



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
APRIL 30, 2020**

CITY OF NORTH CHICAGO, ILLINOIS

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2020

Prepared by

City Comptroller's Office

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INTRODUCTORY SECTION

City Officials

Leon Rockingham, Jr.

Mayor

Ernest Fisher

Alderman, Ward 1

Bonny Mayfield

Alderman, Ward 2

Carl Evans

Alderman, Ward 3

Bobby Allen

Alderman, Ward 4

Torrance Markham

Alderman, Ward 5

Bob Runnels, Sr.

Alderman, Ward 6

Kathy January

Alderman, Ward 7

Kenneth Robinson

City Treasurer

Lori Collins

City Clerk

Staff

Deb Waszak

Chief of Staff

Department Directors

Daniela Partipilo

Victor Barrera

Elizabeth Black

Edward Wilmes

Dell Urban

Lazaro Perez

Joan Battley

Acting Comptroller

Economic Development Director

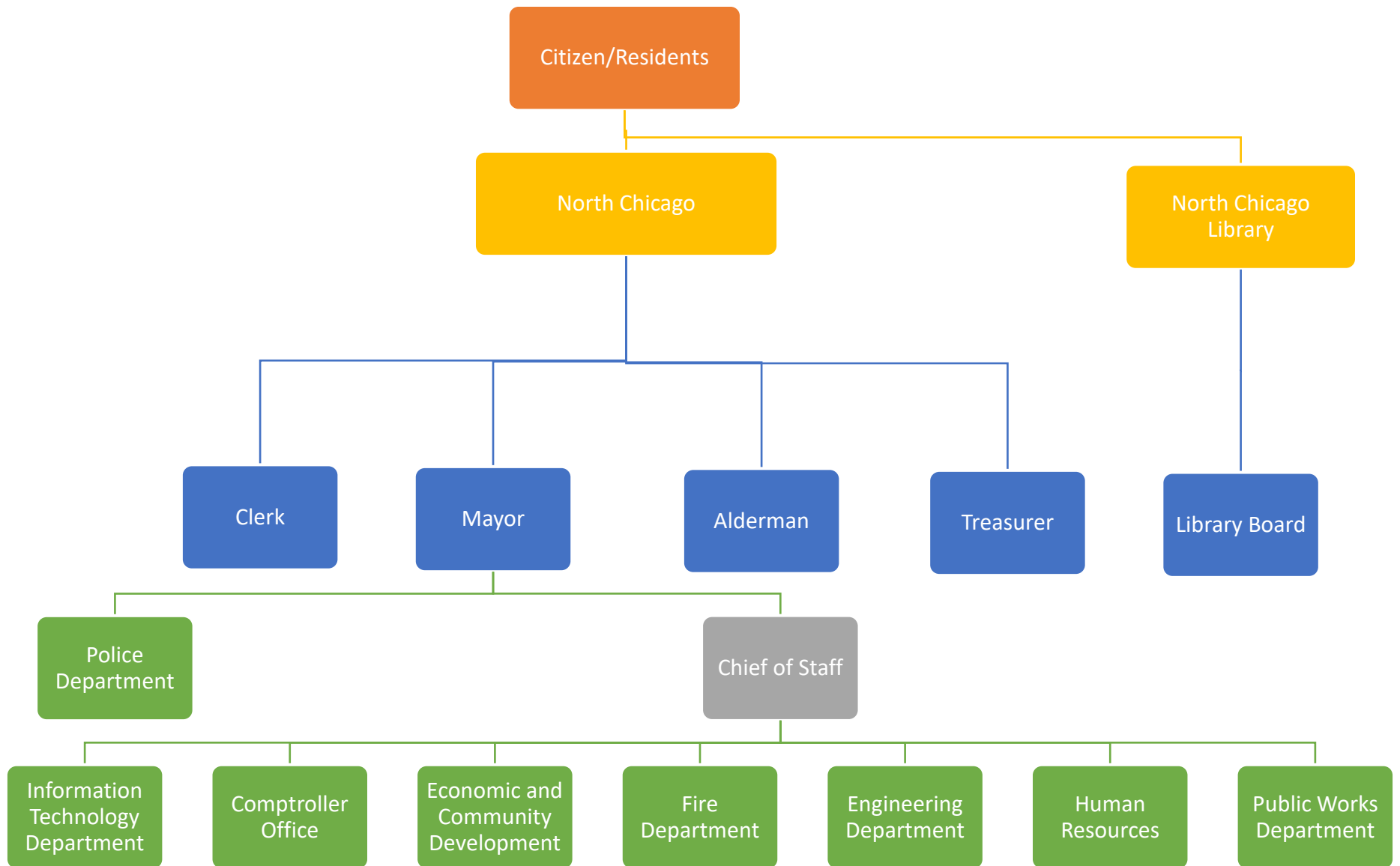
Human Resources Director

Public Works (Streets, Water & Sewer)
Director

Fire Chief

Chief of Police

Library Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Chicago
Illinois**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

April 30, 2019

Christopher P. Morill

Executive Director/CEO



Comptroller's Office

February 24, 2021

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

The Comprehensive Annual Financial Report (CAFR) of the City of North Chicago for the year ended April 30, 2020, is hereby submitted as required by the Illinois Compiled Statutes. State law requires that the City issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

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

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

The City was not required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* during fiscal year 2020.

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



Profile of the City of North Chicago

The City of North Chicago (City) is located 33 miles of downtown Chicago and 48 miles south of Milwaukee in Lake County, Illinois. The City was incorporated as a village in 1895 and as a city in 1901. It is home to the Great Lakes Naval Station, the Lovell Federal Health Care Center, healthcare giants AbbVie and Abbot, as well as the Rosalind Franklin University. The City's 2010 Census places the population at 32,574, but according to the July 1, 2019 the population is estimated at 29,615. It has an area of 7.8 square miles. It is a home rule community as defined by the Illinois Constitution.

The Equalized Assessed Valuation (EAV) of the City saw a significant reduction during the most recent recession, but the last three years that EAV has risen. The EAV, at its lowest in 2015, was \$148,134,948; the 2019 EAV, \$204,274,686 which represents an increase of 37.9%.

The City has also passed a no-increase tax levy for tax years 2019 and 2020; it is also expected to not increase the tax levy for tax year 2021. In addition, the City has formulated and passed a resolution in fall 2018, to fund the police and fire pensions with additional City contributions from its General Fund and not its tax levy.

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

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

As required by generally accepted accounting principles, these financial statements present the City and its component units. The decision to include the component unit in the reporting entity was made based upon the significance of their operational or financial relationship to the City. The CAFR includes the financial activity of the City of North Chicago Public Library as a discretely presented component unity. It is reported separate to emphasize that it is legally separate from the City.

Major Initiatives

For the year ended April 30, 2020

During 2019-20, the City resources were concentrated on increasing contributions to the police and fire pension funds and to accomplish this plan by reducing its operating expenses through outsourcing fleet maintenance, consolidate the City's dispatch services with the Village of Mundelein, and concessions obtained by the firefighters' union.



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

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

City staff, following Mayor and Council directives, has been involved in a multitude of projects throughout the fiscal year ending April 30, 2020. The most significant projects are noted below:

- Consolidation of dispatch services project completed in June 2020 that will result in an estimated \$500,000 in annual future savings;
- 14th Street reconstruction (federal grant funding and City funds);
- Major focus on Census 2020 for the City designated as a hard to count community so that federal funding needed is not cut or reduced;
- Continue the City's efforts with blight busting.

For the Future

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

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

- Improvement of the Metra Train Station (grant revenue);
- Blight busting through demolition (grant revenue);
- Improvement to City Hall building (grant revenue);
- Sewer televising and cleaning (operating revenues);
- Continued funding of police and fire pensions per the approved plan (operating revenues);
- Continued reinvestment of excess cash to maximize interest income;
- Street resurfacing and reconstruction;
- Downtown Streetscape on Sheridan Road;
- Water main improvement.



Relevant Financial Information

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

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

Budgeting Controls

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

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

Cash management policies and practices

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

Fund Balance

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

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

Respectfully,

Tawanda Joyner

Tawanda Joyner
Assistant Comptroller

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Chicago, Illinois (the City), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of North Chicago, Illinois Police and Firefighters' Pension Funds, which represents 72.6% of the aggregate remaining fund information. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to data included for the City of North Chicago, Illinois Police and Firefighters' Pension Funds, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the North Chicago Public Library were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

Opinions

In our opinion, based on our audit and the audit report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Chicago, Illinois, as of April 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying

accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
February 22, 2021

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

Management's Discussion and Analysis (Unaudited)

As management of the City of North Chicago, we offer readers of the City of North Chicago's financial statements this narrative overview and analysis of the financial activities of the City of North Chicago, for the fiscal year ended April 30, 2020.

Financial Highlights

- The assets and deferred outflows of the City of North Chicago (the City) net of its liabilities and deferred inflows at the close of the most recent fiscal year resulted in a net deficit of \$78,292,104.
- The financial position of the Water and Sewer Fund decreased at April 30, 2020. Net position equal to \$13,954,715,
- As of April 30, 2020, the City's governmental funds reported combined ending fund balances of \$23,944,540. Of this amount, \$10,530,744, or 44 percent, of total general fund balance was unassigned, and available for spending at the City's discretion (unassigned fund balance).
- At April 30, 2020, the City's outstanding General Obligation Bond principal was \$15,800,000 which is a decrease of \$1,795,000 from the prior fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Downtown Tax Increment Financing Redevelopment Project Area Funds, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and certain other funds. A budgetary comparison statement has been provided for the General Fund and any major special revenue funds to demonstrate compliance with the budget. In addition, the supplementary financial information also contains budgetary comparison statements for all nonmajor funds.

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

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

Overview of the Financial Statements (Continued)

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

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

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

Unrestricted net position of the enterprise funds at April 30, 2020 amounted to \$4,159,554 and those of the internal service funds amounted to \$18,851

The basic proprietary fund financial statements can be found on pages 13-18 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are used to account for pension trust funds that are audited by a separate accounting firm.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a better understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-76 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 77-88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information on pensions in the supplementary financial information section. Combining and individual fund statements and budgetary comparison schedules for nonmajor governmental funds and internal service funds can be found on pages 89-127 of this report, respectively.

Government-Wide Financial Analysis

As noted earlier, net position (deficit) may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets and deferred outflows by \$78,292,104 (net deficit) at the close of FY 2020.

The largest portion of the City's net deficit reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment) less any related outstanding debt used to acquire those assets and pension liabilities. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table reflects condensed information for the City's net position (deficit):

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

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

	Governmental Activities		Business type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	36,866,302	33,480,363	6,795,920	8,811,207	43,662,222	42,291,570
Capital assets	11,763,355	12,287,048	11,902,512	12,191,252	23,665,867	24,478,300
Total assets	48,629,657	45,767,411	18,698,432	21,002,459	67,328,089	66,769,870
Deferred outflows related to pension	38,882,763	12,150,672	308,533	805,696	39,191,296	12,956,368
Loss on refunding of bonds	112,243	130,951	50,993	63,437	163,236	194,388
Total deferred outflows	38,995,006	12,281,623	359,526	869,133	39,354,532	13,150,756
Total assets & def. outflows	87,624,663	58,049,034	19,057,958	21,871,592	106,682,621	79,920,626
Current and other liabilities	4,690,350	4,229,225	1,786,506	1,820,658	6,476,856	6,049,883
Noncurrent liabilities	148,149,121	107,248,712	2,688,528	3,557,449	150,837,649	110,806,161
Total liabilities	152,839,471	111,477,937	4,475,034	5,378,107	157,314,505	116,856,044
Deferred inflow- property taxes	10,265,111	10,085,919	281,184	284,821	10,546,295	10,370,740
Deferred inflow- pension & OPEB	16,799,900	20,948,529	347,025	108,848	17,146,925	21,057,377
Total deferred Inflows of resources	27,065,011	31,034,448	628,209	393,669	27,693,220	31,428,117
Total liabilities & def. inflows	179,904,482	142,512,385	5,103,243	5,771,776	185,007,725	148,284,161
Net position:						
Net investment in capital assets	5,960,598	5,909,106	9,795,161	9,801,110	15,755,759	15,710,216
Restricted for sales tax refund	12,590,926	11,428,397			12,590,926	11,428,397
Unrestricted	(110,798,343)	(101,800,854)	4,159,554	6,299,010	(106,638,789)	(95,641,051)
Total Net Position	(92,246,819)	(84,463,351)	13,954,715	16,100,120	(78,292,104)	(68,502,438)

Current Year Impact on Net Position

At the fiscal year ended April 30, 2020, the primary government total net deficit position is \$78,292,104 or \$9,928,873 more than the net deficit position at April 30, 2019.

Governmental Activities combined *restricted* and *unrestricted* net deficit

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

	Governmental Activities		Business type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	3,514,085	3,509,863	8,319,482	8,335,936	11,833,567	11,845,799
Operating grants	2,365,431	1,049,915	-	-	2,365,431	1,049,915
General revenues:						
Property taxes	10,024,707	9,861,893	285,136	276,008	10,309,843	10,137,901
Other taxes	4,863,795	5,022,888	-	-	4,863,795	5,022,888
Intergovernmental	6,082,972	6,810,039	-	-	6,082,972	6,810,039
Other	1,056,475	1,157,039	135,628	194,708	1,056,475	1,351,747
Total revenues	27,907,465	27,411,637	8,740,246	8,806,652	22,313,085	36,218,289
Expenses:						
General government	5,599,876	5,825,398	-	-	5,599,876	5,825,398
Public safety	24,000,421	14,125,587	-	-	24,000,421	14,125,587
Economic development	2,262,163	1,910,684	-	-	2,262,163	1,910,684
Highways and streets	3,055,226	2,166,676	-	-	3,055,226	2,166,676
Interest and fiscal changes	725,780	759,386	-	-	725,780	759,386
Water and sewerage	-	-	7,462,576	5,050,351	7,462,576	5,050,351
Refuse	-	-	823,075	800,255	823,075	800,255
Total expenses	35,643,466	24,787,731	8,285,651	5,850,606	43,929,117	30,638,337
Change in net position before transfer	(7,736,001)	2,623,906	454,595	2,956,046	(7,281,406)	5,579,952
Transfers	2,600,000	3,100,000	(2,600,000)	(3,100,000)	-	-
Change in Net Position	(5,136,001)	5,723,906	(2,145,405)	(143,954)	(7,281,406)	(2,289,359)
Net Position, May 1	(84,463,351)	(70,583,086)	16,100,120	20,706,970	(68,363,231)	(49,876,116)
Prior period adjustment	(2,647,467)	(19,604,171)	-	(4,462,896)	(2,647,467)	(24,067,067)
Net position May 1- Restated	(87,110,818)	(90,187,257)	16,100,120	16,244,074	(71,010,698)	(73,943,183)
Net position, April 30	(92,246,819)	(84,463,351)	13,954,715	16,100,120	(78,292,104)	(68,363,231)

Financial Analysis of the City's Funds

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

Downtown Tax Increment: As of April 30, 2020, the combined ending fund balance of the City's Downtown Tax Increment Financial Redevelopment Project Area Debt Series 2014A was \$3,576,831 a increase of \$ 1,001,976 in comparison with the prior year fund balance. Main revenue source comes from Property Taxes. Revenues exceeded expenditures by \$1,001,976.

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

As of April 30, 2020, the combined ending fund balances of the City's governmental funds were \$23,944,540, an increase of \$ 2,760,686 in comparison with the prior year. Approximately 44% or \$10.5 million constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is classified as nonspendable or restricted to indicate that it is not available for spending because it has already been designated for spending because it has already been spent for 1) inventory- \$ 4,000; 2) prepaid items- \$538,780; 3) property held for resale- \$148,249. Additionally, the following fund balances are restricted: 4) highways and streets-\$824,454; 5) debt service -\$3,836,830; 6) capital projects-\$45,595; 6) economic development \$6,865,671 and 7) public safety- \$1,018,376.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, unassigned fund balance of the General Fund was \$10,517,722. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represented 46 % of total General Fund expenditures.

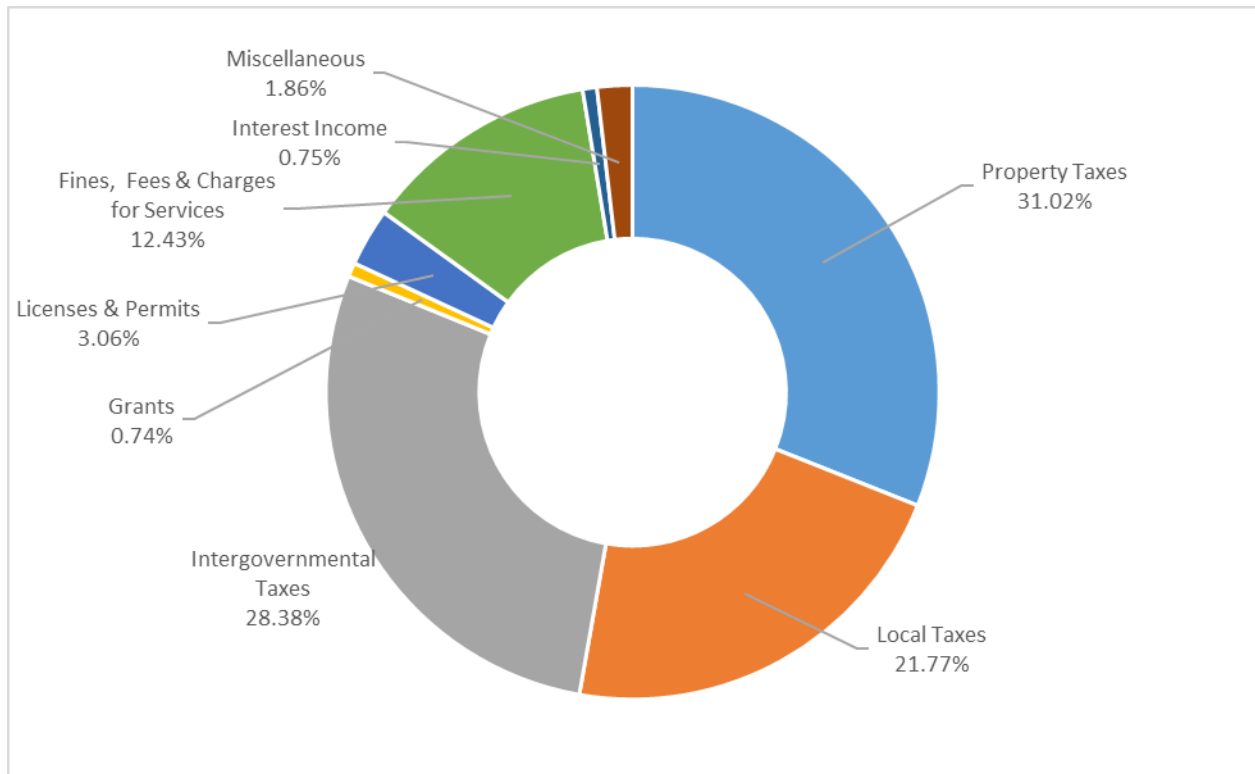
Proprietary Funds: The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but with more detail.

The total net position of the water and sewer operations at the end of the year amounted to \$13,954,715 as compared to \$16,100,120 for the prior year, a decrease of \$2,145,405.

General Fund Budgetary Highlights

Realized revenues of \$21,435,542 and other financing sources of \$2,700,000 totaled \$24,135,542 compared to the budget of \$23,378,393 a positive variance against budget of \$757,149. The difference between the budget and the amount realized was spread across the entire revenue profile of the General Fund.

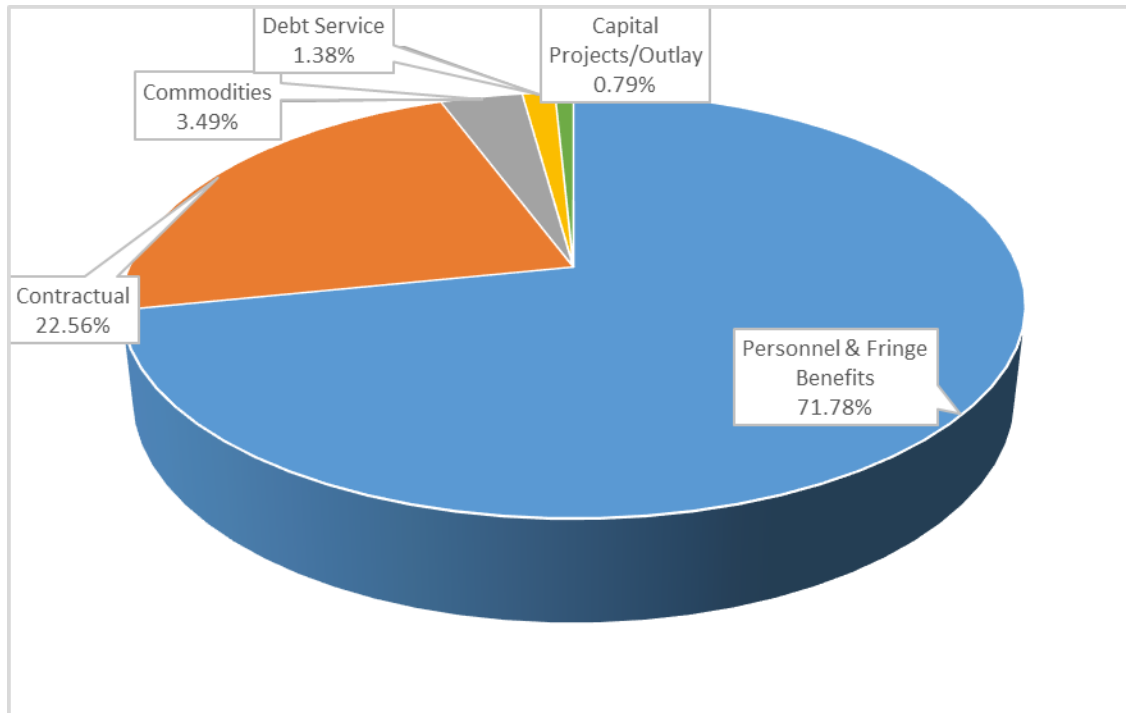
Below is a graph depicting the revenues in the General Fund by source.



Total expenditures were \$22,956,208, compared to the budget of \$23,463,169 General Fund expenses were under the budget by \$506,461.

General Fund Budgetary Highlights (Continued)

Below is a graph depicting the expenditures in the General Fund by source.



Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of April 30, 2020, amounts to \$23,665,867 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, and machinery and equipment.

Capital asset detail, by category of asset, is as follows:

	Governmental activity	Business-type activity	Total
	2020	2020	2020
Land	2,781,140	2,435	2,783,575
Land improvements	310,657	91,741	402,398
Buildings and improvements	1,713,722	3,486,996	5,200,718
Infrastructure	3,515,068	-	3,515,068
Machinery and equipment	1,473,108	1,261,994	2,735,102
Construction in progress	1,969,660	465,883	2,435,543
Underground equipment	-	6,593,463	6,593,463
Total assets net	11,763,355	11,902,512	23,665,867

Additional information on the City's capital assets can be found in Note E on pages 32-34 of this report.

Capital Asset and Debt Administration (Continued)

Long-Term Debt: At April 30, 2020, the City had outstanding general obligation debt of \$15,800,000 backed by the full faith and credit of the City.

CITY OF NORTH CHICAGO Long Term Debt

	Governmental		Business-type		Total	
	activities		activities			
	2020	2019	2020	2019	2020	2019
GO Bonds:						
Series 2007A	815,000	1,055,000	-	-	815,000	1,055,000
Series 2007B	4,740,000	4,740,000	-	-	4,740,000	4,740,000
Series 2007C	5,875,000	6,370,000	-	-	5,875,000	6,370,000
Series 2014A Refunding	2,910,000	3,755,000	-	-	2,910,000	3,755,000
Series 2014B Refunding	-	-	1,460,000	1,675,000	1,460,000	1,675,000
Total Bonds	14,340,000	15,920,000	1,460,000	1,675,000	15,800,000	17,595,000
Other:						
Bond issuance premium	99,791	178,455	90,652	113,317	190,443	291,772
Compensated Absences	2,056,920	2,147,470	112,772	117,728	2,169,692	2,265,198
Other post-employment benefits	5,023,358	4,684,751	724,041	675,235	5,747,399	5,359,986
Lawsuit settlement liability	63,793	66,200	-	-	63,793	66,200
Note payable to Lake Forest Bank	-	79,890	-	-	-	79,890
Note Payable to IFA	40,000	60,000	-	-	40,000	60,000
Note payable to IL Department of Revenue	349,290	560,490	-	-	349,290	560,490
Net Firefighter, Police and IMRF Pension (asset) liability	128,390,960	85,698,390	-	628,423	128,390,960	86,326,813
Illinois EPA loan Payable	-	-	607,691	665,566	607,691	665,566
Total Other	136,024,112	\$93,475,646	1,535,156	\$2,200,269	137,559,268	\$95,675,915
Total	150,364,112	\$109,395,646	2,995,156	\$3,875,269	153,359,268	\$113,270,915

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

Economic Factors:

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	North Chicago Public Library
ASSETS				
Cash and investments	\$ 19,313,347	\$ 5,353,728	\$ 24,667,075	\$ 1,351,953
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	10,265,111	281,184	10,546,295	764,390
Intergovernmental	1,445,269	-	1,445,269	27,442
Accounts	-	878,548	878,548	-
Other	218,808	146,695	365,503	-
Inventory	4,000	-	4,000	-
Prepaid items	538,780	6,425	545,205	4,086
Cash with paying agent	335,786	29,200	364,986	-
Interfund balances	(82,890)	82,890	-	-
Due from component unit	33,000	-	33,000	-
Land held for resale	4,779,617	-	4,779,617	-
Net pension asset	48,474	17,250	65,724	4,113
Capital assets, not being depreciated	4,750,800	468,318	5,219,118	71,966
Capital assets, being depreciated (net of accumulated depreciation)	7,012,555	11,434,194	18,446,749	520,685
Total assets	48,662,657	18,698,432	67,361,089	2,744,635
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized charge on refunding	112,243	50,993	163,236	-
Pension items - IMRF	383,213	136,388	519,601	32,579
Pension items - police pension	26,356,270	-	26,356,270	-
Pension items - firefighters' pension	10,948,946	-	10,948,946	-
OPEB items	1,194,334	172,145	1,366,479	20,668
Total deferred outflows of resources	38,995,006	359,526	39,354,532	53,247
Total assets and deferred outflows of resources	87,657,663	19,057,958	106,715,621	2,797,882
LIABILITIES				
Accounts payable	1,114,934	1,390,215	2,505,149	43,075
Interest payable	335,786	29,200	364,986	-
Accrued wages	692,994	60,463	753,457	20,471
Unearned revenues	329,200	-	329,200	-
Other liabilities	2,445	-	2,445	-
Due to primary government	-	-	-	33,000
Noncurrent liabilities				
Due within one year	2,214,991	306,628	2,521,619	5,362
Due in more than one year	148,149,121	2,688,528	150,837,649	132,340
Total liabilities	152,839,471	4,475,034	157,314,505	234,248
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	10,265,111	281,184	10,546,295	764,390
Pension items - IMRF	895,885	318,852	1,214,737	76,163
Pension items - police pension	8,577,937	-	8,577,937	-
Pension items - firefighters' pension	7,130,618	-	7,130,618	-
Pension items - OPEB	195,460	28,173	223,633	3,382
Total deferred inflows of resources	27,065,011	628,209	27,693,220	843,935
Total liabilities and deferred inflows of resources	179,904,482	5,103,243	185,007,725	1,078,183

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	North Chicago Public Library
NET POSITION				
Net investment in capital assets	\$ 5,960,598	\$ 9,795,161	\$ 15,755,759	\$ 592,651
Restricted for				
Highways and streets	824,454	-	824,454	-
Economic development	6,865,671	-	6,865,671	-
Public safety	1,018,376	-	1,018,376	-
Capital projects	45,595	-	45,595	-
Debt service	3,836,830	-	3,836,830	-
Unrestricted (deficit)	(110,798,343)	4,159,554	(106,638,789)	1,127,048
TOTAL NET POSITION	\$ (92,246,819)	\$ 13,954,715	\$ (78,292,104)	\$ 1,719,699

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government and administration	\$ 5,599,876	\$ 914,351	\$ 78,410	\$ -
Public safety	24,000,421	2,408,070	722,076	-
Economic development	2,262,163	-	348,814	-
Highways and streets	3,055,226	191,664	1,216,131	-
Interest and fiscal charges	725,780	-	-	-
Total governmental activities	35,643,466	3,514,085	2,365,431	-
Business-Type Activities				
Water and sewerage	7,462,576	7,502,551	-	-
Refuse	823,075	816,931	-	-
Total business-type activities	8,285,651	8,319,482	-	-
TOTAL PRIMARY GOVERNMENT	\$ 43,929,117	\$ 11,833,567	\$ 2,365,431	\$ -
North Chicago Public Library				
Culture and recreation	\$ 844,588	\$ 13,957	\$ 68,160	\$ -
Interest and fiscal charges	9,447	-	-	-
Total North Chicago Public Library	\$ 854,035	\$ 13,957	\$ 68,160	\$ -

	Net (Expense) Revenue and Change in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	North Chicago Public Library
	\$ (4,607,115)	\$ -	\$ (4,607,115)	\$ -
	(20,870,275)	-	(20,870,275)	-
	(1,913,349)	-	(1,913,349)	-
	(1,647,431)	-	(1,647,431)	-
	(725,780)	-	(725,780)	-
	(29,763,950)	-	(29,763,950)	-
	-	39,975	39,975	-
	-	(6,144)	(6,144)	-
	-	33,831	33,831	-
	\$ (29,763,950)	\$ 33,831	\$ (29,730,119)	\$ -
	\$ -	\$ -	\$ -	\$ (762,471)
	-	-	-	(9,447)
	\$ -	\$ -	\$ -	\$ (771,918)
General Revenues				
Taxes				
Property	\$ 10,024,707	\$ 285,136	\$ 10,309,843	\$ 759,269
Telecommunications	451,071	-	451,071	-
Utility	1,418,926	-	1,418,926	-
Hotel/motel	212,075	-	212,075	-
Food and beverage	304,395	-	304,395	-
Local use	1,164,253	-	1,164,253	-
Other	1,313,075	-	1,313,075	-
Intergovernmental				
Shared sale taxes	2,008,005	-	2,008,005	-
Shared income taxes	3,680,510	-	3,680,510	-
Personal property replacement taxes	353,362	-	353,362	-
Foreign fire	34,230	-	34,230	-
Cannabis use tax	6,865	-	6,865	-
Investment income	302,066	123,386	425,452	23,485
Miscellaneous	754,409	12,242	766,651	18,498
Transfers	2,600,000	(2,600,000)	-	-
Total	24,627,949	(2,179,236)	22,448,713	801,252
CHANGE IN NET POSITION	(5,136,001)	(2,145,405)	(7,281,406)	29,334
NET POSITION (DEFICIT), MAY 1	(84,463,351)	16,100,120	(68,363,231)	1,690,365
Prior period adjustment	(2,647,467)	-	(2,647,467)	-
NET POSITION (DEFICIT), MAY 1 (RESTATEd)	(87,110,818)	16,100,120	(71,010,698)	1,690,365
NET POSITION (DEFICIT), APRIL 30	\$ (92,246,819)	\$ 13,954,715	\$ (78,292,104)	\$ 1,719,699

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2020

	General	Downtown Tax Increment Financing Redevelopment Project Area Debt Series 2014A	Nonmajor	Total
ASSETS				
Cash and investments	\$ 10,650,065	\$ 4,077,306	\$ 4,496,134	\$ 19,223,505
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	6,610,360	1,890,564	1,764,187	10,265,111
Intergovernmental	1,262,659	-	182,610	1,445,269
Other	205,581	-	2,220	207,801
Prepaid items	537,952	-	828	538,780
Cash with paying agents	-	58,200	277,586	335,786
Inventories	4,000	-	-	4,000
Due from other funds	481,115	-	504,703	985,818
Due from component unit	33,000	-	-	33,000
Property held for resale	148,249	-	4,631,368	4,779,617
TOTAL ASSETS	19,932,981	6,026,070	11,859,636	37,818,687
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	663,696	475	368,765	1,032,936
Interest payable	-	58,200	277,586	335,786
Accrued wages	692,994	-	-	692,994
Unearned revenues	304,200	-	25,000	329,200
Other liabilities	-	-	2,445	2,445
Due to other funds	-	500,000	393,708	893,708
Advances from other funds	175,000	-	-	175,000
Total liabilities	1,835,890	558,675	1,067,504	3,462,069
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - intergovernmental	146,967	-	-	146,967
Unavailable revenue - property taxes	6,610,360	1,890,564	1,764,187	10,265,111
Total deferred inflows of resources	6,757,327	1,890,564	1,764,187	10,412,078
Total liabilities and deferred inflows of resources	8,593,217	2,449,239	2,831,691	13,874,147
FUND BALANCES				
Nonspendable in form				
Prepaid items	537,952	-	828	538,780
Inventories	4,000	-	-	4,000
Property held for resale	148,249	-	-	148,249
Restricted for				
Highways and streets	-	-	824,454	824,454
Economic development	-	-	6,865,671	6,865,671
Public safety	-	-	1,018,376	1,018,376
Debt service	-	3,576,831	259,999	3,836,830
Capital projects	-	-	45,595	45,595
Unrestricted				
Assigned for special uses	131,841	-	-	131,841
Unassigned (deficit)	10,517,722	-	13,022	10,530,744
Total fund balances	11,339,764	3,576,831	9,027,945	23,944,540
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 19,932,981	\$ 6,026,070	\$ 11,859,636	\$ 37,818,687

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 23,944,540
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	11,763,355
Total other postemployment benefits liability is not a current financial resource and, therefore, is not reported in the governmental funds	(5,023,358)
The unamortized charge on refunding is not a current financial resource and, therefore, is not reported in the governmental funds	112,243
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds	(14,340,000)
Unamortized premium on general obligation bonds	(99,791)
Notes payable	(453,083)
Compensated absences	(2,056,920)
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	146,967
Net pension (liability) asset is shown as a liability (asset)	
Illinois Municipal Retirement Fund	48,474
Police Pension	(91,879,257)
Firefighters' Pension	(36,511,703)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	(512,672)
Police Pension	17,778,333
Firefighters' Pension	3,818,328
OPEB	998,874
The net position of the internal service funds are included in the governmental activities in the statement of net position	<u>18,851</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (92,246,819)</u></u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	General	Downtown Tax Increment Financing Redevelopment Area Debt Series 2014A	Nonmajor	Total
REVENUES				
Taxes	\$ 11,314,595	\$ 1,930,787	\$ 1,640,794	\$ 14,886,176
Licenses and permits	655,443	-	-	655,443
Intergovernmental	6,082,972	-	2,088,949	8,171,921
Charges for services	158,072	-	-	158,072
Fines and forfeits	2,664,731	-	-	2,664,731
Investment income	160,189	67,412	72,926	300,527
Miscellaneous	399,540	-	328,637	728,177
Total revenues	21,435,542	1,998,199	4,131,306	27,565,047
EXPENDITURES				
Current				
General government and administration	5,051,473	-	-	5,051,473
Public safety	14,484,175	-	33,991	14,518,166
Economic development	1,316,775	-	838,028	2,154,803
Highways and streets	1,605,043	-	1,316,967	2,922,010
Capital outlay	180,867	-	213	181,080
Debt service				
Principal retirement	311,093	845,000	735,000	1,891,093
Interest and fiscal charges	6,782	151,223	627,731	785,736
Total expenditures	22,956,208	996,223	3,551,930	27,504,361
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,520,666)	1,001,976	579,376	60,686
OTHER FINANCING SOURCES (USES)				
Transfers in	2,700,000	-	-	2,700,000
Total other financing sources (uses)	2,700,000	-	-	2,700,000
NET CHANGE IN FUND BALANCES	1,179,334	1,001,976	579,376	2,760,686
FUND BALANCES, MAY 1	10,160,430	2,574,855	8,448,569	21,183,854
FUND BALANCES, APRIL 30	\$ 11,339,764	\$ 3,576,831	\$ 9,027,945	\$ 23,944,540

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,760,686

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

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities 149,905

Depreciation is shown as a functional expense in governmental activities on the statement of activities (654,621)

Loss on disposal of capital assets does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (18,977)

The change in the total other postemployment benefits liability is shown as a functional expense on the statement of activities (338,607)

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

Long-term liabilities:

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

 General obligation bonds 1,580,000

 Notes payable 313,500

The unamortized premium on bonds is shown as an increase of principal outstanding on the statement of net position and amortized over the life of the bonds 78,664

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue as revenue when earned on the statement of activities 146,967

The (increase) decrease in the compensated absences liability is shown as a functional expense on the statement of activities (100,448)

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

Long-term liabilities (Continued):

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

Illinois Municipal Retirement Fund	\$ 1,810,392
Police Pension	(30,083,459)
Firefighters' Pension	(11,532,564)

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

Illinois Municipal Retirement Fund	(2,126,529)
Police Pension	23,148,692
Firefighters' Pension	9,700,802
OPEB	157,755

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

(109,451)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (5,136,001)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2020

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
CURRENT ASSETS		
Cash and investments	\$ 5,353,728	\$ 89,842
Receivables		
Property taxes	281,184	-
Accounts, net	878,548	-
Other	146,695	11,007
Prepaid items	6,425	-
Cash with paying agent	29,200	-
	<hr/>	<hr/>
Total current assets	6,695,780	100,849
NONCURRENT ASSETS		
Advances to other funds	175,000	-
Net pension asset	17,250	-
	<hr/>	<hr/>
Subtotal		
Capital assets not being depreciated		
Land	2,435	-
Construction in progress	465,883	-
	<hr/>	<hr/>
Total capital assets not being depreciated	468,318	-
Capital assets being depreciated		
Buildings	8,436,391	-
Machinery and equipment	5,667,794	-
Underground equipment	18,275,900	-
Land improvements	209,814	-
	<hr/>	<hr/>
Subtotal	32,589,899	-
Less accumulated depreciation	(21,155,705)	-
	<hr/>	<hr/>
Net capital assets being depreciated	11,434,194	-
	<hr/>	<hr/>
Total capital assets	11,902,512	-
	<hr/>	<hr/>
Total noncurrent assets	12,094,762	-
	<hr/>	<hr/>
Total assets	18,790,542	100,849

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

April 30, 2020

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunding	\$ 50,993	\$ -
OPEB items	172,145	-
Pension items - IMRF	136,388	-
Total deferred outflows of resources	359,526	-
Total assets and deferred outflows of resources	19,150,068	100,849
CURRENT LIABILITIES		
Accounts payable	1,270,386	81,998
Retainage payable	119,829	-
Interest payable	29,200	-
Accrued wages	60,463	-
Due to other funds	92,110	-
Compensated absences	5,238	-
Total OPEB liability	23,515	-
Illinois EPA revolving loan	57,875	-
General obligation bonds payable	220,000	-
Total current liabilities	1,878,616	81,998
NONCURRENT LIABILITIES		
Compensated absences payable	107,534	-
Total OPEB liability	700,526	-
Illinois EPA revolving loan	549,816	-
General obligation bonds payable	1,330,652	-
Total noncurrent liabilities	2,688,528	-
Total liabilities	4,567,144	81,998

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

April 30, 2020

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for a future period	\$ 281,184	\$ -
OPEB items	28,173	-
Pension items - IMRF	318,852	-
Total deferred inflows of resources	<u>628,209</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>5,195,353</u>	<u>81,998</u>
NET POSITION		
Net investment in capital assets	9,795,161	-
Unrestricted	<u>4,159,554</u>	<u>18,851</u>
TOTAL NET POSITION	<u><u>\$ 13,954,715</u></u>	<u><u>\$ 18,851</u></u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
OPERATING REVENUES		
Charges for services		
Water and sewer	\$ 7,502,551	\$ 193,912
Refuse	816,931	-
Miscellaneous	12,242	-
	<hr/>	<hr/>
Total operating revenues	8,331,724	193,912
	<hr/>	<hr/>
OPERATING EXPENSES		
Operations		
Water and sewer	6,738,525	204,902
Refuse	823,075	-
Depreciation	666,241	-
	<hr/>	<hr/>
Total operating expenses	8,227,841	204,902
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	103,883	(10,990)
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	285,136	-
Investment income	123,386	1,539
Interest expense and fiscal charges	(57,810)	-
	<hr/>	<hr/>
Total non-operating revenues (expenses)	350,712	1,539
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	454,595	(9,451)
	<hr/>	<hr/>
TRANSFERS (OUT)	(2,600,000)	(100,000)
	<hr/>	<hr/>
CHANGE IN NET POSITION	(2,145,405)	(109,451)
	<hr/>	<hr/>
NET POSITION, MAY 1	16,100,120	128,302
	<hr/>	<hr/>
NET POSITION, APRIL 30	\$ 13,954,715	\$ 18,851
	<hr/>	<hr/>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended April 30, 2020

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 8,140,622	\$ -
Receipts from internal services transactions	-	194,924
Payments to suppliers	(5,989,311)	(192,103)
Payments to employees	(1,499,768)	-
Net cash from operating activities	<u>651,543</u>	<u>2,821</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	285,136	-
Interfund transfers	(2,600,000)	(100,000)
Interfund borrowing	167,110	-
Net cash from noncapital financing activities	<u>(2,147,754)</u>	<u>(100,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(377,501)	-
Principal paid on bonds	(215,000)	-
Principal paid on Illinois EPA Loans	(57,875)	-
Interest paid on bonds	(57,810)	-
Net cash from capital and related financing activities	<u>(708,186)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	123,386	1,539
Net cash from investing activities	<u>123,386</u>	<u>1,539</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,081,011)	(95,640)
CASH AND CASH EQUIVALENTS, MAY 1	<u>7,434,739</u>	<u>185,482</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 5,353,728</u></u>	<u><u>\$ 89,842</u></u>

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended April 30, 2020

	Business-Type Activities	Governmental Activities
	Water, Sewer and Refuse	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 103,883	\$ (10,990)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	666,241	-
Changes in assets and liabilities		
Accounts receivable	(191,102)	1,012
Prepaid items	1,080	-
Deferred outflows of resources - pension items - IMRF	515,223	-
Accounts payable	(63,699)	12,799
Accrued payroll	1,623	-
Deferred inflows of resources - pension items - IMRF	242,855	-
Compensated absences payable	(4,956)	-
OPEB items	26,068	-
Net pension liability - IMRF	(645,673)	-
NET CASH FROM OPERATING ACTIVITIES	\$ 651,543	\$ 2,821
CASH AND INVESTMENTS		
Cash and cash equivalents	\$ 5,353,728	\$ 89,842
TOTAL CASH AND INVESTMENTS	\$ 5,353,728	\$ 89,842

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

April 30, 2020

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,601,769
Investments, at fair value	
U.S. agency securities	103,108
U.S. Treasury	1,334,159
Corporate bonds	5,781,680
Insurance contracts	2,322,120
Equity securities	5,502,835
Mutual funds	7,199,246
Receivables	
Accrued interest	45,581
Prepaid items	<u>530</u>
 Total assets	 <u>23,891,028</u>
LIABILITIES	
Accounts payable	<u>9,059</u>
 Total liabilities	 <u>9,059</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u><u>\$ 23,881,969</u></u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 2,737,241
Plan members	<u>659,762</u>
Total contributions	<u>3,397,003</u>
Investment income	
Net change in fair value of investments	(1,659,193)
Interest and dividends	<u>607,079</u>
Total investment income	(1,052,114)
Less investment expense	<u>(135,934)</u>
Net investment income	<u>(1,188,048)</u>
Total additions	<u>2,208,955</u>
DEDUCTIONS	
Benefits and refunds	4,521,196
Administration	<u>147,792</u>
Total deductions	<u>4,668,988</u>
NET (DECREASE)	(2,460,033)
NET POSITION RESTRICTED FOR PENSIONS	
May 1	<u>26,342,002</u>
April 30	<u><u>\$ 23,881,969</u></u>

See accompanying notes to financial statements.

CITY OF NORTH CHICAGO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a. Reporting Entity

The City is incorporated in Lake County in the state of Illinois. The City is a home rule unit and operates under the City Council form of government. The City is composed of the Mayor and seven Alderman. The City provides services to the community that include: fire, police, water, wastewater, refuse disposal, community development, public works, street maintenance, and other general services.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Discretely Presented Component Unit

North Chicago Public Library

The government-wide financial statements include the North Chicago Public Library (the Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the Mayor with the approval of the City Council. The Library's budget and tax levy is subject to approval by the City Council. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended April 30, 2020. No separate annual financial report is issued for the Library.

Fiduciary Component Units

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Fiduciary Component Units (Continued)

fiduciary nature of such activities. FPERs is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. The Firefighters' Pension Plan issues a separate annual financial report that includes required supplementary information.

b. Fund Accounting

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following internal service funds:

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

The City reports the following fiduciary funds:

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Interfund Receivables/Payables

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

g. Inventories

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

h. Prepaid Items

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

i. Capital Assets

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

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

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

j. Property Held for Resale

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

k. Compensated Absences

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

Employees accrue one day sick time per month up to 12 per year. IMRF employees can accrue up to 1,920 hours with no buy back, but the employees can apply the time for IMRF credit. If an employee has accumulated hours in excess of 560 hours, all such excess hours shall be paid at one-half the employee's hourly rate, if the City budget allows, at the beginning of each fiscal year or, if an employee is in a collective bargaining agreement (CBA), the CBA governs the payout.

l. Long-Term Obligations

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Long-Term Obligations (Continued)

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

m. Fund Balances/Net Position

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balances/Net Position (Continued)

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

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

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

n. Interfund Transactions

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

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

o. Accounting Estimates

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

p. Deferred Outflows/Inflows of Resources

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

2. DEPOSITS AND INVESTMENTS

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

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

a. City Deposits and Investments

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

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

Deposits with Financial Institutions

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

Investments

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

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

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

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

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

3. RECEIVABLES - TAXES

a. Property Taxes

Property taxes for levy year 2019 attaches as an enforceable lien on January 1, 2019, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2020 tax levy, which attached as an enforceable lien on the property as of January 1, 2020, has not been recorded as a receivable as of April 30, 2020, as the tax has not yet been levied by the City and will not be levied until December 2020 and, therefore, the levy is not measurable at April 30, 2020.

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

The county collects such taxes and remits them periodically. The 2019 property tax levy is recognized as a receivable and deferred inflows of resources in fiscal 2020. As the taxes become available to finance the period intended to finance, they are recognized as revenues. At April 30, 2020, the property taxes receivable and unearned revenue consisted of the estimated amount collectible from the 2019 levy.

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,781,140	\$ -	\$ -	\$ 2,781,140
Construction in progress	1,917,934	51,726	-	1,969,660
Total capital assets not being depreciated	4,699,074	51,726	-	4,750,800
Capital assets being depreciated				
Land improvements	584,525	-	-	584,525
Buildings and improvements	4,581,657	-	-	4,581,657
Infrastructure	11,828,920	54,870	-	11,883,790
Machinery and equipment	8,342,660	43,309	32,454	8,353,515
Total capital assets being depreciated	25,337,762	98,179	32,454	25,403,487

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

4. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
(Continued)				
Less accumulated depreciation for				
Land improvements	\$ 251,467	\$ 22,401	\$ -	\$ 273,868
Buildings and improvements	2,766,405	101,530	-	2,867,935
Infrastructure	8,270,311	98,411	-	8,368,722
Machinery and equipment	6,461,605	432,279	13,477	6,880,407
Total accumulated depreciation	17,749,788	654,621	13,477	18,390,932
Total capital assets being depreciated, net	7,587,974	(556,442)	18,977	7,012,555
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 12,287,048</u>	<u>\$ (504,716)</u>	<u>\$ 18,977</u>	<u>\$ 11,763,355</u>

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

GOVERNMENTAL ACTIVITIES		
General government		\$ 217,131
Public safety		356,210
Economic development		41,931
Highways and streets		39,349
		<u> </u>
TOTAL DEPRECIATION EXPENSE -		
GOVERNMENTAL ACTIVITIES		<u>\$ 654,621</u>

	Balances May 1, Restated	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,435	\$ -	\$ -	\$ 2,435
Construction in progress	390,307	92,435	16,859	465,883
Total capital assets not being depreciated	392,742	92,435	16,859	468,318
Capital assets being depreciated				
Land improvements	209,813	-	-	209,813
Buildings	8,436,391	-	-	8,436,391
Machinery and equipment	5,619,437	48,357	-	5,667,794
Underground equipment	18,022,331	253,568	-	18,275,899
Total capital assets being depreciated	32,287,972	301,925	-	32,589,897

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

4. CAPITAL ASSETS (Continued)

	Balances May 1, Restated	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES (Continued)				
Less accumulated depreciation for				
Land improvements	\$ 115,160	\$ 2,912	\$ -	\$ 118,072
Buildings	4,775,881	173,514	-	4,949,395
Machinery and equipment	4,181,447	224,353	-	4,405,800
Underground equipment	11,416,974	265,462	-	11,682,436
Total accumulated depreciation	<u>20,489,462</u>	<u>666,241</u>	<u>-</u>	<u>21,155,703</u>
 Total capital assets being depreciated, net	 11,798,510	 (364,316)	 -	 11,434,194
 BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 12,191,252</u>	<u>\$ (271,881)</u>	<u>\$ 16,859</u>	<u>\$ 11,902,512</u>

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health; natural disasters; and injuries to the City's employees.

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

Self-insured Dental and Vision

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

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

6. LONG-TERM DEBT

a. General Obligation Bonds

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

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

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

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

	Fund Debt Retired by	Balances May 1	Issuances	Reductions	Balances April 30	Due Within One Year
\$2,475,000 General Obligation Bonds, Series 2007A, dated May 9, 2007. Due in annual installments ranging from \$170,000 to \$290,000 with interest at 4% payable on May 1 and November 1. The last payment is due November 1, 2022.	Downtown TIF 2007A	\$ 1,055,000	\$ -	\$ 240,000	\$ 815,000	\$ 255,000
\$4,740,000 General Obligation Bonds, Series 2007B, dated May 9, 2007, are due in annual installments ranging from \$300,000 to \$580,000 starting in 2028. Interest is payable on May 1 and November 1 of each year at rates ranging from 4.30% to 4.35%. The last payment is due May 1, 2017.	Downtown TIF 2007B	4,740,000	-	-	4,740,000	-
\$8,860,000 General Obligation Bonds, Series 2007C, dated August 15, 2007 are due in annual installments ranging from \$290,000 to \$910,000 with interest at 5.81% to 6.01% payable on May 1 and November 1 of each year. The last payment is due November 21, 2027.	Grant Place Retail Center	6,370,000	-	495,000	5,875,000	550,000
\$6,010,000 General Obligation Bonds, Series 2014A, dated February 4, 2015 are due in annual installments ranging from \$695,000 to \$1,035,000 with interest at 3% to 4% payable May 1 and November 1 of each year. The last payment is due November 1, 2022.	Downtown TIF 2014A	3,755,000	-	845,000	2,910,000	905,000
TOTAL GOVERNMENTAL ACTIVITIES GENERAL OBLIGATION BONDS		\$ 15,920,000	\$ -	\$ 1,580,000	\$ 14,340,000	\$ 1,710,000

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

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

	Fund Debt Retired by	Balances May 1	Issuances	Reductions	Balances April 30	Due Within One Year
\$2,275,000 General Obligation Bonds, Series 2014B Refunding, dated February 4, 2015, are due in annual installments ranging from \$195,000 to \$265,000. Interest is payable on May 1 and November 1 of each year at rates ranging from 3% to 4%. The last payment is due November 1, 2025.	Water, Sewer and Refuse	\$ 1,675,000	\$ -	\$ 215,000	\$ 1,460,000	\$ 220,000
TOTAL BUSINESS TYPE ACTIVITIES GENERAL OBLIGATION BONDS		\$ 1,675,000	\$ -	\$ 215,000	\$ 1,460,000	\$ 220,000

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

Fiscal Year Ending April 30,	General Obligation Bonds					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,710,000	\$ 703,528	\$ 2,413,528	\$ 220,000	\$ 54,000	\$ 274,000
2022	1,840,000	625,173	2,465,173	230,000	45,000	275,000
2023	1,985,000	540,713	2,525,713	240,000	35,600	275,600
2024	720,000	449,367	1,169,367	245,000	25,900	270,900
2025	765,000	406,095	1,171,095	260,000	15,800	275,800
2026	810,000	360,118	1,170,118	265,000	5,300	270,300
2027	860,000	311,437	1,171,437	-	-	-
2028	910,000	259,751	1,169,751	-	-	-
2029	415,000	205,060	620,060	-	-	-
2030	435,000	187,215	622,215	-	-	-
2031	450,000	168,510	618,510	-	-	-
2032	470,000	149,160	619,160	-	-	-
2033	490,000	128,950	618,950	-	-	-
2034	510,000	107,880	617,880	-	-	-
2035	535,000	85,695	620,695	-	-	-
2036	555,000	62,423	617,423	-	-	-
2037	580,000	38,280	618,280	-	-	-
2038	300,000	6,525	306,525	-	-	-
TOTAL	\$ 14,340,000	\$ 4,795,880	\$ 19,135,880	\$ 1,460,000	\$ 181,600	\$ 1,641,600

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

6. LONG-TERM DEBT (Continued)

b. Illinois EPA Loans Payable

In December 2009, the City entered into a loan in the amount of \$1,752,856 with the Illinois Environmental Protection Agency (IEPA) for sanitary sewer replacement construction. The City is required to make semi-annual principal payments, aggregating to \$57,875 annually, through October 2030. The loan is non-interest bearing. The balance outstanding at April 30, 2020 is \$607,691.

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

Fiscal Year Ending April 30,	Illinois Environmental Protection Agency (IEPA)		
	Business -Type Activities		
	Principal	Interest	Total
2021	\$ 57,875	\$ -	\$ 57,875
2022	57,875	-	57,875
2023	57,875	-	57,875
2024	57,875	-	57,875
2025	57,875	-	57,875
2026	57,875	-	57,875
2027	57,875	-	57,875
2028	57,875	-	57,875
2029	57,875	-	57,875
2030	57,875	-	57,875
2031	28,941	-	28,941
TOTAL	\$ 607,691	\$ -	\$ 607,691

c. Note Payable - Illinois Finance Authority

In October 2017, the City entered into an agreement with the Illinois Finance Authority, in the amount of \$100,000, to be used for financing the purchase of an ambulance. Principal and interest payments ranging from \$20,372 to \$21,860 are due annually based on a five-year amortization schedule. Interest is charged at 1.86%. The outstanding loan balance at April 30, 2020 is \$40,000.

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

6. LONG-TERM DEBT (Continued)

c. Note Payable - Illinois Finance Authority (Continued)

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

Fiscal Year Ending April 30,	Note Payable - Illinois Financing Authority		
	Governmental Activities		
	Principal	Interest	Total
2021	\$ 20,000	\$ 744	\$ 20,744
2022	20,000	372	20,372
TOTAL	\$ 40,000	\$ 1,116	\$ 41,116

d. Note Payable - Illinois Department of Revenue

In January 2012, the City was notified by the State of Illinois that \$2,109,290 in local sales tax was reported to the department in error by a retailer in the City. The sales tax was previously distributed by the state to the City. As such, the City is liable for repayment of the local sales tax to the state. Due to the sizeable amount of the repayment, a monthly installment repayment plan was agreed upon between the City and the state. Monthly payments commenced in January 2012, with \$17,600 being deducted from the City's regular monthly sales tax distribution for a period of 120 months. Further, under the Economic Development Agreement between Abbott Laboratories Purchasing Company (ALPC) and the City, the City paid ALPC 50%, or \$1,054,645, of the local sales tax refund originally received. In 2013, ALPC repaid their refund liabilities portion to the City in full. The note is non-interest bearing. The balance at April 30, 2020 is \$349,290.

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

Fiscal Year Ending April 30,	Note Payable - Illinois Department of Revenue		
	Governmental Activities		
	Principal	Interest	Total
2021	\$ 211,200	\$ -	\$ 211,200
2022	138,090	-	138,090
TOTAL	\$ 349,290	\$ -	\$ 349,290

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

6. LONG-TERM DEBT (Continued)

e. Lawsuit Settlement Liability

During fiscal year 2006, the City reached a settlement for an alleged wrongful termination of a former employee. Under this agreement, the City is required to make monthly payments for the rest of the former employee's life. The estimated present value of these future payments of \$63,793 has been recorded as a note payable at April 30, 2020.

f. Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended April 30, 2020:

	Balances May 1, Restated	Issuances/ Increases	Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds payable	\$ 15,920,000	\$ -	\$ 1,580,000	\$ 14,340,000	\$ 1,710,000
Unamortized premium on bonds	178,455	-	78,664	99,791	-
Notes payable*	766,583	5,393	318,893	453,083	239,000
Compensated absences payable*	1,956,472	142,673	42,225	2,056,920	102,846
Net pension liability - IMRF*	1,761,918	-	1,761,918	-	-
Net pension liability - Police Pension*	61,795,798	30,083,459	-	91,879,257	-
Net pension liability - Fire Pension*	24,979,139	11,532,564	-	36,511,703	-
Total other postemployment benefits liability*	4,684,751	338,607	-	5,023,358	163,145
TOTAL GOVERNMENTAL ACTIVITIES	\$ 112,043,116	\$ 42,102,696	\$ 3,781,700	\$ 150,364,112	\$ 2,214,991

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

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

6. LONG-TERM DEBT (Continued)

f. Changes in Long-Term Debt (Continued)

The City reports a net pension asset of \$48,474 in governmental activities at April 30, 2020.

	Balances May 1	Issuances/ Increases	Reductions	Balances April 30	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
General obligation bonds payable	\$ 1,675,000	\$ -	\$ 215,000	\$ 1,460,000	\$ 220,000
Illinois EPA loan payable	665,566	-	57,875	607,691	57,875
Unamortized premium on bonds	113,317	-	22,665	90,652	-
Compensated absences payable	117,728	9,114	14,070	112,772	5,238
Total other postemployment benefit liability	675,235	48,806	-	724,041	23,515
Net pension liability - IMRF	628,423	-	628,423	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 3,875,269	\$ 57,920	\$ 938,033	\$ 2,995,156	\$ 306,628

The City reports a net pension asset of \$17,250 in business-type activities at April 30, 2020.

g. Legal Debt Margin

The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum ... shall not be included in the foregoing percentage amounts.”

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

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

7. INDIVIDUAL FUND DISCLOSURES

a. Transfers

Interfund transfers during the year ended April 30, 2020 consisted of the following:

Fund	Transfers In	Transfers Out
General	\$ 2,700,000	\$ -
Water, Sewer, and Refuse	-	2,600,000
Dental and Vision	-	100,000
TOTAL	\$ 2,700,000	\$ 2,700,000

The purpose of significant transfers is as follows:

- \$2,600,000 transferred from the Water, Sewer, and Refuse Fund to the General Fund for operational support. This amount will not be repaid.
- \$100,000 transferred from the Dental and Vision Fund to the General Fund for operational support. This amount will not be repaid.

b. Advances

The Water, Sewer and Refuse Fund advanced the General Fund \$175,000 and this will not be repaid within the next year.

c. Due from/to other funds

Due from/to other funds during the year ended April 30, 2020 consisted of the following:

Fund	Due From	Due To
General Fund	\$ 481,115	\$ -
Downtown TIF DS	-	500,000
Nonmajor Governmental	504,703	393,708
Water, Sewer and Refuse	-	92,110
TOTAL	\$ 985,818	\$ 985,818

7. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Due from/to other funds (Continued)

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

- \$92,110 owed from the Water, Sewer, and Refuse Fund to the General Fund for operating expenses. This amount will be paid within one year.
- \$500,000 owed from the Downtown TIF Redevelopment 2014A Fund to the Nonmajor Governmental Funds (Downtown TIF Redevelopment Project Area Fund) advanced \$500,000 for operating expenses. This amount will be repaid within the next year.
- \$393,708 owed from Nonmajor Governmental Funds to General Fund (\$389,005), and Nonmajor Governmental Funds (\$4,703) for operating expenses. This amount will be paid within one year.

8. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

c. Commitments

The City has entered into an agreement with a non-profit entity in which the City provides \$7,500 quarterly for the maintenance of certain property. The agreement expires September 2019, but there is an additional five year option. The City's expense related to this agreement was \$30,000 for the year ended April 30, 2020.

8. CONTINGENT LIABILITIES (Continued)

d. Economic Incentives

The City has entered into several agreements with local entities to rebate a portion of certain taxes derived from the operation of their businesses over a designated time period based on certain productivity criteria. The City has a total potential commitment to all entities of \$2,089,467 payable in quarterly, semiannual, or annual payments through 2028. The City's expense related to the incentive agreements was \$395,834 for the year ended April 30, 2020. \$15,222,188 has been rebated as of April 30, 2020 and \$23,192 was payable as of April 30, 2020.

9. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

The City provides pre- and post-Medicare postemployment health insurance benefits to its retirees and their spouses. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans unless a PSEBA. Elected officials are eligible for benefits if they qualify for retirement through Illinois Municipal Retirement Fund. All non-PSEBA members pay contribution rates equal to the premiums.

The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At May 1, 2018 (the date of the latest actuarial valuation), membership consisted of:

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

d. Actuarial Assumptions and Other Inputs

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

Actuarial valuation date	May 1, 2018
Measurement date	April 30, 2020
Actuarial cost method	Entry-age normal
Inflation	3.00%
Discount rate	2.85%
Healthcare cost trend rates	3.00% in fiscal 2019, to an ultimate trend rate of 4.50% to 5.00%

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20-year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at April 30, 2020.

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2019	\$ 5,441,058
Changes for the period	
Service cost	42,455
Interest	171,617
Changes in assumptions	351,061
Difference between expected and actual experience	-
Benefit payments	(189,483)
Other changes	<u>17,622</u>
Net changes	<u>393,272</u>
BALANCES AT APRIL 30, 2020	<u>\$ 5,834,329</u>

Changes in assumptions related to the discount rate were made in 2020.

g. Rate Sensitivity

The following is a sensitive analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 2.85% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85%) or 1 percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Total OPEB liability	\$ 6,915,515	\$ 5,834,329	\$ 5,004,225

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

	1% Decrease (2%)	Current Healthcare Rate (3%)	1% Increase (4%)
Total OPEB liability	\$ 4,988,143	\$ 5,834,329	\$ 6,915,547

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended April 30, 2020, the City recognized OPEB expense of \$399,533. At April 30, 2020, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	\$ 1,387,147	\$ 86,316
Differences between expected and actual experience	-	140,699
TOTAL	\$ 1,387,147	\$ 227,015

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

Fiscal Year Ending April 30,	
2021	\$ 185,461
2022	185,461
2023	185,461
2024	185,461
2025	185,461
2026	185,461
Thereafter	47,366
TOTAL	\$ 1,160,132

10. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by ILCS and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan issue separate annual financial reports that include required supplementary information. A copy of these annual reports can be obtained from the Police Pension Fund and Firefighters' Pension Fund at 1850 Lewis Avenue, North Chicago, Illinois 60064. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

The table below is a summary for all pension plans as of and for the year ended April 30, 2020:

	IMRF	Police Pension	Firefighters' Pension	Total
Net pension liability (asset)	\$ (65,724)	\$ 91,879,257	\$ 36,511,703	\$ 128,325,236
Deferred outflows of resources	519,601	26,356,270	10,948,946	37,824,817
Deferred inflows of resources	1,214,737	8,577,937	7,130,618	16,923,292
Pension expense	546,481	8,566,328	2,937,442	12,050,251

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Membership

At December 31, 2019 (plan measurement date), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	56
Active employees	<u>72</u>
 TOTAL	 <u><u>239</u></u>

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

Benefits Provided

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

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The City's and the Library's actuarially determined contribution rate for the fiscal year ended April 30, 2020 was 7.36% of covered payroll.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The City's net pension liability (asset) was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.35% to 14.25%
Interest rate	7.25%
Asset valuation method	Fair value

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

Discount Rate

The discount rate used to measure the IMRF total pension liability (asset) was 7.25%. The discount rate calculated using the December 31, 2018 measurement date was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City and the Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset)

City

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2019	\$ 25,094,816	\$ 22,704,475	\$ 2,390,341
Changes for the period			
Service cost	515,421	-	515,421
Interest	1,789,592	-	1,789,592
Difference between expected and actual experience	(109,226)	-	(109,226)
Changes in assumptions	-	-	-
Employer contributions	-	315,400	(315,400)
Employee contributions	-	207,942	(207,942)
Net investment income	-	4,268,018	(4,268,018)
Benefit payments and refunds	(1,331,889)	(1,331,889)	-
Administrative expense	-	-	-
Other (net transfer)	-	(139,508)	139,508
Net changes	863,898	3,319,963	(2,456,065)
BALANCES AT DECEMBER 31, 2019	\$ 25,958,714	\$ 26,024,438	\$ (65,724)

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset) (Continued)

Library

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2019	\$ 1,573,537	\$ 1,423,379	\$ 150,158
Changes for the period			
Service cost	32,375	-	32,375
Interest	112,408	-	112,408
Difference between expected and actual experience	(6,861)	-	(6,861)
Changes in assumptions	-	-	-
Employer contributions	-	19,811	(19,811)
Employee contributions	-	13,061	(13,061)
Net investment income	-	268,084	(268,084)
Benefit payments and refunds	(83,659)	(83,659)	-
Administrative expense	-	-	-
Other (net transfer)	-	(8,763)	8,763
Net changes	54,263	208,534	(154,271)
BALANCES AT DECEMBER 31, 2019	\$ 1,627,800	\$ 1,631,913	\$ (4,113)

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset) (Continued)

Total

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension (Asset) Liability
BALANCES AT JANUARY 1, 2019	\$ 26,668,353	\$ 24,127,854	\$ 2,540,499
Changes for the period			
Service cost	547,796	-	547,796
Interest	1,902,000	-	1,902,000
Difference between expected and actual experience	(116,087)	-	(116,087)
Changes in assumptions	-	-	-
Employer contributions	-	335,211	(335,211)
Employee contributions	-	221,003	(221,003)
Net investment income	-	4,536,102	(4,536,102)
Benefit payments and refunds	(1,415,548)	(1,415,548)	-
Administrative expense	-	-	-
Other (net transfer)	-	(148,271)	148,271
Net changes	918,161	3,528,497	(2,610,336)
BALANCES AT DECEMBER 31, 2019	\$ 27,586,514	\$ 27,656,351	\$ (69,837)

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2020, the City recognized pension expense of \$546,481 and the Library recognized pension expense of \$34,248. At April 30, 2020, the City and Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 130,517	\$ 73,478	\$ 57,039
Changes in assumption	271,145	46,904	224,241
Net difference between projected and actual earnings on pension plan investments	-	1,094,355	(1,094,355)
Contributions after measurement date	117,939	-	117,939
TOTAL	\$ 519,601	\$ 1,214,737	\$ (695,136)

Library

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 8,183	\$ 4,607	\$ 3,576
Changes in assumption	17,001	2,941	14,060
Net difference between projected and actual earnings on pension plan investments	-	68,615	(68,615)
Contributions after measurement date	7,395	-	7,395
TOTAL	\$ 32,579	\$ 76,163	\$ (43,584)

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

Total

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 138,700	\$ 78,085	\$ 60,615
Changes in assumption	288,146	49,845	238,301
Net difference between projected and actual earnings on pension plan investments	-	1,162,970	(1,162,970)
Contributions after measurement date	125,334	-	125,334
TOTAL	\$ 552,180	\$ 1,290,900	\$ (738,720)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table \$125,334 will be recognized as a reduction in the net pension liability for the year ending April 30, 2021. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	City	Library	Total
2021	\$ (67,675)	\$ (4,243)	\$ (71,918)
2022	(305,930)	(19,182)	(325,112)
2023	91,885	5,761	97,646
2024	(531,354)	(33,316)	(564,670)
TOTAL	\$ (813,074)	\$ (50,980)	\$ (864,054)

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset) (City)	\$ 3,151,108	\$ (65,724)	\$ (2,715,697)
Net pension liability (asset) (Library)	197,572	(4,113)	(170,272)
Net pension liability (asset) (Total)	<u>\$ 3,348,680</u>	<u>\$ (69,837)</u>	<u>\$ (2,885,969)</u>

Police Pension Plan

Plan Administration

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

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

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

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Plan Membership

At May 1, 2019 (the actuarial valuation date), the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	49
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>47</u>
TOTAL	<u>97</u>
 Number of participating employers	 <u><u>1</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Police Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% the past service cost for the Police Pension Plan. For the year ended April 30, 2020, the City's contribution was 38.48% of covered payroll.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds, and equity securities. During the year ended April 30, 2020, no changes to the investment policy were approved by the Board of Trustees.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using an asset allocation study by the Fund's investment manager. The best estimate ranges of expected future real rates of return (net of pension plan investments expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates for arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2020 are listed in the preceding table.

Investment Valuations

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

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.25%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. At April 30, 2020, the entire amount of the Fund's deposits were covered by the federal depository or equivalent insurance.

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities and money market mutual funds as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 1,334,159	\$ -	\$ 1,195,503	\$ 138,656	\$ -
Corporate bonds	2,007,457	157,514	780,117	1,069,826	-
TOTAL	\$ 3,341,616	\$ 157,514	\$ 1,975,620	\$ 1,208,482	\$ -

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

The Fund has the following recurring fair value measurements as of April 30, 2020: The U.S. Treasury obligations, equity securities and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The corporate bonds and insurance contracts are valued using quoted matrix pricing models (Level 2 inputs).

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and corporate bonds. The U.S. agency obligations and corporate bonds are rated BBB or better by Standard and Poor's or by Moody's Investors Services.

Custodial Credit Risk

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

Concentrations

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

Discount Rate

The discount rate used to measure the total pension liability was 3.40%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate on pension plan investments of 2.56% on long-term municipal bonds was applied to some periods of projected benefit payments to determine the total pension liability.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2019	\$ 77,531,988	\$ 15,736,190	\$ 61,795,798
Changes for the period			
Service cost	1,769,787	-	1,769,787
Interest	3,689,710	-	3,689,710
Changes of benefit terms	404,320	-	404,320
Difference between expected and actual experience	609,119	-	609,119
Changes in assumptions	25,408,469	-	25,408,469
Employer contributions	-	1,631,561	(1,631,561)
Employee contributions	-	405,485	(405,485)
Other contributions	-	-	-
Net investment income	-	(142,088)	142,088
Benefit payments and refunds	(2,911,005)	(2,911,005)	-
Administrative expense	-	(97,012)	97,012
Net changes	28,970,400	(1,113,059)	30,083,459
BALANCES AT APRIL 30, 2020	\$ 106,502,388	\$ 14,623,131	\$ 91,879,257

In 2020, there were changes in assumptions related to the discount rate, the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds, projected individual pay increases, projected total payroll increases, inflation rate, mortality rates and mortality improvement rates, retirement rates, termination rates, and disability rates. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

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

Actuarial valuation date	May 1, 2019
Actuarial measurement date	April 30, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.93% to 11.45%
Interest rate	7.00%
Discount rate	3.40%
Cost of living adjustments	3.00%
Asset valuation method	Fair value

Mortality rates are based on Pub-2010, adjusted for Plan Status, Demographics, and Illinois Pension Data, as appropriate.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 3.40% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.40%) or 1 percentage point higher (4.40%) than the current rate:

	1% Decrease (2.40%)	Current Discount Rate (3.40%)	1% Increase (4.40%)
Net pension liability	\$ 113,565,203	\$ 91,879,257	\$ 75,361,811

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2020, the City recognized police pension expense of \$8,566,328. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,049,173	\$ 285,680
Changes in assumption	24,370,886	8,292,257
Net difference between projected and actual earnings on pension plan investments	936,211	-
TOTAL	<u>\$ 26,356,270</u>	<u>\$ 8,577,937</u>

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

<u>Year Ending April 30,</u>	
2021	\$ 3,663,028
2022	2,854,094
2023	2,820,473
2024	3,960,895
2025	4,307,549
Thereafter	<u>172,294</u>
TOTAL	<u>\$ 17,778,333</u>

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

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

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

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

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

Plan Membership

At May 1, 2019 (the actuarial valuation date), the Firefighters' Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	31
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>33</u>
 TOTAL	 <u><u>69</u></u>
 Number of participating employers	 <u><u>1</u></u>

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a firefighter prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of (1) the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or (2) the average monthly salary obtained during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded annually. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Contributions

Covered employees are required by ILCS to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Firefighters' Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% the past service cost for the Firefighters' Pension Plan. For the year ended April 30, 2020, the City's contribution was 42.11% of covered payroll.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds, and equity securities. During the year ended April 30, 2020, no changes to the investment policy were approved by the Board of Trustees.

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

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

The long-term expected rate of return, as determined using an asset allocation study from the plan's investment advisors as of April 30, 2020, is 5.90%.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

The long-term expected rate of return on pension plan investments was determined using an asset allocation study from the plan's investment advisors at April 30, 2020. The best estimated ranges of expected future real rates of return (net pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and adding the expected inflation. Best estimates for arithmetic real rates of return excluding inflation for each major asset class included the Fund's target allocation as of April 30, 2020 are listed in the table on the previous page.

Investment Valuations

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

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (14.73)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities and money market mutual funds as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. agency obligations	\$ 103,108	\$ -	\$ -	\$ 12,461	\$ 90,647
Corporate bonds	3,774,223	450,600	3,323,623	-	-
TOTAL	\$ 3,877,331	\$ 450,600	\$ 3,323,623	\$ 12,461	\$ 90,647

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

The Fund has the following recurring fair value measurements as of April 30, 2020: The equity securities and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations and the corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

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

The U.S. agency obligations are rated AAA and Corporate Bonds are rated BBB or better. The fund policy requires that corporate bonds are rated BBB or better by Standard and Poor's or by Moody's Investors Services.

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Custodial Credit Risk

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

Concentrations

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

Discount Rate

The discount rate used to measure the total pension liability was 4.76%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate on pension plan investments of 2.56% on long-term municipal bonds was applied to some periods of projected benefit payments to determine the total pension liability.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2019	\$ 35,584,951	\$ 10,605,812	\$ 24,979,139
Changes for the period			
Service cost	790,979	-	790,979
Interest	2,052,011	-	2,052,011
Difference between expected and actual experience	372,655	-	372,655
Changes in assumptions	8,290,037	-	8,290,037
Changes of benefit terms	290,099	-	290,099
Employer contributions	-	1,105,680	(1,105,680)
Employee contributions	-	243,305	(243,305)
Other contributions	-	10,972	(10,972)
Net investment income	-	(1,045,960)	1,045,960
Benefit payments and refunds	(1,610,191)	(1,610,191)	-
Administrative expense	-	(50,780)	50,780
Net changes	10,185,590	(1,346,974)	11,532,564
BALANCES AT APRIL 30, 2020	\$ 45,770,541	\$ 9,258,838	\$ 36,511,703

In 2020, the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.79% to 2.56%. Changes in assumptions were made related to the discount rate, the projected individual pay increases, projected total payroll increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

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

Actuarial valuation date	May 1, 2019
Actuarial measurement date	April 30, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.64% to 10.88%
Interest rate	6.50%
Discount rate	4.76%
Cost of living adjustments	3.25%
Asset valuation method	Fair value

Mortality table used is the Pub-2010 adjusted for Plan Status, Demographics, and Illinois Public Pension Data as appropriate.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 4.76% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.76%) or 1 percentage point higher (5.76%) than the current rate:

	1% Decrease (3.76%)	Current Discount Rate (4.76%)	1% Increase (5.76%)
Net pension liability	\$ 44,831,443	\$ 36,511,703	\$ 30,006,002

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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

For the year ended April 30, 2020, the City recognized firefighter pension expense of \$2,937,442. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,697,975	\$ -
Changes in assumption	8,072,297	7,130,618
Net difference between projected and actual earnings on pension plan investments	1,178,674	-
TOTAL	<u>\$ 10,948,946</u>	<u>\$ 7,130,618</u>

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

<u>Year Ending April 30,</u>	
2021	\$ 513,003
2022	573,022
2023	453,507
2024	511,437
2025	310,434
Thereafter	<u>1,456,925</u>
TOTAL	<u>\$ 3,818,328</u>

11. NORTH CHICAGO PUBLIC LIBRARY

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

Custodial Credit Risk

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

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

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

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

11. NORTH CHICAGO PUBLIC LIBRARY (Continued)

c. Capital Assets

Capital asset activity for the year ended April 30, 2020 was as follows:

	Balances May 1, Restated	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 71,966	\$ -	\$ -	\$ 71,966
Total capital assets not being depreciated	71,966	-	-	71,966
Capital assets being depreciated				
Land improvements	9,400	-	-	9,400
Building and improvements	1,305,586	-	-	1,305,586
Library collections	-	-	-	-
Machinery and equipment	69,857	-	-	69,857
Total capital assets being depreciated	1,384,843	-	-	1,384,843
Less accumulated depreciation for				
Land improvements	9,400	-	-	9,400
Building and improvements	757,354	27,547	-	784,901
Library collections	-	-	-	-
Machinery and equipment	69,857	-	-	69,857
Total accumulated depreciation	836,611	27,547	-	864,158
Total capital assets being depreciated, net	548,232	(27,547)	-	520,685
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 620,198	\$ (27,547)	\$ -	\$ 592,651

d. Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Notes payable	\$ 264,085	\$ -	\$ 264,085	\$ -	\$ -
Compensated absences	46,350	7,270	2,848	50,772	2,539
IMRF net pension liability	150,158	-	150,158	-	-
Total OPEB liability	81,072	5,858	-	86,930	2,823
TOTAL	\$ 541,665	\$ 13,128	\$ 417,091	\$ 137,702	\$ 5,362

The Library has a net pension asset of \$4,113 at April 30, 2020.

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

11. NORTH CHICAGO PUBLIC LIBRARY (Continued)

e. Employee Retirement System

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

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

12. PRIOR PERIOD ADJUSTMENTS

The City recorded the following prior period adjustments:

	<u>Governmental Activities</u>
Correct Firefighters' pension net pension liability	\$ (2,838,465)
Correct compensated absences liability	<u>190,998</u>
TOTAL	<u>\$ (2,647,467)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
REVENUES			
Taxes	\$ 11,153,643	\$ 11,314,595	\$ 160,952
Licenses and permits	666,500	655,443	(11,057)
Intergovernmental	5,790,000	6,082,972	292,972
Grant proceeds	128,000	158,072	30,072
Fines and fees	2,386,500	2,664,731	278,231
Investment income	100,000	160,189	60,189
Miscellaneous	453,750	399,540	(54,210)
	<hr/>	<hr/>	<hr/>
Total revenues	20,678,393	21,435,542	757,149
EXPENDITURES			
Current			
General government and administration	5,131,878	5,051,473	(80,405)
Highways and streets	1,466,100	1,605,043	138,943
Public safety	14,362,386	14,484,175	121,789
Economic development	1,615,050	1,316,775	(298,275)
Capital outlay	499,737	180,867	(318,870)
Debt service			
Principal	382,162	311,093	(71,069)
Interest and fiscal charges	5,856	6,782	926
	<hr/>	<hr/>	<hr/>
Total expenditures	23,463,169	22,956,208	(506,961)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	(2,784,776)	(1,520,666)	(1,264,110)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,700,000	2,700,000	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,700,000	2,700,000	-
NET CHANGE IN FUND BALANCE	<hr/>	<hr/>	<hr/>
	\$(84,776)	1,179,334	\$(1,264,110)
FUND BALANCE, MAY 1		<hr/>	
		10,160,430	
FUND BALANCE, APRIL 30		<hr/>	
		\$ 11,339,764	

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

Last Two Fiscal Years

MEASUREMENT DATE APRIL 30,	2019	2020
TOTAL OPEB LIABILITY		
Service cost	\$ 39,565	\$ 42,455
Interest	153,133	171,617
Changes of benefit terms	-	-
Differences between expected and actual experience	(187,427)	(23,364)
Changes of assumptions	317,714	208,825
Benefit payments, including refunds of member contributions	(172,442)	-
Net change in total OPEB liability	150,543	399,533
Total OPEB liability - beginning	4,304,769	4,455,312
TOTAL OPEB LIABILITY - ENDING	\$ 4,455,312	\$ 4,854,845
Covered payroll	\$ 10,021,401	\$ 10,021,401
Employer's total OPEB liability as a percentage of covered payroll	44.46%	48.44%

There were changes of assumptions related to the discount rate in 2019 and 2020.

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

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 424,834	\$ 411,883	\$ 463,985	\$ 409,098	\$ 359,085
Contributions in relation to the actuarially determined contribution	421,862	421,048	463,986	409,098	359,085
CONTRIBUTION DEFICIENCY (Excess)	\$ 2,972	\$ (9,165)	\$ (1)	\$ -	\$ -
Covered payroll	\$ 4,627,821	\$ 4,669,874	\$ 5,143,963	\$ 5,155,125	\$ 4,778,386
Contributions as a percentage of covered payroll	9.12%	9.02%	9.02%	7.94%	7.51%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percentage of payroll, closed and the amortization period was 24-year closed period until the remaining period reaches 15 years (then a 15-year rolling period); the asset valuation method was five-year smoothed market with a 20.00% corridor; and the significant actuarial assumptions were wage growth at 3.50% annually; price inflation of 2.50% annually; projected salary increases of 3.35% to 14.25%, annually, including inflation; and an investment rate of return of 7.50% annually.

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 1,706,664	\$ 1,731,260	\$ 1,974,932	\$ 2,368,071	\$ 2,743,966	\$ 2,894,959
Contributions in relation to the actuarially determined contribution	871,239	1,119,364	1,245,337	1,340,164	2,074,877	1,631,561
CONTRIBUTION DEFICIENCY (EXCESS)	\$ 835,425	\$ 611,896	\$ 729,595	\$ 1,027,907	\$ 669,089	\$ 1,263,398
Covered payroll	\$ 4,321,523	\$ 431,455	\$ 4,204,648	\$ 4,351,811	\$ 3,966,822	\$ 4,239,961
Contributions as a percentage of covered payroll	20.16%	259.44%	29.62%	30.80%	52.31%	38.48%

Notes to Required Supplementary Information

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

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 853,872	\$ 910,002	\$ 880,492	\$ 1,034,154	\$ 1,235,584	\$ 1,530,152
Contributions in relation to the actuarially determined contribution	612,133	702,086	788,096	998,114	1,401,723	1,105,680
CONTRIBUTION DEFICIENCY (EXCESS)	\$ 241,739	\$ 207,916	\$ 92,396	\$ 36,040	\$ (166,139)	\$ 424,472
Covered payroll	\$ 2,267,983	\$ 2,356,214	\$ 2,387,259	\$ 2,470,813	\$ 2,778,373	\$ 2,625,739
Contributions as a percentage of covered payroll	26.99%	29.80%	33.01%	40.40%	50.45%	42.11%

Notes to Required Supplementary Information

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

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

Last Five Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 496,614	\$ 477,467	\$ 527,252	\$ 548,419	\$ 547,796
Interest	1,595,969	1,686,673	1,754,501	1,813,605	1,902,000
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	135,340	(234,768)	496,693	285,360	(116,087)
Changes of assumptions	27,111	(27,863)	(821,061)	757,516	-
Benefit payments, including refunds of member contributions	(980,356)	(1,031,753)	(1,072,356)	(1,287,468)	(1,415,548)
Net change in total pension liability	1,274,678	869,756	885,029	2,117,432	918,161
Total pension liability - beginning	21,521,458	22,796,136	23,665,892	24,550,921	26,668,353
TOTAL PENSION LIABILITY - ENDING	\$ 22,796,136	\$ 23,665,892	\$ 24,550,921	\$ 26,668,353	\$ 27,586,514
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 421,862	\$ 421,048	\$ 463,986	\$ 456,774	\$ 335,211
Contributions - member	266,754	210,159	231,479	269,498	221,003
Contributions - others	-	-	-	-	-
Net investment income (loss)	109,525	1,474,443	3,965,076	(1,398,107)	4,536,102
Benefit payments, including refunds of member contributions	(980,356)	(1,031,753)	(1,072,356)	(1,287,468)	(1,415,548)
Other (net transfer)	(487,761)	76,347	(341,468)	309,344	(148,271)
Net change in plan fiduciary net position	(669,976)	1,150,244	3,246,717	(1,649,959)	3,528,497
Plan fiduciary net position - beginning	22,050,828	21,380,852	22,531,096	25,777,813	24,127,854
PLAN FIDUCIARY NET POSITION - ENDING	\$ 21,380,852	\$ 22,531,096	\$ 25,777,813	\$ 24,127,854	\$ 27,656,351
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 1,415,284	\$ 1,134,796	\$ (1,226,892)	\$ 2,540,499	\$ (69,837)
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.80%	95.20%	105.00%	90.50%	100.30%
Covered payroll	\$ 4,627,821	\$ 4,669,874	\$ 5,143,963	\$ 5,336,150	\$ 4,908,990
Employer's net pension liability as a percentage of covered payroll	30.60%	24.30%	(23.90%)	47.60%	-1.40%

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

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

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

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

Last Six Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY						
Service cost	\$ 1,964,836	\$ 2,102,749	\$ 2,077,062	\$ 2,162,639	\$ 2,001,215	\$ 1,769,787
Interest	2,616,283	2,486,868	3,495,011	3,311,058	3,460,534	3,689,710
Changes of benefit terms	-	-	-	-	-	404,320
Differences between expected and actual experience	-	980,066	882,242	24,748	(453,236)	609,119
Changes of assumptions	-	13,134,903	(8,324,912)	(1,858,694)	(7,313,198)	25,408,469
Benefit payments, including refunds of member contributions	(2,286,321)	(2,328,436)	(2,437,557)	(2,750,999)	(2,793,059)	(2,911,005)
Net change in total pension liability	2,294,798	16,376,150	(4,308,154)	888,752	(5,097,744)	28,970,400
Total pension liability - beginning	67,378,186	69,672,984	86,049,134	81,740,980	82,629,732	77,531,988
TOTAL PENSION LIABILITY - ENDING	\$ 69,672,984	\$ 86,049,134	\$ 81,740,980	\$ 82,629,732	\$ 77,531,988	\$ 106,502,388
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 871,239	\$ 1,119,364	\$ 1,245,337	\$ 1,340,164	\$ 2,074,877	\$ 1,631,561
Contributions - member	449,402	474,366	422,719	391,043	380,089	405,485
Contributions - others	-	-	4,502	-	-	-
Net investment income (loss)	854,259	(951,250)	1,225,102	1,044,192	1,009,187	(142,088)
Benefit payments, including refunds of member contributions	(2,286,321)	(2,328,436)	(2,437,558)	(2,750,999)	(2,793,059)	(2,911,005)
Administrative expense	(54,681)	(58,333)	(52,857)	(50,720)	(57,945)	(97,012)
Net change in plan fiduciary net position	(166,102)	(1,744,289)	407,245	(26,320)	613,149	(1,113,059)
Plan fiduciary net position - beginning	16,652,507	16,486,405	14,742,116	15,149,361	15,123,041	15,736,190
PLAN FIDUCIARY NET POSITION - ENDING	\$ 16,486,405	\$ 14,742,116	\$ 15,149,361	\$ 15,123,041	\$ 15,736,190	\$ 14,623,131
EMPLOYER'S NET PENSION LIABILITY	\$ 53,186,579	\$ 71,307,018	\$ 66,591,619	\$ 67,506,691	\$ 61,795,798	\$ 91,879,257
Plan fiduciary net position as a percentage of the total pension liability	23.70%	17.10%	18.50%	18.30%	20.30%	13.70%
Covered payroll	\$ 4,321,523	\$ 4,313,455	\$ 4,204,648	\$ 4,351,811	\$ 3,966,822	\$ 4,239,961
Employer's net pension liability as a percentage of covered payroll	1230.70%	1653.10%	1583.80%	1551.20%	1557.80%	2167.00%

In 2020, the High-Quality 20 Year Tax-Exempt G.O. Bond Rate assumption was changed from 3.79% to 2.56%. The discount rate assumption was changed from 4.85% to 3.40%. Actuarial assumptions related to the projected individual pay increases, projected total payroll increases, inflation rate (CPI-U), mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates were changed.

In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300) in 2020.

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

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

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

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

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

Last Six Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY						
Service cost	\$ 1,075,887	\$ 986,970	\$ 987,334	\$ 1,032,949	\$ 1,130,220	\$ 790,979
Interest	1,454,398	1,529,797	1,834,010	1,773,804	1,842,246	2,052,011
Changes of benefit terms	-	-	-	-	-	290,099
Differences between expected and actual experience	-	289,492	1,058,782	18,391	1,072,746	372,655
Changes of assumptions	-	2,498,444	(3,796,674)	(314,947)	(7,164,842)	8,290,037
Benefit payments, including refunds of member contributions	(1,316,005)	(1,351,222)	(1,349,682)	(1,423,522)	(1,487,888)	(1,610,191)
Net change in total pension liability	1,214,280	3,953,481	(1,266,230)	1,086,675	(4,607,518)	10,185,590
Total pension liability - beginning	35,204,263	36,418,543	40,372,024	39,105,794	40,192,469	35,584,951
TOTAL PENSION LIABILITY - ENDING	\$ 36,418,543	\$ 40,372,024	\$ 39,105,794	\$ 40,192,469	\$ 35,584,951	\$ 45,770,541
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 612,133	\$ 702,086	\$ 788,096	\$ 998,114	\$ 1,401,723	\$ 1,105,680
Contributions - member	221,905	238,849	227,874	245,118	258,049	243,305
Contributions - others	-	-	21,325	16,784	-	10,972
Net investment income (loss)	580,526	(227,014)	899,899	504,213	923,175	(1,045,960)
Benefit payments, including refunds of member contributions	(1,316,005)	(1,351,222)	(1,349,682)	(1,423,522)	(1,487,888)	(1,610,191)
Administrative expense	(47,171)	(62,227)	(59,542)	(56,079)	(56,029)	(50,780)
Net change in plan fiduciary net position	51,388	(699,528)	527,970	284,628	1,039,030	(1,346,974)
Plan fiduciary net position - beginning	9,402,324	9,453,712	8,754,184	9,282,154	9,566,782	10,605,812
PLAN FIDUCIARY NET POSITION - ENDING	\$ 9,453,712	\$ 8,754,184	\$ 9,282,154	\$ 9,566,782	\$ 10,605,812	\$ 9,258,838
EMPLOYER'S NET PENSION LIABILITY	\$ 26,964,831	\$ 31,617,840	\$ 29,823,640	\$ 30,625,687	\$ 24,979,139	\$ 36,511,703
Plan fiduciary net position as a percentage of the total pension liability	26.00%	21.70%	23.70%	23.80%	29.80%	20.20%
Covered payroll	\$ 2,267,983	\$ 2,356,214	\$ 2,387,259	\$ 2,470,813	\$ 2,778,373	\$ 2,625,739
Employer's net pension liability as a percentage of covered payroll	1188.90%	1341.90%	1249.30%	1239.50%	899.10%	1390.50%

In 2020, the High-Quality 20 Year Tax-Exempt G.O. Bond Rate assumption was changed from 3.79% to 2.56%. The discount rate assumption was changed from 5.90% to 4.76%. Actuarial assumptions related to the projected individual pay increases, projected total payroll increases, inflation rate (CPI-U), mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates were changed.

In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300) in 2020.

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

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

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

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

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	4.78%	(6.79%)	8.53%	7.47%	6.83%	(1.25%)

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	6.05%	(6.07%)	7.96%	4.72%	9.74%	(14.73%)

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

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2020

BUDGETS

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

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

The City follows these procedures in establishing its appropriation ordinance:

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

Public hearings are conducted to obtain taxpayer comments.

Prior to July 31, the appropriation is legally enacted through passage of an ordinance. The appropriation ordinance and budget was approved on June 17, 2019.

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

There were no amendments made to the budget for the fiscal year ended April 30, 2020.

Discrete Component Unit

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

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

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

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

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

BUDGETS (Continued)

The Library Director is authorized to transfer budgeted amounts between library departments; however, any revisions that alter the total expenditures of any library fund must be approved by the Board of Trustees. There were no budget amendments for the fiscal year ended April 30, 2020.

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

All annual appropriations lapse at fiscal year end.

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

The appropriation ordinance and budget was approved on April 9, 2019.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following governmental funds had an excess of actual expenditures over budget for the fiscal year.

Fund	Excess
Downtown TIF Redevelopment Project Area Debt Service 2007A	\$ 548
Grant Place	92
Sheridan Crossing TIF Redevelopment Project Area	15,101
Downtown TIF Redevelopment Project Area Debt Series 2014A	273

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

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

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

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
TAXES			
Property taxes			
Real estate taxes	\$ 4,309,379	\$ 4,279,019	\$ (30,360)
Real estate taxes - Firefighters' and police pensions	2,355,764	2,337,241	(18,523)
Real estate taxes - road and bridge	33,000	32,222	(778)
Hotel/motel tax	224,000	209,749	(14,251)
Real estate transfer tax	135,000	94,812	(40,188)
Food and beverage tax	270,000	304,395	34,395
Municipal motor fuel tax	800,000	699,923	(100,077)
Self storage facility tax	38,000	50,921	12,921
Utility tax	1,500,000	1,418,926	(81,074)
Simplified telecommunications tax	600,000	451,071	(148,929)
Automobile rental tax	8,500	10,222	1,722
Local use tax	725,000	1,164,253	439,253
State video gaming tax	155,000	261,841	106,841
	<hr/>	<hr/>	<hr/>
Total taxes	11,153,643	11,314,595	160,952
LICENSES, PERMITS, AND FEES			
Video gaming terminal	-	85,000	85,000
Contractors license	19,000	18,412	(588)
Pet tag license	500	254	(246)
Liquor license	55,000	65,625	10,625
Business license	110,000	135,778	25,778
Landlord license	55,000	76,980	21,980
Property vacancies registration	60,000	45,850	(14,150)
Building permits	230,000	124,507	(105,493)
Rezoning variance permits	1,000	1,660	660
Miscellaneous permits	1,000	1,585	585
Truck stickers	12,000	11,720	(280)
Occupancy permits	75,000	50,805	(24,195)
Hazard materials permits	20,000	30,000	10,000
Fire inspections	-	100	100
Taxi A drivers license	28,000	7,167	(20,833)
	<hr/>	<hr/>	<hr/>
Total licenses, permits, and fees	666,500	655,443	(11,057)
INTERGOVERNMENTAL			
State income tax	2,615,000	3,680,510	1,065,510
Sales tax	2,925,000	2,008,005	(916,995)
Replacement tax	250,000	353,362	103,362
Foreign fire insurance tax	-	34,230	34,230
Cannabis use tax	-	6,865	6,865
	<hr/>	<hr/>	<hr/>
Total intergovernmental	5,790,000	6,082,972	292,972
GRANT PROCEEDS			
North Chicago Housing Authority	3,000	16,191	13,191
Other grants	125,000	141,881	16,881
	<hr/>	<hr/>	<hr/>
Total grant proceeds	128,000	158,072	30,072

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
FINES AND FEES			
Lien fees	\$ 60,000	\$ 11,985	\$ (48,015)
Animal fines and fees	500	-	(500)
Photocopies	3,000	5,296	2,296
Code books and maps	-	1,000	1,000
Fire service charges			
Ambulance fees	365,000	556,251	191,251
Policing charges			
Parking fines	24,000	21,900	(2,100)
Redflex fines	300,000	497,806	197,806
Adjudication fines	150,000	93,835	(56,165)
Adjudication court costs	5,000	4,350	(650)
Police service fees	1,125,000	1,112,649	(12,351)
Alarm service fees	14,000	4,529	(9,471)
Lake County Circuit fees and fines	105,000	120,154	15,154
Overweight truck fees	-	1,025	1,025
Building fines and penalties	10,000	15,500	5,500
Cable franchise fees	140,000	172,713	32,713
Railroad parking lot pass fees	10,000	10,711	711
Community day fees	75,000	35,027	(39,973)
	<hr/>	<hr/>	<hr/>
Total fines and fees	2,386,500	2,664,731	278,231
INVESTMENT INCOME			
Investment income	100,000	160,189	60,189
	<hr/>	<hr/>	<hr/>
Total investment income	100,000	160,189	60,189
MISCELLANEOUS			
Student youth program	30,000	10,000	(20,000)
Cable land use lease	100,000	111,397	11,397
Community days donations	-	66,100	66,100
Rental income	13,000	13,249	249
Sale of capital assets	21,500	-	(21,500)
Sale of city property	1,000	-	(1,000)
Donations	-	741	741
Miscellaneous	10,000	16,309	6,309
NSF check fee	250	385	135
Reimbursements	245,000	148,359	(96,641)
Receipts from component unit	33,000	33,000	-
	<hr/>	<hr/>	<hr/>
Total miscellaneous	453,750	399,540	(54,210)
TOTAL REVENUES			
	<hr/>	<hr/>	<hr/>
	\$ 20,678,393	\$ 21,435,542	\$ 757,149

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT			
Mayor's office			
Salaries and wages			
Full-time salaries and wages	\$ 284,100	\$ 263,661	\$ (20,439)
Overtime allowances	-	1,037	1,037
Other	2,500	-	(2,500)
Total salaries and wages	<u>286,600</u>	<u>264,698</u>	<u>(21,902)</u>
Fringe benefits			
IMRF match	21,800	20,737	(1,063)
Employer's health insurance	20,050	22,718	2,668
Employer's dental and vision insurance	1,060	1,077	17
Social Security match	18,100	17,113	(987)
Medicare match	4,100	4,005	(95)
Life insurance premiums	385	325	(60)
Total fringe benefits	<u>65,495</u>	<u>65,975</u>	<u>480</u>
Contractual services			
Vehicle maintenacne	450	1,406	956
Telephone	700	1,808	1,108
Travel and training	20,000	19,547	(453)
Public relations	5,500	3,154	(2,346)
Postage	-	72	72
Other professional services	5,350	23,441	18,091
Dues and memberships	11,000	10,709	(291)
Total contractual services	<u>43,000</u>	<u>60,137</u>	<u>17,137</u>
Commodities			
Office supplies	1,500	1,479	(21)
Gasoline and oil	1,800	1,815	15
Publications	1,400	376	(1,024)
Student youth program expenses	20,000	7,703	(12,297)
Miscellaneous	15,300	22,013	6,713
Total commodities	<u>40,000</u>	<u>33,386</u>	<u>(6,614)</u>
Total mayor's office	<u>435,095</u>	<u>424,196</u>	<u>(10,899)</u>
City clerk's office			
Salaries and wages			
Full-time salaries and wages	143,100	144,302	1,202
Total salaries and wages	<u>143,100</u>	<u>144,302</u>	<u>1,202</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
City clerk's office (Continued)			
Fringe benefits			
IMRF match	\$ 10,700	\$ 10,596	\$ (104)
Employer's health insurance	13,650	12,856	(794)
Employer's dental and vision insurance	1,100	1,038	(62)
Social Security match	8,900	8,601	(299)
Medicare match	2,100	2,011	(89)
Life insurance premiums	205	204	(1)
Total fringe benefits	<u>36,655</u>	<u>35,306</u>	<u>(1,349)</u>
Contractual services			
Maintenance - equipment	1,000	-	(1,000)
Travel and training	1,500	-	(1,500)
Printing and publishing	6,000	5,638	(362)
Dues and memberships	1,200	517	(683)
Total contractual services	<u>9,700</u>	<u>6,155</u>	<u>(3,545)</u>
Commodities			
Office supplies	1,200	843	(357)
Gasoline and oil	1,750	1,320	(430)
Publications	1,200	987	(213)
Miscellaneous	250	59	(191)
Total commodities	<u>4,400</u>	<u>3,209</u>	<u>(1,191)</u>
Total city clerk's office	<u>193,855</u>	<u>188,972</u>	<u>(4,883)</u>
Legislative			
Salaries and wages			
Part-time salaries and wages	<u>77,000</u>	<u>70,584</u>	<u>(6,416)</u>
Total salaries and wages	<u>77,000</u>	<u>70,584</u>	<u>(6,416)</u>
Fringe benefits			
IMRF match	3,300	3,003	(297)
Employer's health insurance	41,700	42,496	796
Employer's dental and vision insurance	2,200	2,172	(28)
Social Security match	4,800	3,790	(1,010)
Medicare match	1,200	886	(314)
Life insurance premiums	575	571	(4)
Total fringe benefits	<u>53,775</u>	<u>52,918</u>	<u>(857)</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
Legislative (Continued)			
Contractual services			
Aldermanic expenses	\$ 39,900	\$ 49,704	\$ 9,804
Printing and publishing	500	833	333
Other professional services	10,300	7,215	(3,085)
Dues and memberships	4,600	3,622	(978)
Total contractual services	<u>55,300</u>	<u>61,374</u>	<u>6,074</u>
Commodities			
Office supplies	250	-	(250)
Total commodities	<u>250</u>	<u>-</u>	<u>(250)</u>
Total legislative	<u>186,325</u>	<u>184,876</u>	<u>(1,449)</u>
City Treasurer			
Salaries and wages			
Part-time salaries and wages	23,000	21,178	(1,822)
Total salaries and wages	<u>23,000</u>	<u>21,178</u>	<u>(1,822)</u>
Fringe benefits			
IMRF match	1,750	1,570	(180)
Employer's dental and vision insurance	740	652	(88)
Social Security match	1,425	1,313	(112)
Medicare match	335	307	(28)
Life insurance premiums	102	66	(36)
Total fringe benefits	<u>4,352</u>	<u>3,908</u>	<u>(444)</u>
Contractual services			
Travel and training	6,000	4,384	(1,616)
Postage	-	-	-
Printing and publishing	2,000	941	(1,059)
Dues and memberships	1,500	474	(1,026)
Total contractual services	<u>9,500</u>	<u>5,799</u>	<u>(3,701)</u>
Commodities			
Office supplies	800	28	(772)
Gasoline and oil	1,500	383	(1,117)
Miscellaneous	1,000	407	(593)
Total commodities	<u>3,300</u>	<u>818</u>	<u>(2,482)</u>
Total city treasurer	<u>40,152</u>	<u>31,703</u>	<u>(8,449)</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
Comptroller			
Salaries and wages			
Full-time salaries and wages	\$ 377,000	\$ 316,322	\$ (60,678)
Overtime allowances	7,500	2,006	(5,494)
Total salaries and wages	<u>384,500</u>	<u>318,328</u>	<u>(66,172)</u>
Fringe benefits			
IMRF match	28,100	23,664	(4,436)
Employer's health insurance	53,500	55,208	1,708
Employer's dental and vision insurance	2,800	2,438	(362)
Social Security match	23,500	18,674	(4,826)
Medicare match	5,600	4,367	(1,233)
Life insurance premiums	570	230	(340)
Total fringe benefits	<u>114,070</u>	<u>104,581</u>	<u>(9,489)</u>
Contractual services			
Maintenance - equipment	-	1,344	1,344
Travel and training	3,500	4,681	1,181
Postage	500	-	(500)
Printing and publishing	5,200	3,539	(1,661)
Auditing service	30,000	32,823	2,823
Payroll services	38,000	38,014	14
Other professional services	130,500	107,808	(22,692)
Dues and memberships	1,000	1,307	307
Bank service charges	10,000	10,921	921
Total contractual services	<u>218,700</u>	<u>200,437</u>	<u>(18,263)</u>
Commodities			
Office supplies	4,000	1,490	(2,510)
Miscellaneous	500	326,743	326,243
Total commodities	<u>4,500</u>	<u>328,233</u>	<u>323,733</u>
Total comptroller	<u>721,770</u>	<u>951,579</u>	<u>229,809</u>
Information technology			
Contractual services			
Maintenance - equipment	146,600	113,012	(33,588)
Telephone	6,000	7,522	1,522
Travel and training	3,500	-	(3,500)
Other professional services	247,900	233,643	(14,257)
Dues and memberships	-	62	62
Total contractual services	<u>404,000</u>	<u>354,239</u>	<u>(49,761)</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)			
Information technology (Continued)			
Commodities			
Operating supplies	\$ 7,500	\$ 1,800	\$ (5,700)
Total commodities	7,500	1,800	(5,700)
Total information technology	411,500	356,039	(55,461)
Human resources			
Salaries and wages			
Full-time salaries and wages	136,000	138,166	2,166
Overtime allowance	-	38	38
Total salaries and wages	136,000	138,204	2,204
Fringe benefits			
IMRF match	8,500	9,945	1,445
Employer's health insurance	21,600	21,941	341
Employer's dental and vision	1,100	1,000	(100)
Social Security match	8,400	8,546	146
Medicare match	2,000	1,925	(75)
Life insurance premiums	184	184	-
Total fringe benefits	41,784	43,541	1,757
Contractual services			
Telephone	600	688	88
Travel and training	3,800	1,635	(2,165)
In-house training	5,700	5,269	(431)
Postage	-	146	146
Software and program fees	1,000	960	(40)
Medical service	25,000	16,749	(8,251)
Other employee benefits	7,050	6,390	(660)
Other professional services	-	1,689	1,689
Dues and memberships	2,255	747	(1,508)
Total contractual services	45,405	34,273	(11,132)
Commodities			
Office supplies	2,000	1,561	(439)
Publications	-	60	60
Advertising	10,000	4,153	(5,847)
Employee recognition program	4,300	4,068	(232)
Miscellaneous expense	-	295	295
Total commodities	16,300	10,137	(6,163)
Total human resources	239,489	226,155	(13,334)

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over (Under)</u>
GENERAL GOVERNMENT (Continued)			
Boards and commissions			
Salaries and wages			
Part-time salaries and wages	\$ 12,000	\$ 8,066	\$ (3,934)
Total salaries and wages	<u>12,000</u>	<u>8,066</u>	<u>(3,934)</u>
Fringe benefits			
Social Security match	918	500	(418)
Medicare match	174	117	(57)
Total fringe benefits	<u>1,092</u>	<u>617</u>	<u>(475)</u>
Contractual services			
Phone	-	284	284
Travel and training	4,000	3,118	(882)
Postage	100	-	(100)
Printing and publishing	500	-	(500)
Professional services	12,000	25,399	13,399
Dues and memberships	-	375	375
Legal services	25,000	19,875	(5,125)
Total contractual services	<u>41,600</u>	<u>49,051</u>	<u>7,451</u>
Commodities			
Miscellaneous	-	109	109
Total commodities	<u>-</u>	<u>109</u>	<u>109</u>
Total boards and commissions	<u>54,692</u>	<u>57,843</u>	<u>3,151</u>
COVID-19			
Salaries and wages			
Full-time salaries and wages	-	34,012	34,012
Total salaries and wages	<u>-</u>	<u>34,012</u>	<u>34,012</u>
Contractual services			
Other professional services	-	37,785	37,785
Contractual services	-	11,463	11,463
Public relations	-	1,744	1,744
Total contractual services	<u>-</u>	<u>50,992</u>	<u>50,992</u>
Commodities			
Operating supplies	-	40,434	40,434
Total commodities	<u>-</u>	<u>40,434</u>	<u>40,434</u>
Total COVID-19	<u>-</u>	<u>125,438</u>	<u>125,438</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 2,282,878</u>	<u>\$ 2,546,801</u>	<u>\$ 263,923</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
ADMINISTRATION SERVICES			
Contractual services			
Unemployment insurance	\$ 10,000	\$ 26,822	\$ 16,822
Workers comp insurance premium	68,000	67,286	(714)
Workers comp claims and reimbursement	200,000	433,341	233,341
Liability insurance	387,000	432,501	45,501
Other insurance	-	4,231	4,231
Liability claims and reimbursement	200,000	7,439	(192,561)
Duty disability insurance premium	62,000	129,580	67,580
Telephone	225,000	105,055	(119,945)
Utilities	10,000	4,371	(5,629)
Postage	16,000	17,853	1,853
Printing and publishing	7,000	3,779	(3,221)
Legal retainer fees	26,000	20,000	(6,000)
Other professional services	44,000	-	(44,000)
Redflex traffic system fees	150,000	150,658	658
Dues and memberships	5,500	-	(5,500)
Economic incentive-Abbvie	620,000	143,689	(476,311)
Economic incentive-Abbott	200,000	227,390	27,390
Lake Bluff sales tax sharing	12,000	24,755	12,755
Lawsuits and attorney fees	350,000	510,405	160,405
Office supplies	-	92	92
Public relations	35,000	33,717	(1,283)
Community days	76,500	84,114	7,614
Miscellaneous	15,000	18,735	3,735
VSP	100,000	28,859	(71,141)
Reimbursement	30,000	30,000	-
Total contractual services	<u>2,849,000</u>	<u>2,504,672</u>	<u>(344,328)</u>
TOTAL ADMINISTRATION SERVICES	<u>2,849,000</u>	<u>2,504,672</u>	<u>(344,328)</u>
TOTAL GENERAL GOVERNMENT AND ADMINISTRATION SERVICES	<u>\$ 5,131,878</u>	<u>\$ 5,051,473</u>	<u>\$ (80,405)</u>
HIGHWAY AND STREETS			
Street department			
Salaries and wages			
Full-time salaries and wages	\$ 811,700	\$ 795,678	\$ (16,022)
Part-time salaries and wages	1,000	-	(1,000)
Sick leave sell back	500	-	(500)
Overtime allowances	40,000	42,716	2,716
Total salaries and wages	<u>853,200</u>	<u>838,394</u>	<u>(14,806)</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
HIGHWAY AND STREETS (Continued)			
Street department (Continued)			
Fringe benefits			
IMRF match	\$ 60,400	\$ 63,121	\$ 2,721
Employer's health insurance	145,800	111,266	(34,534)
Employer's dental and vision insurance	10,000	8,891	(1,109)
Social Security match	46,500	49,985	3,485
Medicare match	10,800	11,931	1,131
Life insurance premiums	1,450	1,429	(21)
Total fringe benefits	<u>274,950</u>	<u>246,623</u>	<u>(28,327)</u>
Contractual services			
Maintenance - building	15,000	6,369	(8,631)
Maintenance - vehicles	25,000	135,501	110,501
Maintenance - equipment	6,000	32,067	26,067
Maintenance - streets	60,000	49,355	(10,645)
Maintenance - grounds	1,500	7,987	6,487
Telephone	4,000	4,563	563
Street lighting	-	707	707
Rentals	2,500	2,774	274
Travel and training	2,000	6,571	4,571
Postage	100	33	(67)
Printing and publishing	-	58	58
Software and program fees	4,000	-	(4,000)
Janitorial	10,200	10,200	-
Engineering services	10,000	60,814	50,814
Other professional services	131,000	121,874	(9,126)
Memberships and dues	1,200	1,780	580
Total contractual services	<u>272,500</u>	<u>440,653</u>	<u>168,153</u>
Commodities			
Office supplies	900	867	(33)
Gasoline and oil	30,000	20,439	(9,561)
Maintenance and supplies	13,000	38,126	25,126
Operating supplies	4,500	8,270	3,770
Uniforms	16,300	11,052	(5,248)
Reimbursements	250	31	(219)
Miscellaneous	500	588	88
Total commodities	<u>65,450</u>	<u>79,373</u>	<u>13,923</u>
TOTAL HIGHWAY AND STREETS	<u>1,466,100</u>	<u>1,605,043</u>	<u>138,943</u>

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
PUBLIC SAFETY			
Police department			
Salaries and wages			
Full-time salaries and wages	\$ 4,560,000	\$ 4,927,500	\$ 367,500
Part-time salaries and wages	140,000	133,353	(6,647)
Voluntary separation plan	20,000	20,373	373
Holiday taken	-	-	-
Police special detail	45,000	46,390	1,390
Overtime allowances	100,000	167,192	67,192
Double overtime	7,500	8,097	597
Police overtime	1,000,000	852,326	(147,674)
Comp time accrued	-	-	-
Sick leave sell back	15,000	17,190	2,190
Workers' compensation	100,000	58,267	(41,733)
Total salaries and wages	5,987,500	6,230,688	243,188
Fringe benefits			
IMRF match	33,600	69,474	35,874
Employer pension contribution	1,642,738	1,631,561	(11,177)
Employer's health insurance	618,674	634,829	16,155
Employer's dental and vision insurance	41,700	41,584	(116)
Social Security match	28,000	52,163	24,163
Uniform allowances	10,000	19,425	9,425
Medicare match	66,000	83,046	17,046
Life insurance premiums	5,800	6,302	502
Total fringe benefits	2,446,512	2,538,384	91,872
Contractual services			
Maintenance - buildings	1,000	666	(334)
Maintenance - vehicles	45,000	98,587	53,587
Maintenance - equipment	41,000	40,433	(567)
Telephone	22,000	20,840	(1,160)
Rentals	600	-	(600)
Travel and training	79,250	30,863	(48,387)
Postage	600	138	(462)
Printing and publishing	11,000	11,028	28
Software and program fees	101,400	147,903	46,503
Other professional services	149,000	198,405	49,405
Dues and memberships	13,915	8,697	(5,218)
Animal control	31,500	42,982	11,482
Other communication service	45,800	2,849	(42,951)
Dispatch services	740,333	139,241	(601,092)
Total contractual services	1,282,398	742,632	(539,766)

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
PUBLIC SAFETY (Continued)			
Police department (Continued)			
Commodities			
Office supplies	\$ 13,400	\$ 15,116	\$ 1,716
Gasoline and oil	80,000	81,742	1,742
Maintenance supplies	-	1,064	1,064
Operating supplies	43,200	22,991	(20,209)
Uniforms	61,000	55,571	(5,429)
Prisoner meals	1,500	706	(794)
Investigative expense	8,000	19,649	11,649
Crime prevention	25,500	15,347	(10,153)
Miscellaneous	3,400	8,796	5,396
Total commodities	<u>236,000</u>	<u>220,982</u>	<u>(15,018)</u>
Total police department	<u>9,952,410</u>	<u>9,732,686</u>	<u>(219,724)</u>
Fire department			
Salaries and wages			
Full-time salaries and wages	2,531,500	2,724,852	193,352
Part-time salaries and wages	1,200	1,157	(43)
Fire overtime	40,000	104,389	64,389
Holiday taken	-	-	-
Fire lieutenant pay	5,500	3,019	(2,481)
Overtime allowances	-	78	78
Sick leave buy back	15,000	11,083	(3,917)
Workers' compensation	-	81,940	81,940
Good attendance	27,000	23,002	(3,998)
Total salaries and wages	<u>2,620,200</u>	<u>2,949,520</u>	<u>329,320</u>
Fringe benefits			
IMRF match	12,500	11,158	(1,342)
Employer pension contribution	1,113,026	1,105,680	(7,346)
Employer's health insurance	387,900	423,151	35,251
Employer's dental and vision insurance	31,000	29,560	(1,440)
Social Security match	10,500	7,533	(2,967)
Medicare match	37,000	39,615	2,615
Life insurance premiums	3,100	3,336	236
Total fringe benefits	<u>1,595,026</u>	<u>1,620,033</u>	<u>25,007</u>
Contractual services			
Maintenance - vehicles	32,000	33,161	1,161
Maintenance - equipment	15,100	4,708	(10,392)
Telephone	4,700	5,617	917
Rentals	1,500	1,219	(281)
Travel and training	30,000	23,565	(6,435)
Postage	300	137	(163)

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Contractual services (Continued)			
Printing and publishing	\$ 5,600	\$ 3,505	\$ (2,095)
Medical services	11,500	10,081	(1,419)
Other professional services	6,125	15,142	9,017
Dues and memberships	9,425	9,787	362
Total contractual services	116,250	106,922	(9,328)
Commodities			
Office supplies	2,500	2,395	(105)
Gasoline and oil	23,000	22,882	(118)
Maintenance supplies	4,000	5,323	1,323
Operating supplies	9,500	10,591	1,091
Ambulance operating supplies	9,000	5,224	(3,776)
Uniforms	25,000	23,046	(1,954)
Hazardous material enforcement	3,000	1,351	(1,649)
Miscellaneous	2,500	4,202	1,702
Total commodities	78,500	75,014	(3,486)
Total fire department	4,409,976	4,751,489	341,513
TOTAL PUBLIC SAFETY	14,362,386	14,484,175	121,789
ECONOMIC DEVELOPMENT DEPARTMENT			
Building division			
Salaries and wages			
Full-time salaries and wages	\$ 293,000	\$ 271,783	\$ (21,217)
Straight overtime	1,000	-	(1,000)
Overtime	6,500	8,284	1,784
Total salaries and wages	300,500	280,067	(20,433)
Fringe benefits			
IMRF match	21,800	20,391	(1,409)
Employer's health insurance	38,700	33,721	(4,979)
Employer's dental and vision insurance	5,100	4,847	(253)
Social Security match	18,100	16,454	(1,646)
Medicare match	4,300	3,848	(452)
Life insurance premiums	460	446	(14)
Total fringe benefits	88,460	79,707	(8,753)
Contractual services			
Maintenance - vehicles	1,320	2,989	1,669
Telephone	3,500	2,693	(807)
Travel and training	3,000	3,100	100
Postage	200	382	182
Printing and publishing	6,000	5,462	(538)

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
ECONOMIC DEVELOPMENT DEPARTMENT (Continued)			
Building division (Continued)			
Contractual services (Continued)			
Reimbursable building division	\$ 60,000	\$ 188,033	\$ 128,033
Other professional services	310,000	95,317	(214,683)
Dues and memberships	1,850	1,485	(365)
Demolition	20,000	20,687	687
Fasttrack demolition	35,000	-	(35,000)
Total contractual services	440,870	320,148	(120,722)
Commodities			
Office supplies	2,500	1,726	(774)
Gasoline and oil	3,500	1,902	(1,598)
Maintenance supplies	-	123	123
Operating supplies	1,000	-	(1,000)
Uniforms	-	181	181
Publications	500	-	(500)
Total commodities	7,500	3,932	(3,568)
Total building division	837,330	683,854	(153,476)
Facilities management			
Salaries and wages			
Full-time salaries and wages	94,000	95,024	1,024
Overtime	2,500	5,667	3,167
Total salaries and wages	96,500	100,691	4,191
Fringe benefits			
IMRF match	7,000	7,490	490
Employer's health insurance	13,700	14,334	634
Employer's dental and vision insurance	700	661	(39)
Social Security match	6,000	5,560	(440)
Medicare match	1,400	1,373	(27)
Life insurance premiums	130	127	(3)
Total fringe benefits	28,930	29,545	615
Contractual services			
Maintenance - building	72,000	83,826	11,826
Maintenance - vehicle	1,010	2,340	1,330
Maintenance - equipment	8,000	11,898	3,898
Telephone	300	948	648
Travel and training	300	202	(98)
Printing and publishing	150	-	(150)
Janitorial services	63,000	66,420	3,420
Other professional services	-	16,465	16,465
Pest control	37,500	36,846	(654)
Total contractual services	182,260	218,945	36,685

(This schedule is continued on the following pages.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
ECONOMIC DEVELOPMENT DEPARTMENT (Continued)			
Facilities management (Continued)			
Commodities			
Office supplies	\$ 200	\$ 218	\$ 18
Gasoline and oil	500	-	(500)
Maintenance supplies	-	2,508	2,508
Total commodities	700	2,726	2,026
Contingency	25,000	-	(25,000)
Total facilities management	333,390	351,907	18,517
Planning division			
Salaries and wages			
Full-time salaries and wages	195,000	184,318	(10,682)
Overtime	-	600	600
Total salaries and wages	195,000	184,918	(10,082)
Fringe benefits			
IMRF match	14,500	13,668	(832)
Employer's health insurance	33,500	43,149	9,649
Employer's dental and vision insurance	2,700	2,596	(104)
Social Security match	12,000	10,569	(1,431)
Medicare match	2,900	2,472	(428)
Life insurance premiums	230	263	33
Total fringe benefits	65,830	72,717	6,887
Contractual services			
Maintenance - vehicles	-	312	312
Telephone	1,200	631	(569)
Travel and training	3,000	3,416	416
Postage	500	57	(443)
Printing and publishing	600	631	31
Engineering services	50,000	1,494	(48,506)
Reimbursable planning charges	-	7,566	7,566
Reimbursable planning division	125,000	2,636	(122,364)
Other professional services	-	3,253	3,253
Dues and memberships	2,000	2,018	18
Total contractual services	182,300	22,014	(160,286)

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over (Under)</u>
ECONOMIC DEVELOPMENT DEPARTMENT (Continued)			
Planning division (Continued)			
Commodities			
Office supplies	\$ 300	\$ 65	\$ (235)
Gasoline and oil	600	-	(600)
Publications	300	1,300	1,000
	<hr/>	<hr/>	<hr/>
Total commodities	1,200	1,365	165
	<hr/>	<hr/>	<hr/>
Total planning division	444,330	281,014	(163,316)
	<hr/>	<hr/>	<hr/>
TOTAL ECONOMIC DEVELOPMENT DEPARTMENT	\$ 1,615,050	\$ 1,316,775	\$ (298,275)
	<hr/>	<hr/>	<hr/>
Capital outlay			
Equipment - mayor's office	\$ -	\$ 1,669	\$ 1,669
Equipment - city clerk's office	15,000	8,224	(6,776)
Equipment - comptroller	200,000	11,311	(188,689)
Equipment - information technology	36,000	20,974	(15,026)
Equipment - highways and streets	51,933	43,120	(8,813)
Equipment - COVID-19	-	19,202	19,202
Equipment - COVID-19	2,475	-	(2,475)
Equipment - police department	55,771	55,962	191
Equipment - fire department	3,558	9,595	6,037
Building improvements - economic development	135,000	10,810	(124,190)
	<hr/>	<hr/>	<hr/>
Total capital outlay	499,737	180,867	(318,870)
	<hr/>	<hr/>	<hr/>
Debt Service			
Principal	382,162	311,093	(71,069)
Interest and fiscal charges	5,856	6,782	926
	<hr/>	<hr/>	<hr/>
Total debt service	388,018	317,875	(70,143)
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 23,463,169	\$ 22,956,208	\$ (506,961)
	<hr/>	<hr/>	<hr/>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
REVENUES			
Taxes			
Property taxes	\$ 1,845,200	\$ 1,930,787	\$ 85,587
Investment income	65,000	67,412	2,412
	<hr/>	<hr/>	<hr/>
Total revenues	1,910,200	1,998,199	87,999
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Debt service			
Principal	845,000	845,000	-
Interest and fiscal charges	150,950	151,223	(273)
	<hr/>	<hr/>	<hr/>
Total expenditures	995,950	996,223	(273)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 914,250</u>	1,001,976	<u>\$ 88,272</u>
FUND BALANCE, MAY 1		<hr/>	2,574,855
FUND BALANCE, APRIL 30		<hr/>	<u>\$ 3,576,831</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

Grant Fund - to account for all revenue and expenditures for grants and donations in order to be transparent in the allocation of revenues and expenditures.

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

NONMAJOR DEBT SERVICE FUNDS

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

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

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

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2020

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and investments	\$ 3,311,531	\$ 924,270	\$ 260,333	\$ 4,496,134
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	358,138	1,406,049	1,764,187
Intergovernmental	182,610	-	-	182,610
Other	2,220	-	-	2,220
Due from other funds	1,140	503,563	-	504,703
Advances from other funds	-	-	-	-
Prepaid items	828	-	-	828
Cash with paying agent	-	-	277,586	277,586
Property held for resale	4,500,000	131,368	-	4,631,368
TOTAL ASSETS	\$ 7,998,329	\$ 1,917,339	\$ 1,943,968	\$ 11,859,636
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 352,152	\$ 16,279	\$ 334	\$ 368,765
Interest payable	-	-	277,586	277,586
Other liabilities	2,445	-	-	2,445
Unearned revenue	25,000	-	-	25,000
Due to other funds	392,568	1,140	-	393,708
Total liabilities	772,165	17,419	277,920	1,067,504
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	358,138	1,406,049	1,764,187
Total deferred inflows of resources	-	358,138	1,406,049	1,764,187
Total liabilities and deferred inflows of resources	772,165	375,557	1,683,969	2,831,691
FUND BALANCES				
Nonspendable in form				
Prepaid items	828	-	-	828
Restricted for special revenue funds				
Highways and streets	824,454	-	-	824,454
Economic development	5,369,484	1,496,187	-	6,865,671
Public safety	1,018,376	-	-	1,018,376
Restricted for debt service	-	-	259,999	259,999
Restricted for capital projects	-	45,595	-	45,595
Unrestricted				
Unassigned (deficit)	13,022	-	-	13,022
Total fund balances	7,226,164	1,541,782	259,999	9,027,945
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,998,329	\$ 1,917,339	\$ 1,943,968	\$ 11,859,636

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Special Revenue	Capital Projects	Debt Service	Total
REVENUES				
Taxes	\$ 195,356	\$ 83,441	\$ 1,361,997	\$ 1,640,794
Intergovernmental	1,237,588	-	-	1,237,588
Grants	851,361	-	-	851,361
Investment income	43,865	13,057	16,004	72,926
Miscellaneous	311,454	17,183	-	328,637
Total revenues	2,639,624	113,681	1,378,001	4,131,306
EXPENDITURES				
Current				
Highways and streets	1,316,967	-	-	1,316,967
Public safety	33,991	-	-	33,991
Economic development	754,393	83,635	-	838,028
Capital outlay	213	-	-	213
Debt service				
Principal retirement	-	-	735,000	735,000
Interest and other charges	-	-	627,731	627,731
Total expenditures	2,105,564	83,635	1,362,731	3,551,930
NET CHANGE IN FUND BALANCES	534,060	30,046	15,270	579,376
FUND BALANCES, MAY 1	6,692,104	1,511,736	244,729	8,448,569
FUND BALANCES, APRIL 30	\$ 7,226,164	\$ 1,541,782	\$ 259,999	\$ 9,027,945

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2020

	Motor Fuel Tax	Grant	Community Development Block Grant	Federal Forfeited Property (DEA)	E911 Emergency
ASSETS					
Cash and investments	\$ 792,541	\$ 467,780	\$ 517,723	\$ 162,300	\$ 709,705
Receivables (net, where applicable, of allowances for uncollectibles)					
Intergovernmental	96,610	-	-	-	86,000
Other	-	-	-	-	-
Prepaid items	-	-	-	-	828
Due from other funds	-	-	-	-	-
Property held for resale	-	-	-	-	-
TOTAL ASSETS	\$ 889,151	\$ 467,780	\$ 517,723	\$ 162,300	\$ 796,533
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 64,944	\$ 45,291	\$ 202,133	\$ -	\$ 1,656
Other liabilities	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	64,944	45,291	202,133	-	1,656
DEFERRED INFLOWS					
None	-	-	-	-	-
Total liabilities and deferred inflows of resources	64,944	45,291	202,133	-	1,656
FUND BALANCES					
Nonspendable					
Prepaid items	-	-	-	-	828
Restricted					
Highways and streets	824,207	-	-	-	-
Economic development	-	422,489	315,590	-	-
Public safety	-	-	-	162,300	794,049
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	824,207	422,489	315,590	162,300	794,877
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 889,151	\$ 467,780	\$ 517,723	\$ 162,300	\$ 796,533

Delta Institute Emerald Ash Borer Grant	Seized Drug Money (State)	DCEO Infrastructure	Grant Place	Grant Place Operating	Sheridan Crossing TIF Redevelopment Project Area	Total
\$ 229	\$ 62,027	\$ 25,247	\$ 555,418	\$ 18,561	\$ -	\$ 3,311,531
-	-	-	-	-	-	182,610
-	-	-	-	2,220	-	2,220
-	-	-	-	-	-	828
-	-	-	-	-	1,140	1,140
-	-	-	1,200,000	-	3,300,000	4,500,000
\$ 229	\$ 62,027	\$ 25,247	\$ 1,755,418	\$ 20,781	\$ 3,301,140	\$ 7,998,329
\$ 229	\$ -	\$ -	\$ -	\$ 5,314	\$ 32,585	\$ 352,152
-	-	-	-	2,445	-	2,445
-	-	25,000	-	-	-	25,000
-	-	-	-	-	392,568	392,568
229	-	25,000	-	7,759	425,153	772,165
-	-	-	-	-	-	-
229	-	25,000	-	7,759	425,153	772,165
-	-	-	-	-	-	828
-	-	247	-	-	-	824,454
-	-	-	1,755,418	-	2,875,987	5,369,484
-	62,027	-	-	-	-	1,018,376
-	-	-	-	13,022	-	13,022
-	62,027	247	1,755,418	13,022	2,875,987	7,226,164
\$ 229	\$ 62,027	\$ 25,247	\$ 1,755,418	\$ 20,781	\$ 3,301,140	\$ 7,998,329

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Motor Fuel Tax		Grant	Community Development Block Grant		Federal Forfeited Property (DEA)	E911 Emergency	Delta Institute Emerald Ash Borer Grant	Seized Drug Money (State)	
	Budget	Actual	Actual	Budget	Actual	Actual	Actual	Actual	Budget	Actual
REVENUES										
Taxes - other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,356	\$ -	\$ -	\$ -
Intergovernmental	800,000	1,202,035	-	-	-	-	-	-	500	35,553
Grants	25,000	14,097	478,410	648,000	332,623	26,231	-	-	-	-
Interest	3,750	20,105	-	200	5,983	20	9,644	-	200	207
Miscellaneous	-	356	80,000	-	14,929	-	-	-	-	-
Total revenues	828,750	1,236,593	558,410	648,200	353,535	26,251	205,000	-	700	35,760
EXPENDITURES										
Current										
Highways and streets	1,749,000	1,316,967	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	19,118	-	-	14,873
Economic development	-	-	135,708	648,000	390,591	-	-	228	-	-
Capital outlay	-	-	213	-	-	-	-	-	-	-
Total expenditures	1,749,000	1,316,967	135,921	648,000	390,591	-	19,118	228	-	14,873
NET CHANGE IN FUND BALANCES	<u>\$ (920,250)</u>	<u>(80,374)</u>	<u>422,489</u>	<u>\$ 200</u>	<u>(37,056)</u>	<u>26,251</u>	<u>185,882</u>	<u>(228)</u>	<u>\$ 700</u>	<u>20,887</u>
FUND BALANCES (DEFICITS), MAY 1		<u>904,581</u>	<u>-</u>		<u>352,646</u>	<u>136,049</u>	<u>608,995</u>	<u>228</u>		<u>41,140</u>
FUND BALANCES, APRIL 30	<u>\$ 824,207</u>	<u>\$ 422,489</u>		<u>\$ 315,590</u>	<u>\$ 162,300</u>	<u>\$ 794,877</u>	<u>\$ -</u>		<u>\$ 62,027</u>	

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	DCEO		Grant Place		Grant Place Operating		Sheridan Crossing TIF Redevelopment Project Area		Total
	Infrastructure	Grant Place	Grant Place	Operating	Project Area	Project Area	Project Area		
	Actual	Budget	Actual	Budget	Actual	Budget	Actual		
REVENUES									
Taxes - other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,356
Intergovernmental	-	-	-	-	-	-	-	-	1,237,588
Grants	-	-	-	-	-	-	-	-	851,361
Interest	194	-	4,197	5,193	3,515	1,200	-	-	43,865
Miscellaneous	-	1,200	600	216,216	215,569	-	-	-	311,454
Total revenues	194	1,200	4,797	221,409	219,084	1,200	-	-	2,639,624
EXPENDITURES									
Current									
Highways and streets	-	-	-	-	-	-	-	-	1,316,967
Public safety	-	-	-	-	-	-	-	-	33,991
Economic development	-	3,500	3,592	205,940	180,923	28,250	43,351	-	754,393
Capital outlay	-	-	-	-	-	-	-	-	213
Total expenditures	-	3,500	3,592	205,940	180,923	28,250	43,351	-	2,105,564
NET CHANGE IN FUND BALANCES	194	\$ (2,300)	1,205	\$ 15,469	38,161	\$ (27,050)	(43,351)	-	534,060
FUND BALANCES (DEFICITS), MAY 1	53	-	1,754,213	-	(25,139)	-	2,919,338	-	6,692,104
FUND BALANCES, APRIL 30	\$ 247	\$ -	\$ 1,755,418	\$ -	\$ 13,022	\$ -	\$ 2,875,987	\$ -	\$ 7,226,164

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

April 30, 2020

	Capital Improvement	Downtown TIF Redevelopment Project Area	Skokie Highway TIF III Fund	Total
ASSETS				
Cash and investments	\$ 45,595	\$ 814,814	\$ 63,861	\$ 924,270
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	-	358,138	358,138
Due from other funds	-	500,000	3,563	503,563
Advances to other funds		-	-	-
Property held for resale	-	131,368	-	131,368
TOTAL ASSETS	\$ 45,595	\$ 1,446,182	\$ 425,562	\$ 1,917,339
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 16,279	\$ 16,279
Due to other funds	-	-	1,140	1,140
Total liabilities	-	-	17,419	17,419
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	358,138	358,138
Total deferred inflows of resources	-	-	358,138	358,138
Total liabilities and deferred inflows of resources	-	-	375,557	375,557
FUND BALANCES				
Restricted for economic development	-	1,446,182	50,005	1,496,187
Restricted for capital projects	45,595	-	-	45,595
Total fund balances	45,595	1,446,182	50,005	1,541,782
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 45,595	\$ 1,446,182	\$ 425,562	\$ 1,917,339

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Capital Improvement		Downtown TIF Redevelopment Project Area		Skokie Highway TIF III Fund		Total
	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES							
Taxes							
Property taxes	\$ -	\$ -	\$ -	\$ 79,000	\$ 83,441		\$ 83,441
Investment income	352	10,000	11,746	-	959		13,057
Miscellaneous income	-	-	17,183	-	-		17,183
Total revenues	352	10,000	28,929	79,000	84,400		113,681
EXPENDITURES							
Economic development							
Services and charges	-	151,250	4,829	151,250	78,806		83,635
Total expenditures	-	151,250	4,829	151,250	78,806		83,635
NET CHANGE IN FUND BALANCES	352	<u>\$ (141,250)</u>	24,100	<u>\$ (72,250)</u>	5,594		30,046
FUND BALANCES, MAY 1	<u>45,243</u>		<u>1,422,082</u>		<u>44,411</u>		<u>1,511,736</u>
FUND BALANCES, APRIL 30	<u>\$ 45,595</u>		<u>\$ 1,446,182</u>		<u>\$ 50,005</u>		<u>\$ 1,541,782</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS

April 30, 2020

	Downtown TIF Redevelopment Project Area Debt Service 2007A	Downtown TIF Redevelopment Project Area Debt Service 2007B	Grant Place Retail Center Debt Service 2007C	Total
ASSETS				
Cash and investments	\$ 23,047	\$ 24,242	\$ 213,044	\$ 260,333
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	290,476	207,111	908,462	1,406,049
Cash with paying agent	16,300	102,530	158,756	277,586
TOTAL ASSETS	\$ 329,823	\$ 333,883	\$ 1,280,262	\$ 1,943,968
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 167	\$ -	\$ 167	\$ 334
Interest payable	16,300	102,530	158,756	277,586
Total liabilities	16,467	102,530	158,923	277,920
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	290,476	207,111	908,462	1,406,049
Total deferred inflows of resources	290,476	207,111	908,462	1,406,049
Total liabilities and deferred inflows of resources	306,943	309,641	1,067,385	1,683,969
FUND BALANCES				
Restricted for debt service	22,880	24,242	212,877	259,999
Total fund balances	22,880	24,242	212,877	259,999
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 329,823	\$ 333,883	\$ 1,280,262	\$ 1,943,968

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Downtown TIF Redevelopment Project Area Debt Service 2007A		Downtown TIF Redevelopment Project Area Debt Service 2007B		Grant Place Retail Center Debt Service 2007C		Total
	Budget	Actual	Budget	Actual	Budget	Actual	
	REVENUES						
Taxes							
Property taxes	\$ 282,200	\$ 282,513	\$ 205,060	\$ 205,288	\$ 873,227	\$ 874,196	\$ 1,361,997
Investment income	900	2,596	2,751	2,751	6,000	10,657	16,004
Total revenues	283,100	285,109	207,811	208,039	879,227	884,853	1,378,001
EXPENDITURES							
Debt service							
Principal retirement	240,000	240,000	-	-	495,000	495,000	735,000
Interest and fiscal charges	42,800	43,348	205,559	205,559	378,978	378,824	627,731
Total expenditures	282,800	283,348	205,559	205,559	873,978	873,824	1,362,731
NET CHANGE IN FUND BALANCES	\$ 300	1,761	\$ 2,252	2,480	\$ 5,249	11,029	15,270
FUND BALANCES, MAY 1		21,119		21,762		201,848	244,729
FUND BALANCES, APRIL 30		\$ 22,880		\$ 24,242		\$ 212,877	\$ 259,999

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

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

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Water and sewer	\$ 7,130,200	\$ 7,502,551
Refuse	800,000	816,931
Miscellaneous	10,000	12,242
	<hr/>	<hr/>
Total operating revenues	7,940,200	8,331,724
	<hr/>	<hr/>
OPERATING EXPENSES		
Operations		
Water and sewer	10,154,813	6,738,525
Refuse	800,000	823,075
Depreciation	-	666,241
	<hr/>	<hr/>
Total operating expenses	10,954,813	8,227,841
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(3,014,613)	103,883
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	284,820	285,136
Investment income	75,000	123,386
Principal retirement	(124,875)	-
Interest expense and fiscal charges	(216,000)	(57,810)
	<hr/>	<hr/>
Total non-operating revenues (expenses)	18,945	350,712
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(2,995,668)	454,595
	<hr/>	<hr/>
TRANSFERS (OUT)	(2,600,000)	(2,600,000)
	<hr/>	<hr/>
CHANGE IN NET POSITION	<u>\$ (5,595,668)</u>	<u>\$ (2,145,405)</u>
NET POSITION, MAY 1		16,100,120
NET POSITION, APRIL 30		<u><u>\$ 13,954,715</u></u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
OPERATING REVENUES			
Charges for sales and services			
Water and sewer			
Industrial water	\$ 1,850,000	\$ 1,457,203	\$ (392,797)
Abbott park water	750,000	1,139,894	389,894
Abbott raw water	725,000	687,089	(37,911)
Residential water	1,325,000	1,463,395	138,395
Commercial water	300,000	288,591	(11,409)
Meter sales	20,000	8,393	(11,607)
Tap-on fees	12,000	8,825	(3,175)
Water base fees	692,000	752,293	60,293
Service restoration fees	18,000	18,035	35
Water penalty and late fees	50,000	65,290	15,290
Raw water equipment	23,700	23,706	6
Sewer usage - residential	500,000	634,929	134,929
Sewer usage - industrial	650,000	709,372	59,372
Sewer usage - commercial	105,000	115,864	10,864
Sewer base fees	93,500	106,302	12,802
Sewer penalty and late fees	16,000	23,370	7,370
 Total water and sewer	 7,130,200	 7,502,551	 372,351
 Refuse hauling	 800,000	 816,931	 16,931
 Total charges for sales and services	 7,930,200	 8,319,482	 389,282
 MISCELLANEOUS	 10,000	 12,242	 2,242
 TOTAL OPERATING REVENUES	 \$ 7,940,200	 \$ 8,331,724	 \$ 391,524

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
OPERATING EXPENSES			
Water and sewer operations			
Salaries and wages			
Full-time salaries and wages	\$ 1,065,100	\$ 955,066	\$ (110,034)
Overtime allowances	145,000	178,314	33,314
Total salaries and wages	<u>1,210,100</u>	<u>1,133,380</u>	<u>(76,720)</u>
Fringe benefits			
IMRF	79,100	196,874	117,774
Employer's health insurance	220,900	182,818	(38,082)
Employer's dental and vision insurance	12,900	12,961	61
Social Security match	65,900	67,274	1,374
Medicare match	15,400	14,185	(1,215)
OPEB expense	-	26,068	26,068
Life insurance premiums	1,550	1,348	(202)
Total fringe benefits	<u>395,750</u>	<u>501,528</u>	<u>105,778</u>
Contractual services			
Maintenance - buildings	73,000	54,374	(18,626)
Maintenance - vehicles	20,000	13,515	(6,485)
Maintenance - equipment	396,500	152,834	(243,666)
Maintenance - grounds	10,000	390	(9,610)
Maintenance - utility system	-	64,964	64,964
Other maintenance	-	6,300	6,300
Liability insurance	263,800	263,800	-
Telephone	10,100	11,367	1,267
Utilities	626,000	597,977	(28,023)
Rentals	3,250	2,045	(1,205)
Travel and training	6,000	2,903	(3,097)
Postage	16,000	11,494	(4,506)
Printing and publishing	5,500	2,956	(2,544)
Software and program fees	38,500	987	(37,513)
Janitorial	10,000	10,200	200
Audit services	15,000	15,000	-
Engineering services	175,000	152,516	(22,484)
Other professional services	356,000	232,559	(123,441)
Dues and memberships	1,000	1,888	888
Bank service charges	8,700	14,557	5,857
Sludge treatment	15,000	14,264	(736)
Intake inspection	92,000	-	(92,000)
Total contractual services	<u>2,141,350</u>	<u>1,626,890</u>	<u>(514,460)</u>
Commodities			
Office supplies	1,000	782	(218)
Gasoline and oil	34,000	27,012	(6,988)
Maintenance supplies	165,000	73,063	(91,937)
Operating supplies	132,500	125,853	(6,647)
Uniforms	18,000	10,548	(7,452)
Other charges	-	7,800	7,800
Miscellaneous expenses	500	302	(198)
Total commodities	<u>351,000</u>	<u>245,360</u>	<u>(105,640)</u>

(This schedule is continued on the following page.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
CAPITAL OUTLAY			
Water and sewer			
Building	\$ 850,000	\$ 84,085	\$ (765,915)
Other improvements	5,096,095	3,485,990	(1,610,105)
Contractual services	10,518	2,901	(7,617)
Equipment	100,000	34,648	(65,352)
Water meters	-	1,244	1,244
	6,056,613	3,608,868	(2,447,745)
LESS CAPITALIZED ASSETS	-	(377,501)	(377,501)
Total water and sewer operations	10,154,813	6,738,525	(3,416,288)
Refuse collection	800,000	823,075	23,075
DEPRECIATION	-	666,241	666,241
TOTAL OPERATING EXPENSES	\$ 10,954,813	\$ 8,227,841	\$ (2,726,972)

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

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

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

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

	Dental and Vision	Retiree's Premium	Total
CURRENT ASSETS			
Cash and investments	\$ 35,737	\$ 54,105	\$ 89,842
Other receivables	10,758	249	11,007
Total current assets	46,495	54,354	100,849
Total assets	46,495	54,354	100,849
CURRENT LIABILITIES			
Accounts payable	11,649	70,349	81,998
Total current liabilities	11,649	70,349	81,998
Total liabilities	11,649	70,349	81,998
NET POSITION			
Unrestricted (deficit)	34,846	(15,995)	18,851
TOTAL NET POSITION (DEFICIT)	\$ 34,846	\$ (15,995)	\$ 18,851

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	Dental and Vision	Retiree's Premium	Total
OPERATING REVENUES			
Charges for sales and services	\$ 16,983	\$ 176,929	\$ 193,912
OPERATING EXPENSES			
Premiums and claim payments	15,239	189,663	204,902
OPERATING INCOME (LOSS)	1,744	(12,734)	(10,990)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	1,100	439	1,539
Total non-operating revenues (expenses)	1,100	439	1,539
INCOME (LOSS) BEFORE TRANSFERS	2,844	(12,295)	(9,451)
TRANSFERS (OUT)	(100,000)	-	(100,000)
CHANGE IN NET POSITION	(97,156)	(12,295)	(109,451)
NET POSITION (DEFICIT), MAY 1	132,002	(3,700)	128,302
NET POSITION (DEFICIT), APRIL 30	\$ 34,846	\$ (15,995)	\$ 18,851

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2020

	Dental and Vision	Retiree's Premium	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from internal services transactions	\$ 16,983	\$ 177,941	\$ 194,924
Payments to suppliers	(16,055)	(176,048)	(192,103)
Net cash from operating activities	<u>928</u>	<u>1,893</u>	<u>2,821</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers	(100,000)	-	(100,000)
Net cash from noncapital financing activities	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
None	-	-	-
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,100	439	1,539
Net cash from investing activities	<u>1,100</u>	<u>439</u>	<u>1,539</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,972)	2,332	(95,640)
CASH AND CASH EQUIVALENTS, MAY 1	133,709	51,773	185,482
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 35,737</u>	<u>\$ 54,105</u>	<u>\$ 89,842</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,744	\$ (12,734)	\$ (10,990)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Changes in assets and liabilities			
Receivables	-	1,012	1,012
Accounts payable	(816)	13,615	12,799
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 928</u>	<u>\$ 1,893</u>	<u>\$ 2,821</u>
CASH AND INVESTMENTS			
Cash and cash equivalents	\$ 35,737	\$ 54,105	\$ 89,842
TOTAL CASH AND INVESTMENTS	<u>\$ 35,737</u>	<u>\$ 54,105</u>	<u>\$ 89,842</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

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

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

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 1,424,704	\$ 177,065	\$ 1,601,769
Investments, at fair value			
U.S. agency securities	-	103,108	103,108
U.S. Treasury	1,334,159	-	1,334,159
Corporate bonds	2,007,457	3,774,223	5,781,680
Insurance contracts	2,322,120	-	2,322,120
Equity securities	3,202,679	2,300,156	5,502,835
Mutual funds	4,289,482	2,909,764	7,199,246
Receivables			
Accrued interest	45,417	164	45,581
Prepaid items	530	-	530
Total assets	<u>14,626,548</u>	<u>9,264,480</u>	<u>23,891,028</u>
LIABILITIES			
Accounts payable	<u>3,417</u>	<u>5,642</u>	<u>9,059</u>
Total liabilities	<u>3,417</u>	<u>5,642</u>	<u>9,059</u>
NET POSITION RESTRICTED FOR PENSIONS			
	<u>\$ 14,623,131</u>	<u>\$ 9,258,838</u>	<u>\$ 23,881,969</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended April 30, 2020

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,631,561	\$ 1,105,680	\$ 2,737,241
Plan members	405,485	254,277	659,762
Total contributions	<u>2,037,046</u>	<u>1,359,957</u>	<u>3,397,003</u>
Investment income			
Net change in fair value of investments	(506,194)	(1,152,999)	(1,659,193)
Interest and dividends	465,228	141,851	607,079
Total investment income	<u>(40,966)</u>	<u>(1,011,148)</u>	<u>(1,052,114)</u>
Less investment expense	<u>(101,122)</u>	<u>(34,812)</u>	<u>(135,934)</u>
Net investment income	<u>(142,088)</u>	<u>(1,045,960)</u>	<u>(1,188,048)</u>
Total additions	<u>1,894,958</u>	<u>313,997</u>	<u>2,208,955</u>
DEDUCTIONS			
Benefits and refunds	2,911,005	1,610,191	4,521,196
Administration	97,012	50,780	147,792
Total deductions	<u>3,008,017</u>	<u>1,660,971</u>	<u>4,668,988</u>
NET (DECREASE)	(1,113,059)	(1,346,974)	(2,460,033)
NET POSITION RESTRICTED FOR PENSIONS			
May 1	<u>15,736,190</u>	<u>10,605,812</u>	<u>26,342,002</u>
April 30	<u>\$ 14,623,131</u>	<u>\$ 9,258,838</u>	<u>\$ 23,881,969</u>

(See independent auditor's report.)

COMPONENT UNIT - PUBLIC LIBRARY

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

BALANCE SHEET/STATEMENT OF NET POSITION

April 30, 2020

	Operating	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 1,351,953	\$ -	\$ 1,351,953
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	764,390	-	764,390
Intergovernmental	27,442	-	27,442
Due from the City	-	-	-
Prepaid items	4,086		4,086
Net pension asset	-	4,113	4,113
Capital assets not being depreciated	-	71,966	71,966
Capital assets net of accumulated depreciation	-	520,685	520,685
	<hr/>		
Total assets	2,147,871	596,764	2,744,635
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	-	32,579	32,579
Pension items - OPEB	-	20,668	20,668
	<hr/>		
Total deferred outflows of resources	-	53,247	53,247
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<hr/> \$ 2,147,871	\$ 650,011	\$ 2,797,882 <hr/>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 43,075	\$ -	\$ 43,075
Accrued payroll	20,471	-	20,471
Due to the City	33,000	-	33,000
	<hr/>		
Total current liabilities	96,546	-	96,546
NONCURRENT LIABILITIES			
Due within one year	-	5,362	5,362
Due in more than one year	-	132,340	132,340
	<hr/>		
Total noncurrent liabilities	-	137,702	137,702
	<hr/>		
Total liabilities	96,546	137,702	234,248
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	764,390	-	764,390
Pension items - IMRF	-	76,163	76,163
OPEB items	-	3,382	3,382
	<hr/>		
Total deferred inflows of resources	764,390	79,545	843,935
	<hr/>		
Total liabilities and deferred inflows of resources	860,936	217,247	1,078,183
FUND BALANCE/NET POSITION			
Net investment in capital assets	-	592,651	592,651
Unassigned/unrestricted	1,286,935	(159,887)	1,127,048
	<hr/>		
Total fund balance/net position	1,286,935	432,764	1,719,699
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION			
	<hr/> \$ 2,147,871	\$ 650,011	\$ 2,797,882 <hr/>

(See independent auditor's report.)

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

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

For the Year Ended April 30, 2020

	Operating	Adjustments	Statement of Activities
REVENUES			
Taxes	\$ 759,269	\$ -	\$ 759,269
Grants	68,160	-	68,160
Fines and forfeits	13,957	-	13,957
Investment income	23,485	-	23,485
Miscellaneous	18,498	-	18,498
Total revenues	883,369	-	883,369
EXPENDITURES			
Current			
Culture and recreation	760,171	84,417	844,588
Capital outlay	22,467	(22,467)	-
Debt service			
Principal retirement	264,085	(264,085)	-
Interest and fiscal charges	9,447	-	9,447
Total expenditures	1,056,170	(202,135)	854,035
CHANGE IN FUND BALANCE/NET POSITION	(172,801)	202,135	29,334
FUND BALANCE/NET POSITION, MAY 1	1,459,736	230,629	1,690,365
FUND BALANCE/NET POSITION, APRIL 30	\$ 1,286,935	\$ 432,764	\$ 1,719,699

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

For the Year Ended April 30, 2020

	<u>Final</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
REVENUES			
Property taxes	\$ 764,392	\$ 759,269	\$ (5,123)
Grants	72,000	68,160	(3,840)
Fines and fees	19,000	13,957	(5,043)
Investment income	5,000	23,485	18,485
Miscellaneous	15,000	18,498	3,498
	<hr/>		
Total revenues	875,392	883,369	7,977
	<hr/>		
EXPENDITURES			
Culture and recreation			
Personnel	596,202	494,792	(101,410)
Services and charges	241,050	227,320	(13,730)
Supplies and materials	45,350	38,059	(7,291)
Capital outlay	34,300	22,467	(11,833)
Debt service			
Principal	53,400	264,085	210,685
Interest	-	9,447	9,447
	<hr/>		
Total expenditures	970,302	1,056,170	85,868
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (94,910)</u>	(172,801)	<u>\$ (77,891)</u>
FUND BALANCE, MAY 1		<u>1,459,736</u>	
FUND BALANCE, APRIL 30		<u>\$ 1,286,935</u>	

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

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

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2021	4.00%	\$ 255,000	\$ 32,600	\$ 287,600
2022	4.00%	270,000	22,400	292,400
2023	4.00%	290,000	11,600	301,600
		<u>\$ 815,000</u>	<u>\$ 66,600</u>	<u>\$ 881,600</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

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

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2021	4.30%	\$ -	\$ 205,060	\$ 205,060
2022	4.30%	-	205,060	205,060
2023	4.30%	-	205,060	205,060
2024	4.30%	-	205,060	205,060
2025	4.30%	-	205,060	205,060
2026	4.30%	-	205,060	205,060
2027	4.30%	-	205,060	205,060
2028	4.30%	-	205,060	205,060
2029	4.30%	415,000	205,060	620,060
2030	4.30%	435,000	187,215	622,215
2031	4.30%	450,000	168,510	618,510
2032	4.30%	470,000	149,160	619,160
2033	4.30%	490,000	128,950	618,950
2034	4.35%	510,000	107,880	617,880
2035	4.35%	535,000	85,695	620,695
2036	4.35%	555,000	62,423	617,423
2037	4.35%	580,000	38,280	618,280
2038	4.35%	300,000	6,525	306,525
		\$ 4,740,000	\$ 2,780,178	\$ 7,520,178

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

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

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2021	5.81%	\$ 550,000	\$ 333,490	\$ 883,490
2022	5.81%	600,000	300,083	900,083
2023	6.01%	660,000	263,480	923,480
2024	6.01%	720,000	222,671	942,671
2025	6.01%	765,000	178,046	943,046
2026	6.01%	810,000	130,718	940,718
2027	6.01%	860,000	80,534	940,534
2028	6.01%	910,000	27,346	937,346
		<u>\$ 5,875,000</u>	<u>\$ 1,536,368</u>	<u>\$ 7,411,368</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

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

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2021	4.00%	\$ 905,000	\$ 98,300	\$ 1,003,300
2022	4.00%	970,000	60,800	1,030,800
2023	4.00%	1,035,000	20,700	1,055,700
		<u>\$ 2,910,000</u>	<u>\$ 179,800</u>	<u>\$ 3,089,800</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

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

Fiscal Year Ended April 30,	Interest Rate	Principal	Interest	Annual Debt Service
2021	4.00%	\$ 220,000	\$ 54,000	\$ 274,000
2022	4.00%	230,000	45,000	275,000
2023	4.00%	240,000	35,600	275,600
2024	4.00%	245,000	25,900	270,900
2025	4.00%	260,000	15,800	275,800
2026	4.00%	265,000	5,300	270,300
		<u>\$ 1,460,000</u>	<u>\$ 181,600</u>	<u>\$ 1,641,600</u>

(See independent auditor's report.)

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

CSFA Number	Program Name	State	Federal	Other	Total
420-00-0505	Grants Management Program	\$ -	\$ 381,870	\$ -	\$ 381,870
444-00-2174	2020 Census Program	71,410	-	-	71,410
494-00-1488	Motor Fuel Tax Program	1,316,967	-	-	1,316,967
	Other grant programs and activities	-	269,641		269,641
	All other costs not allocated	-	-	41,889,229	41,889,229
TOTALS		\$ 1,388,377	\$ 651,511	\$ 41,889,229	\$ 43,929,117

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	134-143
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax and property tax.	144-150
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	151-154
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	155-156
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	157-159

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

CITY OF NORTH CHICAGO, ILLINOIS

NET POSITION BY COMPONENTS

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 20,086,524	\$ 3,615,731	\$ 6,181,346	\$ 6,816,642
Restricted	3,730,443	3,555,856	5,051,306	4,594,521
Unrestricted	(13,022,922)	3,038,401	2,150,482	136,334
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,794,045	\$ 10,209,988	\$ 13,383,134	\$ 11,547,497
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 11,254,255	\$ 13,484,510	\$ 12,226,906	\$ 12,048,415
Restricted	-	-	-	-
Unrestricted	6,380,805	5,656,758	8,214,053	8,230,336
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 17,635,060	\$ 19,141,268	\$ 20,440,959	\$ 20,278,751
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 31,340,779	\$ 17,100,241	\$ 18,408,252	\$ 18,865,057
Restricted	3,730,443	3,555,856	5,051,306	4,594,521
Unrestricted	(6,642,117)	8,695,159	10,364,535	8,366,670
TOTAL PRIMARY GOVERNMENT	\$ 28,429,105	\$ 29,351,256	\$ 33,824,093	\$ 31,826,248

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

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

Data Source

Audited Financial Statements

2015	2016	2017	2018	2019	2020
\$ 7,868,904	\$ 6,544,083	\$ 8,380,602	\$ 8,727,281	\$ 5,909,106	\$ 5,960,598
4,954,668	6,116,398	6,033,253	6,978,882	11,428,397	12,590,926
(1,256,326)	(74,216,807)	(82,091,504)	(86,289,249)	(101,483,728)	(110,798,343)
<u>\$ 11,567,246</u>	<u>\$ (61,556,326)</u>	<u>\$ (67,677,649)</u>	<u>\$ (70,583,086)</u>	<u>\$ (84,146,225)</u>	<u>\$ (92,246,819)</u>
\$ 11,888,599	\$ 12,036,118	\$ 12,131,783	\$ 12,512,685	\$ 9,801,110	\$ 9,795,161
-	-	-	-	-	-
9,302,281	10,014,968	8,908,301	8,194,285	6,299,010	4,159,554
<u>\$ 21,190,880</u>	<u>\$ 22,051,086</u>	<u>\$ 21,040,084</u>	<u>\$ 20,706,970</u>	<u>\$ 16,100,120</u>	<u>\$ 13,954,715</u>
\$ 19,757,503	\$ 18,580,201	\$ 20,512,385	\$ 21,239,966	\$ 15,710,216	\$ 15,755,759
4,954,668	6,116,398	6,033,253	6,978,882	11,428,397	12,590,926
8,045,955	(64,201,839)	(73,183,203)	(78,094,964)	(95,501,844)	(106,638,789)
<u>\$ 32,758,126</u>	<u>\$ (39,505,240)</u>	<u>\$ (46,637,565)</u>	<u>\$ (49,876,116)</u>	<u>\$ (68,363,231)</u>	<u>\$ (78,292,104)</u>

CITY OF NORTH CHICAGO, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
EXPENSES				
Governmental activities				
General government	\$ 6,837,152	\$ 7,853,980	\$ 6,042,400	\$ 5,642,431
Public safety	11,052,595	11,853,128	13,169,111	17,022,325
Community development	1,974,950	1,733,747	1,517,500	1,799,718
Highways and streets	1,834,341	2,162,532	2,126,584	2,103,334
Library	601,666	634,945	662,614	665,317
Impairment loss	-	-	-	-
Interest and fiscal charges	1,244,058	1,254,712	1,211,217	1,127,567
Total governmental activities expenses	<u>23,544,762</u>	<u>25,493,044</u>	<u>24,729,426</u>	<u>28,360,692</u>
Business-type activities				
Water (and sewer after 2016)	3,197,704	3,398,485	3,443,586	4,584,145
Sewer	1,041,603	679,652	879,259	1,130,798
Refuse	-	-	-	-
Total business-type activities expenses	<u>4,239,307</u>	<u>4,078,137</u>	<u>4,322,845</u>	<u>5,714,943</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 27,784,069</u>	<u>\$ 29,571,181</u>	<u>\$ 29,052,271</u>	<u>\$ 34,075,635</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 76,876	\$ 178,800	\$ 114,915	\$ 111,866
Public safety	1,637,118	1,620,709	1,605,225	1,485,478
Highways and streets	1,443,386	1,426,855	1,745,283	1,683,894
Community development	-	-	-	-
Library	17,285	17,012	16,518	15,979
Operating grants and contributions	1,798,064	1,461,651	1,335,854	1,938,254
Capital grants and contributions	684,311	1,385,751	80,251	27,701
Total governmental activities program revenues	<u>5,657,040</u>	<u>6,090,778</u>	<u>4,898,046</u>	<u>5,263,172</u>
Business-type activities				
Charges for services				
Water (and sewer after 2016)	5,012,600	5,685,403	6,204,814	6,131,562
Sewer	860,735	1,073,828	1,393,314	1,409,688
Refuse	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	814,000	-	-
Total business-type activities program revenues	<u>5,873,335</u>	<u>7,573,231</u>	<u>7,598,128</u>	<u>7,541,250</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 15,698,161</u>	<u>\$ 16,574,039</u>	<u>\$ 12,496,174</u>	<u>\$ 12,804,422</u>
NET REVENUE (EXPENSE)				
Governmental activities	\$ (17,887,722)	\$ (19,402,266)	\$ (19,831,380)	\$ (23,097,520)
Business-type activities	1,634,028	3,495,094	3,275,283	1,826,307
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	<u>\$ (16,253,694)</u>	<u>\$ (15,907,172)</u>	<u>\$ (16,556,097)</u>	<u>\$ (21,271,213)</u>

	2015	2016	2017	2018	2019	2020
\$	6,395,313	\$ 5,116,104	\$ 7,087,758	\$ 6,539,676	\$ 5,825,398	\$ 5,599,876
	15,493,995	19,625,348	20,183,200	19,586,574	14,125,587	24,000,421
	2,599,567	3,000,109	2,160,588	3,099,813	1,910,684	2,262,163
	1,954,431	2,546,397	2,524,547	2,744,620	2,166,676	3,055,226
	397,987	678,925	639,295	621,262	-	-
	-	-	2,693,946	-	-	-
	1,136,809	644,575	609,911	655,927	759,386	725,780
	27,978,102	31,611,458	35,899,245	33,247,872	24,787,731	35,643,466
	3,549,848	4,086,235	7,539,392	5,544,578	5,050,351	7,462,576
	984,619	854,720	-	-	-	-
	-	-	-	-	800,255	823,075
	4,534,467	4,940,955	7,539,392	5,544,578	5,850,606	8,285,651
\$	32,512,569	\$ 36,552,413	\$ 43,438,637	\$ 38,792,450	\$ 30,638,337	\$ 43,929,117
\$	112,534	\$ 41,047	\$ 30,498	\$ 42,173	\$ 995,944	\$ 914,351
	1,517,762	2,109,044	2,158,156	2,094,129	2,111,000	2,408,070
	1,794,897	1,934,579	1,197,193	911,408	402,919	191,664
	-	(210,181)	-	-	-	-
	16,312	16,496	17,353	13,723	-	-
	2,340,124	1,285,707	1,615,366	1,462,570	1,049,915	2,365,431
	-	-	-	-	-	-
	5,781,629	5,176,692	5,018,566	4,524,003	4,559,778	5,879,516
	6,021,491	5,840,810	7,924,602	7,496,557	7,536,078	7,502,551
	1,415,274	1,398,593	-	-	-	-
	-	-	-	-	799,858	816,931
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,436,765	7,239,403	7,924,602	7,496,557	8,335,936	8,319,482
\$	13,218,394	\$ 12,416,095	\$ 24,219,025	\$ 12,020,560	\$ 12,895,714	\$ 14,198,998
\$	(22,196,473)	\$ (26,434,766)	\$ (30,880,679)	\$ (28,723,869)	\$ (20,227,953)	\$ (29,763,950)
	2,902,298	2,298,448	385,210	1,951,979	2,485,330	33,831
\$	(19,294,175)	\$ (24,136,318)	\$ (30,495,469)	\$ (26,771,890)	\$ (17,742,623)	\$ (29,730,119)

CITY OF NORTH CHICAGO, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Property Taxes	\$ 6,430,936	\$ 8,921,309	\$ 7,778,521	\$ 8,671,902
Taxes-other	3,679,423	3,878,308	4,259,721	4,397,143
Intergovernmental	5,942,580	5,654,734	6,196,813	6,077,423
Miscellaneous	485,936	465,411	686,803	469,108
Interest	19,774	7,737	8,578	4,902
Sales tax reimbursement	-	-	2,991,204	-
Capital Contributions	40,000	-	-	-
Transfers	2,000,000	2,000,000	2,000,000	2,000,000
Total governmental activities	18,598,649	20,927,499	23,921,640	21,620,478
Business-Type Activities				
Property taxes	186,528	-	-	-
Investment earnings	8,052	7,244	5,143	2,046
Miscellaneous	8,527	3,870	19,265	9,439
Bond issuance costs	-	-	-	-
Transfers	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Total business-type activities	(1,796,893)	(1,988,886)	(1,975,592)	(1,988,515)
TOTAL PRIMARY GOVERNMENT	\$ 16,801,756	\$ 18,938,613	\$ 21,946,048	\$ 19,631,963
CHANGE IN NET POSITION				
Governmental activities	\$ 710,927	\$ 1,525,233	\$ 4,090,260	\$ (1,477,042)
Business-type activities	(162,865)	1,506,208	1,299,691	(162,208)
TOTAL PRIMARY GOVERNMENT	\$ 548,062	\$ 3,031,441	\$ 5,389,951	\$ (1,639,250)

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

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	9,110,723	\$ 9,762,334	\$ 10,335,395	\$ 10,539,522	\$ 9,861,893	\$ 10,024,707
	4,482,155	4,652,681	4,959,572	5,070,710	5,022,888	4,863,795
	6,150,307	5,876,487	5,628,698	6,842,086	6,810,039	6,082,972
	466,053	453,100	494,734	698,364	1,029,561	754,409
	5,815	14,747	13,531	29,750	127,478	302,066
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,001,169	2,000,000	2,175,000	2,638,000	3,100,000	2,600,000
	22,216,222	22,759,349	23,606,930	25,818,432	25,951,859	24,627,949
	30,721	120,371	232,498	281,751	276,008	285,136
	24,238	20,063	27,305	64,858	122,914	123,386
	12,943	218,156	56,417	6,298	71,794	12,242
	(56,902)	-	-	-	-	-
	(2,001,169)	(2,000,000)	(2,175,000)	(2,638,000)	(3,100,000)	(2,600,000)
	(1,990,169)	(1,641,410)	(1,858,780)	(2,285,093)	(2,629,284)	(2,179,236)
\$	20,226,053	\$ 21,117,939	\$ 21,748,150	\$ 23,533,339	\$ 23,322,575	\$ 22,448,713
\$	19,749	\$ (3,675,417)	\$ (7,273,749)	\$ (2,905,437)	\$ 5,723,906	\$ (5,136,001)
	912,129	657,038	(1,473,570)	(333,114)	(143,954)	(2,145,405)
\$	931,878	\$ (3,018,379)	\$ 8,247,939	\$ (3,238,551)	\$ 5,579,952	\$ (7,281,406)

CITY OF NORTH CHICAGO, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
GENERAL FUND				
Reserved	\$ 522,264	\$ -	\$ -	\$ -
Unreserved	5,425,300	-	-	-
Nonspendable				
Prepaid items	-	650	34,167	550,319
Inventories	-	2,554	5,345	6,406
Property held for resale	-	-	152,000	152,000
Restricted	-	152,000	1,827,690	1,616,490
Unrestricted				
Assigned for special uses	-	-	-	-
Unassigned	-	6,621,015	8,327,680	9,305,554
TOTAL GENERAL FUND	\$ 5,947,564	\$ 6,776,219	\$ 10,346,882	\$ 11,630,769
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 12,792,676	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	2,959,662	-	-	-
Capital project funds	-	-	-	-
Nonspendable in form				
Prepaid items	-	-	1,700	-
Property held for resale	-	6,172,085	-	1,221,772
Restricted for				
Highways and streets	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Debt service	-	1,763,849	1,273,292	1,051,403
Component unit	-	1,600,000	1,721,065	-
Special revenue funds	-	4,500,645	4,809,462	5,117,430
Capital project	-	1,896,707	1,820,423	1,590,865
Unrestricted				
Unassigned (deficit)	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 15,752,338	\$ 15,933,286	\$ 9,625,942	\$ 8,981,470

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

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

Data Source

Audited Financial Statements

2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
189,890	286,869	499,324	551,774	892,201	537,952
6,406	4,000	4,000	4,000	4,000	4,000
152,000	152,000	152,000	152,000	152,000	148,249
1,405,290	1,194,090	982,890	-	-	-
104,886	390,215	390,367	390,748	131,841	131,841
9,947,646	10,356,531	10,566,507	11,376,119	8,980,388	10,517,722
<u>\$ 11,806,118</u>	<u>\$ 12,383,705</u>	<u>\$ 12,595,088</u>	<u>\$ 12,474,641</u>	<u>\$ 10,160,430</u>	<u>\$ 11,339,764</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	828	828
7,345,386	7,345,386	4,651,440	4,651,440	-	-
-	-	-	2,065,526	904,862	824,454
-	-	-	879,656	6,873,352	6,865,671
-	-	-	570,431	785,356	1,018,376
1,278,828	1,794,976	2,742,220	3,571,235	2,819,584	3,836,830
-	-	-	-	-	-
5,053,157	5,834,159	5,079,411	-	-	-
1,593,525	1,523,658	1,325,693	1,400,646	45,243	45,595
-	-	(267,235)	(337,510)	(405,801)	13,022
<u>\$ 15,270,896</u>	<u>\$ 16,498,179</u>	<u>\$ 13,531,529</u>	<u>\$ 12,801,424</u>	<u>\$ 11,023,424</u>	<u>\$ 12,604,776</u>

CITY OF NORTH CHICAGO, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
REVENUES				
Taxes	\$ 10,110,359	\$ 12,799,617	\$ 12,038,242	\$ 13,069,045
Licenses and permits	489,755	466,739	683,065	603,242
Intergovernmental	7,013,221	6,627,962	7,128,464	7,144,584
Charges for services	1,411,734	1,874,174	484,454	898,794
Fines and forfeitures	2,681,434	2,727,777	2,748,347	2,646,145
Investment income	19,658	7,655	8,506	4,833
Miscellaneous	485,936	484,576	686,803	492,608
Total revenues	22,212,097	24,988,500	23,777,881	24,859,251
EXPENDITURES				
General government	6,001,431	6,951,489	6,354,402	6,364,381
Highways and streets	1,752,429	1,605,216	1,556,594	1,510,303
Public safety	10,681,835	11,064,508	11,678,438	12,332,859
Economic development	1,974,950	1,733,747	1,517,500	1,799,718
Culture and recreation	512,389	537,604	561,438	609,623
Capital outlay	1,810,286	1,758,070	532,822	1,029,046
Debt service				
Principal	333,501	1,046,160	1,273,713	1,439,885
Interest	1,282,127	1,262,938	1,228,237	1,185,673
Loss impairment	-	-	-	-
Total expenditures	24,348,948	25,959,732	24,703,144	26,271,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,136,851)	(971,232)	(925,263)	(1,412,237)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,503,516	2,191,607	2,065,000	2,000,000
Transfers (out)	(1,503,516)	(191,607)	(65,000)	-
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Issuance of loans/notes	286,272	2,109,290	2,991,204	(23,500)
Payment to escrow	-	-	-	-
State sales tax refund	-	(2,109,290)	(917,114)	-
Capital contributions	40,000	(19,165)	286,578	28,380
Total other financing sources (uses)	2,326,272	1,980,835	4,360,668	2,004,880
NET CHANGE IN FUND BALANCES	\$ 189,421	\$ 1,009,603	\$ 3,435,405	\$ 592,643
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	5.34%	3.68%	3.34%	5.48%

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

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	13,592,878	\$ 14,415,015	\$ 15,294,967	\$ 15,610,232	\$ 14,884,782	\$ 14,886,176
	601,273	811,788	880,057	674,048	906,049	655,443
	7,267,152	6,709,694	6,454,335	8,304,656	7,730,158	8,171,921
	1,223,279	242,319	789,729	1,771,125	129,796	158,072
	2,812,058	3,284,099	2,547,090	644,031	2,379,620	2,664,731
	5,683	14,561	13,477	29,699	127,298	300,527
	424,754	548,214	529,611	698,364	1,029,558	728,177
	25,927,077	26,025,690	26,509,266	27,732,155	27,187,261	27,565,047
	6,033,470	4,896,536	6,591,947	6,486,991	5,778,976	5,051,473
	1,352,550	1,825,640	1,813,253	2,067,626	3,365,038	2,922,010
	13,241,546	13,152,483	14,057,313	14,282,088	14,997,886	14,518,166
	2,599,567	2,884,570	2,143,368	3,102,357	1,884,285	2,154,803
	672,906	590,490	596,073	592,842	-	-
	1,288,091	686,004	1,605,072	517,949	467,203	181,080
	1,645,981	1,615,645	1,338,056	1,465,288	1,783,754	1,891,093
	1,328,503	995,640	933,240	873,078	819,343	785,736
	-	-	2,693,946	-	-	-
	28,162,614	26,647,008	31,772,268	29,388,219	29,096,485	27,504,361
	(2,235,537)	(621,318)	(5,263,002)	(1,656,064)	(1,909,224)	60,686
	2,001,169	2,031,126	2,387,400	2,638,000	3,100,000	2,700,000
	-	(31,126)	(212,400)	-	-	-
	6,010,000	-	-	-	-	-
	535,135	-	-	-	-	-
	41,299	426,188	332,735	-	-	-
	(6,329,814)	-	-	-	-	-
	-	-	-	-	-	-
	317,209	-	-	-	-	-
	2,574,998	2,426,188	2,507,735	2,638,000	3,100,000	2,700,000
\$	339,461	\$ 1,804,870	\$ (2,755,267)	\$ 981,936	\$ 1,190,776	\$ 2,760,686
	6.08%	2.80%	2.77%	8.19%	9.75%	9.79%

CITY OF NORTH CHICAGO, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm/Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2010	\$ 137,612,630	\$ 51,761,829	\$ 53,195,276	\$ 877,387	\$ 243,447,122	9.7989	\$ 730,414,407
2011	109,208,851	52,557,622	51,074,088	875,438	213,715,999	11.3120	641,212,118
2012	92,484,456	51,576,245	49,614,523	878,970	194,554,194	12.5329	583,720,954
2013	74,921,394	49,291,398	47,563,765	1,114,572	172,891,129	14.8420	518,725,260
2014	71,368,782	47,534,957	44,973,028	1,229,902	165,106,669	16.2017	495,369,544
2015	56,208,657	46,149,737	44,297,773	1,478,781	148,134,948	17.9745	444,449,289
2016	60,511,509	50,269,764	46,909,970	1,547,394	159,238,637	17.6902	477,763,687
2017	61,071,873	53,000,790	47,836,316	1,457,954	163,366,933	16.8807	1,722,003,777
2018	64,909,179	53,628,239	46,781,047	1,499,109	166,817,574	16.8698	1,749,662,568
2019	96,511,990	58,781,083	47,395,954	1,585,659	204,274,686	13.5595	612,885,347

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

Data Source

Office of the County Clerk

CITY OF NORTH CHICAGO, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Fiscal/ Tax Year	Overlapping Rate							
	City Overall Rate	School District 187	College of Lake County District 532	Lake County	Forest Preserve	North Shore Sanitary	Shield's Township	Park District
2010-11 2009	2.145	4.675	0.200	0.464	0.200	0.124	0.068	0.500
2011-12 2010	2.435	5.176	0.218	0.505	0.198	0.136	0.062	0.550
2012-13 2011	2.909	5.962	0.240	0.554	0.201	0.150	0.069	0.624
2013-14 2012	3.196	6.666	0.272	0.608	0.212	0.150	0.065	0.706
2014-15 2013	3.835	7.598	0.296	0.663	0.218	0.164	0.069	0.871
2015-16 2014	4.226	8.468	0.306	0.683	0.210	0.169	0.072	0.758
2016-17 2015	4.953	9.358	0.299	0.662	0.208	0.166	0.070	0.703
2017-18 2016	4.561	2.612	0.285	0.632	0.193	0.157	0.067	0.890
2018-19 2017	4.531	8.636	0.281	0.622	0.187	0.153	0.066	0.810
2019-20 2018	4.415	2.218	0.547	0.165	0.024	0.864	0.199	0.398

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

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

Data Sources

Lake County Clerk's office

City Direct Tax Rates

Corporate	Fire Pension	IMRF	Library Retirement	Police Pension	Social Security*	Library	Total
1.282	0.194	0.191	0.014	0.257	-	0.207	2.145
1.456	0.221	0.217	0.016	0.292	-	0.233	2.435
1.740	0.265	0.260	0.020	0.349	-	0.275	2.909
1.912	0.292	0.286	0.022	0.384	-	0.300	3.196
2.257	0.355	0.338	0.026	0.512	-	0.347	3.835
2.363	0.427	0.354	0.027	0.680	-	0.375	4.226
2.687	0.538	0.183	0.026	0.850	0.235	0.434	4.953
2.387	0.526	0.173	0.026	0.830	0.209	0.410	4.561
2.300	0.559	0.169	0.025	0.883	0.204	0.391	4.531
2.218	0.547	0.165	0.024	0.864	0.199	0.398	4.415

CITY OF NORTH CHICAGO, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Abbvie, Inc.	\$ 26,851,594	1	13.14%	\$ 19,393,844	1	9.07%
Abbott Manufacturing, Inc.	10,719,468	2	5.25%	\$ 15,092,519	2	7.06%
A&R Katz Management	9,616,235	3	4.71%			
Sir Deer Valley, LLC	9,127,275	4	4.47%	6,456,397	5	3.02%
Centerpoint Properties Trust	6,672,276	5	3.27%	6,888,460	3	3.22%
Woodlands on Green Bay, LLC	5,725,272	6	2.80%	4,871,220	6	2.28%
North Chicago-LCRDC LP	3,301,537	7	1.62%	2,307,435	7	1.08%
Brems Realty LLC	2,736,317	8	1.34%			
EMCO Chemical Distributors Inc	1,781,268	9	0.87%			
Knauz 1400 LLC	1,284,685	10	0.63%	1,105,299	8	0.52%
Union Pacific Railroad Co						
SC Forest Ponte, Inc				6,797,794	4	3.18%
Lake County Industrial Warehouse, Inc				760,999	10	0.36%
AC Properties				822,183	9	0.38%
	<u>\$ 77,815,927</u>		<u>38.10%</u>	<u>\$ 66,759,127</u>		<u>30.17%</u>

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

Data Source

Lake County Assessor

CITY OF NORTH CHICAGO, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General corporate	\$ 3,544,590	\$ 3,718,658	\$ 3,719,876	\$ 3,902,153	\$ 3,902,151	\$ 3,980,191	\$ 3,800,787	\$ 3,750,877	\$ 3,700,624	\$ 3,645,841
Firefighter's pension	538,018	566,347	568,098	613,764	704,464	796,496	836,321	913,027	913,028	913,026
IMRF	528,280	555,662	556,425	584,372	583,690	270,951	275,879	275,879	275,880	275,879
Police pension	710,866	745,869	747,088	885,203	1,122,803	1,258,600	1,321,531	1,442,739	1,442,738	1,442,739
Social security						348,420	332,879	332,878	332,879	332,880
Bonds	1,263,491	1,286,570	1,280,167	1,950,212	2,161,302	2,303,765	2,563,901	2,613,812	2,664,065	2,718,847
Total City	6,585,245	6,873,107	6,871,655	7,935,703	8,474,410	8,958,423	9,131,299	9,329,212	9,329,214	9,329,212
Library retirement	38,952	42,743	42,802	44,952	44,901	38,749	40,662	40,660	40,660	40,661
Library	640,953	674,550	676,398	710,566	709,542	723,730	723,731	723,732	723,730	723,731
Total Library	679,905	717,293	719,200	755,517	754,442	762,479	764,393	764,392	764,390	764,392
LEVY AS EXTENDED	\$ 7,265,150	\$ 7,590,400	\$ 7,590,855	\$ 8,691,220	\$ 9,228,852	\$ 9,720,902	\$ 9,895,692	\$ 10,093,604	\$ 10,093,604	\$ 10,093,604
TOTAL COLLECTED	\$ 6,617,464	\$ 8,291,309	\$ 7,778,521	\$ 8,671,902	\$ 9,126,390	\$ 9,823,723	\$ 10,567,893	\$ 10,821,273	\$ 10,821,273	\$ -
PERCENT COLLECTED	91.09%	109.23%	102.47%	99.78%	98.89%	101.06%	106.79%	107.21%	107.21%	0.00%

(1) The tax levy years are collected in the following fiscal year.

(2) TIF increment property taxes are included in the total collections.

Data Source

City's CAFR

CITY OF NORTH CHICAGO, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General merchandise	\$ 14,419	\$ 16,294	\$ 14,929	\$ 12,193	\$ 8,416	\$ 2,636	\$ 4,634	\$ 3,825	\$ 12,923	\$ -
Food	63,261	63,651	71,895	93,898	90,571	92,408	92,203	84,074	74,656	74,070
Drink, eat, rooms	198,040	176,439	173,967	180,151	179,815	188,833	166,399	192,721	199,198	217,566
Apparel	-	3,420	-	1,162	-	-	-	38	99	1,115
Furniture	-	-	1,725	-	1,257	978	-	-	-	-
Lumber, hardware	64,112	65,725	60,065	64,925	67,228	65,256	69,162	96,837	104,259	100,831
Auto, filling stations	266,531	286,562	292,611	321,251	363,298	357,409	323,599	331,637	318,457	350,508
Drugs, retail	2,016,582	1,769,517	1,532,613	329,378	872,823	908,423	1,112,877	1,239,958	1,639,167	527,864
Agriculture and all others	129,374	131,915	307,461	606,669	556,322	201,748	224,414	164,740	114,076	30,878
Manufacturing	17,795	27,905	2,132	4,151	35,105	452,421	495,256	538,871	606,141	622,544
TOTAL	\$ 2,770,114	\$ 2,541,429	\$ 2,457,400	\$ 1,613,779	\$ 2,174,835	\$ 2,270,112	\$ 2,488,544	\$ 2,652,702	\$ 3,068,975	\$ 1,925,376

CITY DIRECT SALES

TAX RATE

1% 1% 1% 1% 1% 1% 1% 1% 1% 1%

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

Data Source

Illinois Department of Revenue

CITY OF NORTH CHICAGO, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Calendar Year	City Direct Rate	City Home Rule Rate (1)	Lake County and RTA Rate	State Rate	Total
2011	1.00%	0.00%	1.00%	5.00%	7.00%
2012	1.00%	0.00%	1.00%	5.00%	7.00%
2013	1.00%	0.00%	1.00%	5.00%	7.00%
2014	1.00%	0.00%	1.00%	5.00%	7.00%
2015	1.00%	0.00%	1.00%	5.00%	7.00%
2016	1.00%	0.00%	1.00%	5.00%	7.00%
2017	1.00%	0.00%	1.00%	5.00%	7.00%
2018	1.00%	0.00%	1.00%	5.00%	7.00%
2019	1.00%	0.00%	1.00%	5.00%	7.00%
2020	1.00%	0.00%	1.00%	5.00%	7.00%

Data Source

Illinois Department of Revenue

CITY OF NORTH CHICAGO, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Illinois EPA Loans			
2011	\$ 28,180,000	\$ 1,809,925	\$ -	\$ 1,128,148	\$ 31,118,073	5.59%	955
2012	27,220,000	3,238,838	-	1,070,692	31,529,530	6.14%	1,050
2013	26,175,000	3,044,222	-	1,012,817	30,232,039	5.89%	1,007
2014	25,045,000	2,494,973	-	954,942	28,494,915	5.55%	949
2015	23,595,000	2,549,609	-	897,066	27,041,675	4.37%	900
2016	22,275,000	1,932,412	-	839,191	25,046,603	4.05%	834
2017	20,845,000	1,848,644	-	781,316	23,474,960	3.80%	782
2018	19,275,000	1,445,697	-	723,441	21,444,138	3.51%	715
2019	15,920,000	1,036,420	1,675,000	665,566	19,296,986	3.15%	642
2020	14,340,000	453,083	1,460,000	607,691	16,860,774	2.71%	570

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

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

CITY OF NORTH CHICAGO, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Actual Taxable Value of Property*	Per Capita
2011	\$ 28,180,000	\$ 2,735,816	\$ 25,444,184	11.73%	\$ 1,671
2012	27,220,000	1,763,849	25,456,151	13.19%	1,649
2013	26,175,000	1,273,292	24,901,708	13.99%	1,592
2014	25,045,000	1,051,403	23,993,597	15.14%	1,531
2015	23,595,000	1,278,828	22,316,172	15.17%	1,465
2016	22,275,000	1,794,976	20,480,024	15.93%	1,146
2017	20,845,000	2,742,220	18,102,780	13.99%	1,082
2018	19,275,000	3,571,235	15,703,765	12.76%	1,012
2019	17,595,000	2,819,584	14,775,416	11.55%	946
2020	15,800,000	3,836,830	11,963,170	7.73%	751

*The EAV and Tax Levy year are two years behind the fiscal year. Taxes levied for 2019 are received in fiscal year 2020 and the calculations are computed accordingly.

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

CITY OF NORTH CHICAGO, ILLINOIS

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

April 30, 2020

Governmental unit	Debt Outstanding	Estimated Percentage of Debt Applicable to the City of North Chicago (2)	Estimated Share of Overlapping Debt
City of North Chicago			\$ -
General Obligation Bonds	\$ 14,440	100.00%	
Other Debt	1,061	100.00%	
Taxing body			
Lake County (1)	-	0.62%	-
Lake County Forest Preserve (2)	206,810	0.62%	1,282
Foss Park District (3)	-	66.26%	-
Lake Bluff Park District (4)	4,675	1.53%	72
Lake Bluff School District No. 65	17,220	0.27%	46
North Chicago CUSD No. 187 (5)	2,363	74.39%	1,758
Lake Forest High School District No. 115 (6)	23,390	0.06%	14
Community College No. 532 (7)	4,680	0.66%	31
Subtotal	<u>259,138</u>		<u>3,203</u>
TOTAL	<u><u>\$ 259,138</u></u>		<u><u>\$ 3,203</u></u>

Notes:

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

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

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

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

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

(6) Does not include \$5,870,000 debt certificates.

CITY OF NORTH CHICAGO, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2020

The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum shall not be included in the foregoing amounts."

CITY OF NORTH CHICAGO, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income*	Per Capita Personal Income	Unemployment Rate#
2011	32,574	\$ 556,787,382	\$ 17,093	14.60%
2012	30,023	513,183,139	17,093	10.70%
2013	30,023	513,183,139	17,093	10.90%
2014	30,023	513,183,139	17,093	9.00%
2015	30,023	618,203,593	20,591	7.40%
2016	30,023	618,203,593	20,591	6.70%
2017	30,023	618,203,593	20,591	5.80%
2018	30,023	611,808,694	20,378	6.80%
2019	30,023	611,808,694	20,378	6.80%
2020	29,615	623,158,830	21,042	14.70%

Data Sources

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

CITY OF NORTH CHICAGO, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Six Years Ago

Employer	Business/Service	2020	2014	
		Employees	Rank	Rank
Great Lakes Naval Base	Naval recruit training	6,690	1	1
Abbvie, Inc.	Headquarters, pharmaceutical manufacturing	3,450	2	
James A Lovell Feder Medical Center	Veteran's hospital	1,600	3	3
Rosalind Franklin University of Medicine	Medical school	600	4	5
Abbott Industries	Medical diagnostic produces	500	5	2
North Chicago CUSD #187	K-12 school district	347	6	4
Westrock (formerly Rock-Tenn)	Corrugated shipping containers	230	7	6
The city	Municipal government	180	8	7
EMCO Chemical Distributors, Inc	Chemical blending and packaging	150	9	8
Liberty Coach, Inc.	Motor coach interiors	125	10	10
Jelly Belly Candy Co.	Confectioners			9
TOTAL		7,182		

Data Source

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

CITY OF NORTH CHICAGO, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Seven Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020
GENERAL GOVERNMENT							
Mayor's Office*	3.00	3.00	3.00	3.50	2.60	2.60	3.60
City Clerk*	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Comptroller's Office	6.00	6.00	7.00	8.00	8.00	5.75	5.75
Human Resources	2.50	25.00	2.50	2.00	1.80	1.80	1.80
Economic Development							
Building division	13.50	12.50	10.50	10.00	8.00	4.75	4.75
Facilities management division	0.00	0.00	0.00	0.00	1.25	1.25	1.25
Planning division	0.00	0.00	0.00	0.00	2.00	2.00	2.00
Public works	8.50	19.00	19.00	17.50	13.30	10.80	13.80
Police							
Officers	73.00	73.00	73.00	73.00	57.00	49.00	49.00
Telecommunicators	12.00	12.00	12.00	12.00	12.00	10.00	0.00
Records	7.00	7.00	7.00	7.00	1.00	3.00	0.00
Administration	8.00	8.00	8.50	8.00	4.50	4.00	4.00
Crossing guards	10.00	10.00	10.00	10.00	10.00	10.50	10.50
Fire							
Firefighters and paramedics	36.00	36.00	36.00	34.00	38.00	31.00	31.00
Administration	2.50	2.50	3.00	3.00	3.00	3.00	3.00
Information Technology	3.00	3.00	3.00	0.00	0.00	0.00	0.00
Treasurer's Office*	0.50	0.50	0.50	0.50	0.50	0.50	0.50
PUBLIC WORKS							
Water	14.00	14.00	15.50	15.00	12.00	14.35	11.50
Sewer	4.50	4.50	4.50	3.50	3.50	3.20	3.20
TOTAL	205.00	237.00	216.00	208.00	179.45	158.50	146.65
ELECTED AND APPOINTED							
Mayor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Legislative*							
Alderman	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Fire and Police Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Citizens Advisory Board	0.00	7.00	7.00	7.00	7.00	7.00	7.00
Zoning Board members	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Treasurer's Office*	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk*	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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

** Some department positions previously employees are now contracted.

Data Source

City budget

CITY OF NORTH CHICAGO, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL GOVERNMENT										
Administration										
City council meetings	24	24	24	24	24	24	24	24	24	25
City newsletter mailings	3	3	3	3	3	3	3	3	3	3
Building and Zoning										
Building permits issued	n/a	n/a	632	643	604	828	856	875	992	711
Total construction value	n/a	n/a	\$ 3,610,611	\$ 3,562,931	\$ 9,265,555	\$ 14,119,446	\$ 14,871,891	\$ 7,234,476	\$ 23,427,396	\$ 11,765,697
PUBLIC SAFETY										
Police										
Number of calls	n/a	n/a	46,349	47,383	48,757	56,935	586,991	46,489	40,481	43,955
Felony offenses	n/a	n/a	302	318	396	341	350	275	231	147
Misdemeanor offenses	n/a	n/a	1,214	1,384	1,432	1,237	118	895	695	749
Auto accident investigations										
Fire										
Fire calls (1)	83	101	98	67	66	80	69	82	74	52
Rescue/medical transported (3)	1,610	1,853	2,034	1,853	1,946	1,881	2,076	1,991	1,988	2,038
Rescue/medical not transported (3)	346	286	231	353	245	243	225	447	417	402
Hazardous Materials (4)	55	90	52	52	44	75	58	75	72	54
Service calls (2,5,6,9)	168	163	189	211	213	213	239	255	303	114
Miscellaneous Incidents (7,8)	187	200	185	210	171	194	193	180	173	196
PUBLIC WORKS										
General										
Streets patching (in tons)										
Street cleaned - miles										
Sanitary sewers cleaned (in linear feet)										
Storm sewers cleaned (in linear feet)										

Data Source

Various City departments

CITY OF NORTH CHICAGO, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PUBLIC SAFETY										
Police										
Patrol units	16	16	16	16	16	16	16	16	16	16
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Engines	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stations	2	2	2	2	2	2	2	2	2	2
PUBLIC WORKS										
Streets (miles)	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
Alleys (miles)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Sanitary sewers (miles)	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00
Storm sewers (miles)	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
WATER - SANITARY SEWER										
Fire hydrants	476	476	476	476	476	476	476	476	476	476
Storage capacity (thousands of gallons)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Watermains (miles)	71.60	71.60	71.60	71.60	71.60	71.60	71.60	71.60	71.60	71.60

Data Source

City records