,000	157,000	178,607
Purchased Services	41,800	41,800	30,294
Utilities	2,500	2,500	1,660
Commodities	8,500	8,500	4,719
Other Expenditures	22,755	22,755	21,729
	1,398,370	1,398,370	1,352,380
Highways and Streets			
Street Operations			
Salaries and Wages	1,025,375	1,025,375	855,819
Employee Benefits	293,875	293,875	234,985
Employee - Other	36,000	36,000	28,645
Professional Services	222,625	222,625	276,812
Purchased Services	1,443,315	1,443,315	1,132,706
Utilities	4,000	4,000	5,461
Commodities	126,000	126,000	120,789
Other Expenditures	165,177	165,177	161,858
Total Highways and Streets	3,316,367	3,316,367	2,817,075
Capital Outlay	203,877	203,877	758,626
Debt Service			
Principal Retirement	—	—	755,154
Total Expenditures	32,320,791	32,320,791	32,617,524

CITY OF NORTH CHICAGO, ILLINOIS

Capital Improvement - Capital Projects Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Grants	\$ 1,600,000	1,600,000	69,297
Expenditures			
Capital Outlay	4,639,710	4,639,710	1,727,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,039,710)	(3,039,710)	(1,657,883)
Other Financing Sources			
Transfers In	3,003,800	3,003,800	3,362,500
Change in Fund Balance	(35,910)	(35,910)	1,704,617
Fund Balance - Beginning			(900,159)
Fund Balance - Ending			804,458

CITY OF NORTH CHICAGO, ILLINOIS

**Nonmajor Governmental Funds
Combining Balance Sheet
April 30, 2025**

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and Investments	\$ 3,491,963	377,362	2,333,871	6,203,196
Receivables - Net of Allowances				
Taxes	—	974,730	1,149,846	2,124,576
Accounts	100,154	—	—	100,154
Other	5,237	—	—	5,237
Due from Other Governments	111,173	—	—	111,173
Due from Other Funds	50,033	—	206	50,239
Land Held for Resale	3,300,000	—	151,471	3,451,471
Prepays	—	119	—	119
Total Assets	7,058,560	1,352,211	3,635,394	12,046,165
LIABILITIES				
Accounts Payable	62,742	475	—	63,217
Other Liabilities	1,100	—	—	1,100
Due to Other Funds	992,024	—	61,232	1,053,256
Total Liabilities	1,055,866	475	61,232	1,117,573
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	—	974,730	1,149,846	2,124,576
Total Liabilities and Deferred Inflows of Resources	1,055,866	975,205	1,211,078	3,242,149
FUND BALANCES				
Nonspendable	—	119	—	119
Restricted	6,891,945	376,887	2,424,316	9,693,148
Unassigned	(889,251)	—	—	(889,251)
Total Fund Balances	6,002,694	377,006	2,424,316	8,804,016
Total Liabilities, Deferred Inflows of Resources and Fund Balances	7,058,560	1,352,211	3,635,394	12,046,165

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental Funds

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

For the Fiscal Year Ended April 30, 2025

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes	\$ —	969,663	987,138	1,956,801
Intergovernmental	1,046,067	—	—	1,046,067
Investment Income	174,378	—	100,138	274,516
Miscellaneous	723,068	—	—	723,068
Total Revenues	1,943,513	969,663	1,087,276	4,000,452
Expenditures				
Public Safety	5,600	—	—	5,600
Economic Development	106,543	—	—	106,543
Highways and Streets	357,798	—	—	357,798
Capital Outlay	1,153,696	—	—	1,153,696
Debt Service				
Principal Retirement	—	765,000	102,464	867,464
Interest and Fiscal Charges	—	202,390	—	202,390
Total Expenditures	1,623,637	967,390	102,464	2,693,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	319,876	2,273	984,812	1,306,961
Other Financing Sources				
Disposal of Capital Asset	—	—	104	104
Transfers In	388,215	—	—	388,215
	388,215	—	104	388,319
Change in Fund Balances	708,091	2,273	984,916	1,695,280
Fund Balances - Beginning as Previously Reported	5,294,603	274,216	1,439,400	7,008,219
Restatement - Error Correction	—	100,517	—	100,517
Fund Balances - Beginning as Restated	5,294,603	374,733	1,439,400	7,108,736
Fund Balances - Ending	6,002,694	377,006	2,424,316	8,804,016

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2025

See Following Page

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2025

	Motor Fuel Tax	Grant	Community Development Block Grant
ASSETS			
Cash and Investments	\$ 3,369,580	—	—
Receivables - Net of Allowances			
Accounts	19,094	81,060	—
Other	—	—	—
Due from Other Governments	111,173	—	—
Due from Other Funds	11,711	15,244	—
Land Held for Resale	—	—	—
Total Assets	3,511,558	96,304	—
LIABILITIES			
Accounts Payable	62,742	—	—
Other Liabilities	—	—	—
Due to Other Funds	932	707,294	243,057
Total Liabilities	63,674	707,294	243,057
FUND BALANCES			
Restricted	3,447,884	—	—
Unassigned	—	(610,990)	(243,057)
Total Fund Balances	3,447,884	(610,990)	(243,057)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	3,511,558	96,304	—

Federal Forfeited Property (DEA)	Seized Drug Money (State)	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area Operating	Totals
66,026	54,965	1,392	—	—	3,491,963
—	—	—	—	—	100,154
—	—	—	2,220	3,017	5,237
—	—	—	—	—	111,173
23,078	—	—	—	—	50,033
—	—	—	—	3,300,000	3,300,000
89,104	54,965	1,392	2,220	3,303,017	7,058,560
—	—	—	—	—	62,742
—	—	—	1,100	—	1,100
—	1,400	—	4,500	34,841	992,024
—	1,400	—	5,600	34,841	1,055,866
89,104	53,565	1,392	—	3,300,000	6,891,945
—	—	—	(3,380)	(31,824)	(889,251)
89,104	53,565	1,392	(3,380)	3,268,176	6,002,694
89,104	54,965	1,392	2,220	3,303,017	7,058,560

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

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

For the Fiscal Year Ended April 30, 2025

	Motor Fuel Tax	Grant	Community Development Block Grant
Revenues			
Intergovernmental	\$ 690,009	85,490	242,876
Investment Income	174,220	—	—
Miscellaneous	723,068	—	—
Total Revenues	1,587,297	85,490	242,876
Expenditures			
Public Safety	—	—	—
Economic Development	—	106,262	281
Highways and Streets	357,798	—	—
Capital Outlay	911,372	239,600	—
Total Expenditures	1,269,170	345,862	281
Excess (Deficiency) of Revenues Over (Under) Expenditures	318,127	(260,372)	242,595
Other Financing Sources			
Transfers In	—	388,215	—
Change in Fund Balances	318,127	127,843	242,595
Fund Balances - Beginning	3,129,757	(738,833)	(485,652)
Fund Balances - Ending	3,447,884	(610,990)	(243,057)

Federal Forfeited Property (DEA)	Seized Drug Money (State)	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area Operating	Totals
21,588	6,104	—	—	—	1,046,067
154	4	—	—	—	174,378
—	—	—	—	—	723,068
21,742	6,108	—	—	—	1,943,513
5,600	—	—	—	—	5,600
—	—	—	—	—	106,543
—	—	—	—	—	357,798
—	2,724	—	—	—	1,153,696
5,600	2,724	—	—	—	1,623,637
16,142	3,384	—	—	—	319,876
—	—	—	—	—	388,215
16,142	3,384	—	—	—	708,091
72,962	50,181	1,392	(3,380)	3,268,176	5,294,603
89,104	53,565	1,392	(3,380)	3,268,176	6,002,694

CITY OF NORTH CHICAGO, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 725,000	725,000	690,009
Investment Income	100,000	100,000	174,220
Miscellaneous	547,315	547,315	723,068
Total Revenues	<u>1,372,315</u>	<u>1,372,315</u>	<u>1,587,297</u>
Expenditures			
Highways and Streets			
Purchased Services	175,000	175,000	137,031
Utilities	250,000	250,000	174,217
Commodities	120,500	120,500	46,550
Capital Outlay	1,689,000	1,689,000	911,372
Total Expenditures	<u>2,234,500</u>	<u>2,234,500</u>	<u>1,269,170</u>
Change in Fund Balance	<u>(862,185)</u>	<u>(862,185)</u>	318,127
Fund Balance - Beginning			<u>3,129,757</u>
Fund Balance - Ending			<u><u>3,447,884</u></u>

CITY OF NORTH CHICAGO, ILLINOIS**Grant - Special Revenue Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended April 30, 2025**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Grants	\$ 6,812,801	6,812,801	85,490
Expenditures			
Economic Development			
Purchased Services	200,000	200,000	—
Other Expenditures	115,000	115,000	106,262
Capital Outlay	6,537,801	6,537,801	239,600
Total Expenditures	6,852,801	6,852,801	345,862
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(40,000)	(40,000)	(260,372)
Other Financing Sources			
Transfers In	—	—	388,215
Change in Fund Balance	(40,000)	(40,000)	127,843
Fund Balance - Beginning			(738,833)
Fund Balance - Ending			(610,990)

CITY OF NORTH CHICAGO, ILLINOIS

Community Development Block Grant - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Grants	\$ 181,000	181,000	242,876
Investment Income	2,000	2,000	—
Total Revenues	183,000	183,000	242,876
Expenditures			
Economic Development			
Purchased Services	167,480	167,480	281
Change in Fund Balance	15,520	15,520	242,595
Fund Balance - Beginning			(485,652)
Fund Balance - Ending			(243,057)

CITY OF NORTH CHICAGO, ILLINOIS

Federal Forfeited Property (DEA) - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Federal Forfeiture	\$ —	—	21,588
Investment Income	140	140	154
Total Revenues	140	140	21,742
Expenditures			
Public Safety			
Other Expenditures	47,000	47,000	5,600
Change in Fund Balance	(46,860)	(46,860)	16,142
Fund Balance - Beginning			72,962
Fund Balance - Ending			89,104

CITY OF NORTH CHICAGO, ILLINOIS

Seized Drug Money (State) - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Seized Funds	\$ 3,000	3,000	6,104
Investment Income	10	10	4
Total Revenues	3,010	3,010	6,108
Expenditures			
Public Safety			
Other Expenditures	35,000	35,000	—
Change in Fund Balance	(31,990)	(31,990)	3,384
Fund Balance - Beginning			50,181
Fund Balance - Ending			53,565

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Debt Service Funds

Combining Balance Sheet

April 30, 2025

	Downtown TIF Redevelopment Project Area Debt Service 2007A	Grant Place Retail Center Debt Service 2007C	Totals
ASSETS			
Cash and Investments	\$ 489	376,873	377,362
Receivables - net of allowances			
Taxes	—	974,730	974,730
Prepays	—	119	119
Total Assets	489	1,351,722	1,352,211
LIABILITIES			
Accounts Payable	—	475	475
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	—	974,730	974,730
Total Liabilities and Deferred Inflows of Resources	—	975,205	975,205
FUND BALANCES			
Nonspendable	—	119	119
Restricted	489	376,398	376,887
Total Fund Balances	489	376,517	377,006
Total Liabilities and Fund Balances	489	1,351,722	1,352,211

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Debt Service Funds

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

For the Fiscal Year Ended April 30, 2025

	Downtown TIF Redevelopment Project Area Debt Service 2007A	Grant Place Retail Center Debt Service 2007C	Totals
Revenues			
Taxes	\$ —	969,663	969,663
Expenditures			
Debt Service			
Principal Retirement	—	765,000	765,000
Interest and Fiscal Charges	—	202,390	202,390
Total Expenditures	—	967,390	967,390
Change in Fund Balances	—	2,273	2,273
Fund Balances - Beginning as Previously Reported	489	273,727	274,216
Restatement - Error Correction	—	100,517	100,517
Fund Balances - Beginning as Restated	489	374,244	374,733
Fund Balances - Ending	489	376,517	377,006

CITY OF NORTH CHICAGO, ILLINOIS

Grant Place Retail Center Debt Service 2007C - Debt Service Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 975,695	975,695	969,663
Expenditures			
Debt Service			
Principal Retirement	765,000	765,000	765,000
Interest and Fiscal Charges	202,285	202,285	202,390
Total Expenditures	967,285	967,285	967,390
Change in Fund Balance	8,410	8,410	2,273
Fund Balance - Beginning as Previously Reported			273,727
Restatement - Error Correction			100,517
Fund Balance - Beginning as Restated			374,244
Fund Balance - Ending			376,517

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Balance Sheet

April 30, 2025

	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III	Totals
ASSETS			
Cash and Investments	\$ 39,163	2,294,708	2,333,871
Receivables - Net of Allowances			
Taxes	—	1,149,846	1,149,846
Due from Other Funds	—	206	206
Land Held for Resale	151,471	—	151,471
Total Assets	190,634	3,444,760	3,635,394
LIABILITIES			
Due to Other Funds	10,000	51,232	61,232
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	—	1,149,846	1,149,846
Total Liabilities and Deferred Inflows of Resources	10,000	1,201,078	1,211,078
FUND BALANCE			
Restricted	180,634	2,243,682	2,424,316
Total Liabilities, Deferred Inflows of Resources and Fund Balance	190,634	3,444,760	3,635,394

CITY OF NORTH CHICAGO, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

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

For the Fiscal Year Ended April 30, 2025

	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III	Totals
Revenues			
Taxes	\$ —	987,138	987,138
Investment Income	1,090	99,048	100,138
Total Revenues	1,090	1,086,186	1,087,276
Expenditures			
Debt Service			
Principal Retirement	—	102,464	102,464
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,090	983,722	984,812
Other Financing Sources			
Disposal of Capital Assets	104	—	104
Change in Fund Balances	1,194	983,722	984,916
Fund Balances - Beginning	179,440	1,259,960	1,439,400
Fund Balances - Ending	180,634	2,243,682	2,424,316

CITY OF NORTH CHICAGO, ILLINOIS

Downtown TIF Redevelopment Project Area - Capital Projects Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ 5,000	5,000	1,090
Expenditures			
Economic Development			
Professional Services	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	5,000	1,090
Other Financing Sources			
Disposal of Capital Assets	—	—	104
Change in Fund Balance	5,000	5,000	1,194
Fund Balance - Beginning			179,440
Fund Balance - Ending			180,634

CITY OF NORTH CHICAGO, ILLINOIS

Skokie Highways TIF III - Capital Projects Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 425,000	425,000	987,138
Investment Income	3,000	3,000	99,048
Total Revenues	428,000	428,000	1,086,186
Expenditures			
Debt Service			
Principal Retirement	53,000	53,000	102,464
Change in Fund Balance	375,000	375,000	983,722
Fund Balance - Beginning			1,259,960
Fund Balance - Ending			2,243,682

CITY OF NORTH CHICAGO, ILLINOIS

Water, Sewer, and Refuse - Enterprise Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services			
Water	\$ 5,117,897	5,117,897	4,903,667
Sewer	1,374,679	1,374,679	1,240,846
Refuse	1,074,772	1,074,772	1,131,943
Miscellaneous	33,906	33,906	25,933
Total Operating Revenues	7,601,254	7,601,254	7,302,389
Operating Expenses			
Water	18,403,905	18,403,905	4,941,766
Sewer	764,376	764,376	433,868
Refuse	1,074,772	1,074,772	1,048,625
Depreciation	—	—	718,306
Total Operating Expenses	20,243,053	20,243,053	7,142,565
Operating Income (Loss)	(12,641,799)	(12,641,799)	159,824
Nonoperating Revenues (Expenses)			
Investment Income	104,815	104,815	341,852
Debt Issuance	8,024,103	8,024,103	—
Other Income	—	—	4,500
Interest Expense	(57,875)	(57,875)	(24,737)
	8,071,043	8,071,043	321,615
Income (Loss) Before Transfers and Capital Grants	(4,570,756)	(4,570,756)	481,439
Transfers In	—	—	1,767,321
Capital Grants	500,000	500,000	—
	500,000	500,000	1,767,321
Change in Net Position	(4,070,756)	(4,070,756)	2,248,760
Net Position - Beginning			26,523,930
Net Position - Ending			28,772,690

CITY OF NORTH CHICAGO, ILLINOIS

Water, Sewer, and Refuse - Enterprise Fund
Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Operating Expenses			
Water			
Salaries and Wages	\$ 1,161,262	1,161,262	1,353,532
Employee Benefits	275,816	275,816	615,224
Employee - Other	20,000	20,000	12,839
Professional Services	749,945	749,945	555,144
Purchased Services	409,560	409,560	154,534
Insurance	281,190	281,190	281,190
Utilities	546,000	546,000	799,096
Commodities	461,000	461,000	298,975
Other Expenses	14,499,132	14,499,132	871,232
	<u>18,403,905</u>	<u>18,403,905</u>	<u>4,941,766</u>
Sewer			
Salaries and Wages	169,328	169,328	119,985
Employee Benefits	47,415	47,415	22,889
Employee - Other	8,500	8,500	1,002
Professional Services	92,426	92,426	167,922
Purchased Services	275,000	275,000	53,793
Utilities	1,500	1,500	699
Commodities	77,500	77,500	45,657
Other Expenses	92,707	92,707	21,921
	<u>764,376</u>	<u>764,376</u>	<u>433,868</u>
Refuse			
Purchased Services	<u>1,074,772</u>	<u>1,074,772</u>	<u>1,048,625</u>
Depreciation Expense	<u>—</u>	<u>—</u>	<u>718,306</u>
Total Operating Expenses	<u>20,243,053</u>	<u>20,243,053</u>	<u>7,142,565</u>

CITY OF NORTH CHICAGO, ILLINOIS

Internal Service Funds

Combining Statement of Net Position

April 30, 2025

	Dental and Vision	Retiree's Premium	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 30,599	405,692	436,291
Receivables - Net of Allowances			
Accounts	502	697	1,199
Total Current Assets	31,101	406,389	437,490
LIABILITIES			
Current Liabilities			
Accounts Payable	924	—	924
Due to Other Funds	—	15,914	15,914
Total Current Liabilities	924	15,914	16,838
NET POSITION			
Unrestricted	30,177	390,475	420,652

CITY OF NORTH CHICAGO, ILLINOIS

Internal Service Funds

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

For the Fiscal Year Ended April 30, 2025

	Dental and Vision	Retiree's Premium	Totals
Operating Revenues			
Charges for Services	\$ 1,197	186,668	187,865
Operating Expenses			
Premiums and Claims Payments	11,940	159,440	171,380
Operating Income (Loss)	(10,743)	27,228	16,485
Nonoperating Revenues			
Investment Income	1,556	15,388	16,944
Changes in Net Position	(9,187)	42,616	33,429
Net Position - Beginning	39,364	347,859	387,223
Net Position - Ending	30,177	390,475	420,652

CITY OF NORTH CHICAGO, ILLINOIS

**Combining Statement of Cash Flows - Internal Service Funds
For the Fiscal Year Ended April 30, 2025**

	Dental and Vision	Retiree's Premium	Totals
Cash Flows from Operating Activities			
Receipts from Interfund Services	\$ 1,197	186,668	187,865
Payments to Employees	(11,886)	—	(11,886)
Payments to Suppliers	—	(143,733)	(143,733)
	(10,689)	42,935	32,246
Cash Flows from Investing Activities			
Investment Income	1,556	15,388	16,944
Net Change in Cash and Cash Equivalents	(9,133)	58,323	49,190
Cash and Cash Equivalents - Beginning	39,732	347,369	387,101
Cash and Cash Equivalents - Ending	30,599	405,692	436,291
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(10,743)	27,228	16,485
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:			
Increase (Decrease) in Current Liabilities	54	15,707	15,761
Net Cash Provided by Operating Activities	(10,689)	42,935	32,246

CITY OF NORTH CHICAGO, ILLINOIS**Dental and Vision - Internal Service Fund****Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual****For the Fiscal Year Ended April 30, 2025**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 15,561	15,561	1,197
Operating Expenses			
Personnel Services	14,000	14,000	11,940
Operating Income (Loss)	1,561	1,561	(10,743)
Nonoperating Revenues			
Investment Income	50	50	1,556
Change in Net Position	1,611	1,611	(9,187)
Net Position - Beginning			39,364
Net Position - Ending			30,177

CITY OF NORTH CHICAGO, ILLINOIS

Retiree's Premium - Internal Service Fund

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

For the Fiscal Year Ended April 30, 2025

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 160,900	160,900	186,668
Operating Expenses			
Premiums and Claims Payments	222,158	222,158	159,440
Operating Income (Loss)	(61,258)	(61,258)	27,228
Nonoperating Revenues			
Investment Income	11	11	15,388
Change in Net Position	(61,247)	(61,247)	42,616
Net Position - Beginning			347,859
Net Position - Ending			390,475

CITY OF NORTH CHICAGO, ILLINOIS**Pension Trust Funds****Combining Statement of Fiduciary Net Position****April 30, 2025**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 638,878	192,319	831,197
Investments			
Illinois Police Officers' Pension Investment Trust	18,552,717	—	18,552,717
Illinois Firefighters Pension Investment Trust	—	15,875,410	15,875,410
Insurance Contracts	3,647,687	—	3,647,687
Prepays	550	6,067	6,617
Total Assets	22,839,832	16,073,796	38,913,628
LIABILITIES			
Accounts Payable	3,375	4,555	7,930
Due to Municipality	—	241	241
	3,375	4,796	8,171
NET POSITION			
Net Position Restricted for Pensions	22,836,457	16,069,000	38,905,457

CITY OF NORTH CHICAGO, ILLINOIS

Pension Trust Funds

Combining Statement of Changes of Fiduciary Net Position

For the Fiscal Year Ended April 30, 2025

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 5,017,385	2,464,683	7,482,068
Contributions - Plan Members	392,758	262,909	655,667
Total Contributions	5,410,143	2,727,592	8,137,735
Investment Income			
Interest Earned	40,515	310,250	350,765
Net Change in Fair Value	1,842,990	1,158,899	3,001,889
	1,883,505	1,469,149	3,352,654
Less Investment Expenses	(11,075)	(16,658)	(27,733)
Net Investment Income	1,872,430	1,452,491	3,324,921
Total Additions	7,282,573	4,180,083	11,462,656
Deductions			
Administration	48,557	53,188	101,745
Benefits and Refunds	3,847,167	1,877,378	5,724,545
Total Deductions	3,895,724	1,930,566	5,826,290
Change in Fiduciary Net Position	3,386,849	2,249,517	5,636,366
Net Position Restricted for Pensions			
Beginning	19,449,608	13,819,483	33,269,091
Ending	22,836,457	16,069,000	38,905,457

CITY OF NORTH CHICAGO, ILLINOIS

Component Unit - North Chicago Public Library

Balance Sheet and Statement of Net Position

April 30, 2025

	Public Library	Adjustments	Statement of Net Position
ASSETS			
Cash and Investments	\$ 658,336	—	658,336
Receivables - Net of Allowances			
Taxes	478,130	—	478,130
Accounts	78,484	—	78,484
Prepays	12,488	—	12,488
Capital Assets			
Nondepreciable	—	71,966	71,966
Depreciable	—	2,210,779	2,210,779
Accumulated Depreciation	—	(1,048,267)	(1,048,267)
Other Assets			
Net Pension Asset - IMRF	—	41,120	41,120
Total Assets	1,227,438	1,275,598	2,503,036
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	—	81,495	81,495
Deferred Items - RBP	—	182,356	182,356
Total Deferred Outflows of Resources	—	263,851	263,851
Total Assets and Deferred Outflow of Resources	1,227,438	1,539,449	2,766,887
LIABILITIES			
Accounts Payable	89,961	—	89,961
Accrued Payroll	14,729	—	14,729
Compensated Absences Payable	—	54,790	54,790
Total OPEB Liability - RBP	—	362,914	362,914
Total Liabilities	104,690	417,704	522,394
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	478,130	—	478,130
Deferred Items - IMRF	—	1,298	1,298
Deferred Items - RBP	—	96,908	96,908
Total Deferred Inflows of Resources	478,130	98,206	576,336
Total Liabilities and Deferred Inflows of Resources	582,820	515,910	1,098,730
FUND BALANCES/NET POSITION			
Investment in Capital Assets	—	1,234,478	1,234,478
Nonspendable	12,488	(12,488)	—
Unassigned	632,130	(632,130)	—
Unrestricted	—	433,679	433,679
Total Fund Balances/Net Position	644,618	1,023,539	1,668,157
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	1,227,438	1,539,449	2,766,887

CITY OF NORTH CHICAGO, ILLINOIS

Component Unit - North Chicago Public Library

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

For the Fiscal Year Ended April 30, 2025

	Public Library	Adjustments	Statement of Activities
Revenues			
Taxes			
Property Taxes	\$ 799,436	—	799,436
Intergovernmental	82,922	—	82,922
Fines and Forfeitures	10,829	—	10,829
Investment Income	52,827	—	52,827
Miscellaneous	9,947	—	9,947
Total Revenues	955,961	—	955,961
Expenditures			
Culture and Recreation	896,700	212,632	1,109,332
Capital Outlay	568,183	(568,183)	—
Total Expenditures	1,464,883	(355,551)	1,109,332
Net Change in Fund Balance/Net Position	(508,922)	355,551	(153,371)
Fund Balance/Net Position - Beginning as Previously Reported	1,153,540	451,869	1,605,409
Restatement - Change in Accounting Principle	—	(15,136)	(15,136)
Restatement - Error Correction	—	231,255	231,255
Fund Balance/Net Position - Beginning as Restated	1,153,540	667,988	1,821,528
Fund Balances/Net Position - Ending	644,618	1,023,539	1,668,157

CITY OF NORTH CHICAGO, ILLINOIS

Component Unit - North Chicago Public Library

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

For the Fiscal Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	\$ 804,238	804,238	799,436	(4,802)
Intergovernmental				
Grants	70,000	70,000	82,922	12,922
Fines and Forfeitures	3,000	3,000	10,829	7,829
Investment Income	35,000	35,000	52,827	17,827
Miscellaneous	13,500	13,500	9,947	(3,553)
Total Revenues	925,738	925,738	955,961	30,223
Expenditures				
Culture and Recreation				
Salaries and Wages	422,310	422,310	406,469	(15,841)
Employee Benefits	131,006	131,006	123,687	(7,319)
Employee - Other	17,923	17,923	11,303	(6,620)
Professional Services	56,414	56,414	86,958	30,544
Purchased Services	136,150	136,150	139,086	2,936
Insurance	17,800	17,800	17,800	—
Utilities	12,748	12,748	21,804	9,056
Commodities	26,265	26,265	32,662	6,397
Other Expenditures	28,880	28,880	56,931	28,051
Capital Outlay	779,348	779,348	568,183	(211,165)
Total Expenditures	1,628,844	1,628,844	1,464,883	(163,961)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(703,106)	(703,106)	(508,922)	194,184
Other Financing (Uses)				
Transfers Out	(32,000)	(32,000)	—	32,000
Net Change in Fund Balance	<u>(735,106)</u>	<u>(735,106)</u>	(508,922)	<u>226,184</u>
Fund Balance - Beginning			<u>1,153,540</u>	
Fund Balance - Ending			<u>644,618</u>	

SUPPLEMENTAL SCHEDULES

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2007C

April 30, 2025

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	\$ 810,000	130,718	940,718
2027	860,000	80,534	940,534
2028	910,000	27,346	937,346
	<u>2,580,000</u>	<u>238,598</u>	<u>2,818,598</u>

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2011

April 30, 2025

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	\$ 57,876	—	57,876
2027	57,876	—	57,876
2028	57,876	—	57,876
2029	57,876	—	57,876
2030	57,876	—	57,876
2031	28,933	—	28,933
	318,313	—	318,313

CITY OF NORTH CHICAGO, ILLINOIS

Long-Term Debt Requirements

Note Payable of 2021

April 30, 2025

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	\$ 396,013	—	396,013
2027	396,013	—	396,013
2028	396,013	—	396,013
2029	396,013	—	396,013
2030	396,013	—	396,013
2031	396,013	—	396,013
2032	396,013	—	396,013
2033	396,013	—	396,013
2034	396,013	—	396,013
2035	150,843	—	150,843
	<u>3,714,960</u>	<u>—</u>	<u>3,714,960</u>