

VILLAGE OF



Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED APRIL 30, 2021

Thomas B. Hood - Mayor
Patrick Muetz - Administrator
Andy Harris - Clerk

Jeanne Balmes - Trustee
Greg Garner - Trustee
Quin O'Brien - Trustee
Cheryl Ross - Trustee
Karen Thorstenson - Trustee
Kevin Woodside - Trustee

VILLAGE OF GURNEE, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
April 30, 2021

Prepared by:

Finance Department

VILLAGE OF GURNEE, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village including:

- List of Principal Officials
- Organizational Chart
- Transmittal Letter
- GFOA Certificate of Achievement for Excellence in Financial Reporting

VILLAGE OF GURNEE, ILLINOIS

List of Principal Officials

April 30, 2021

MAYOR

Thomas B. Hood

BOARD OF TRUSTEES

Jeanne Balmes
Greg Garner
Cheryl G. Ross

Karen Thornstenson
Quin O'Brien
Kevin Woodside

VILLAGE CLERK

Andy Harris

VILLAGE ADMINISTRATOR

Patrick Muetz

VILLAGE ATTORNEY

Bryan Winter

FINANCE DIRECTOR

Brian Gosnell

POLICE CHIEF

Brian Smith

FIRE CHIEF

John Kavanagh

PUBLIC WORKS DIRECTOR/VILLAGE ENGINEER

Heather Galan, P.E.

HUMAN RESOURCE DIRECTOR

Christine Palmieri

INFORMATION SYSTEMS DIRECTOR

Christopher Velkover

ASSISTANT VILLAGE ADMINISTRATOR

Jack Linehan

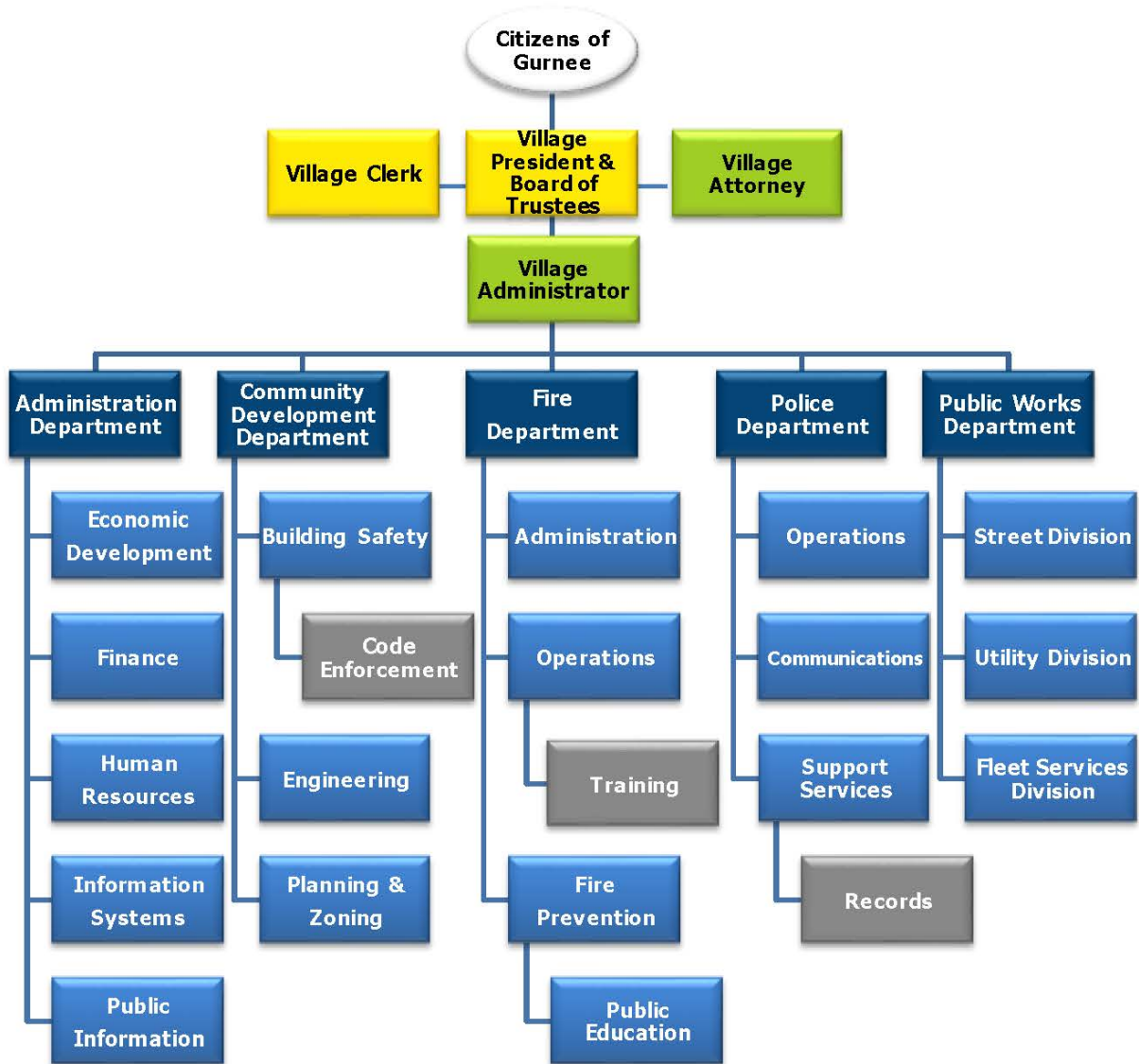
COMMUNITY DEVELOPMENT DIRECTOR

David Ziegler, P.E.

ECONOMIC DEVELOPMENT DIRECTOR

Ellen Dean

ORGANIZATIONAL CHART



LEGEND



= Elected Official



= Appointed Official



= Department



= Division



= Responsibility Center



Thomas B. Hood, Mayor

www.gurnee.il.us

December 14, 2021

To the Village President, Village Trustees, and Citizens of the Village of Gurnee:

Transmittal of the Annual Comprehensive Financial Report

Please read this Transmittal Letter in conjunction with Management's Discussion and Analysis.

The Annual Comprehensive Financial Report (ACFR) of the Village of Gurnee for the year ended April 30, 2021, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with Village. The internal control structure is designed by management to provide that transactions are recorded and reported according to prescribed policies and procedures. The internal control structure is intended to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. To the best of our 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 all the funds of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

Use of the Report

The Village recognizes that the ACFR is management's report to its governing body, constituents, oversight bodies, resource providers, investors, and creditors. Therefore, a copy of this report will be sent to the elected officials, Village management personnel, bond rating agencies, and other agencies such as financial institutions and government agencies. A paper copy is available at the Gurnee Village Hall and can also be found online at the Village website www.gurnee.il.us.

Independent Audit

State statutes require an annual audit by independent certified public accountants. Lauterbach & Amen, LLP audited the Village's records and their opinion is included in this report.

The Village and the Services it provides

The Village of Gurnee was incorporated as a Village in 1928 with 200 residents and has grown to approximately 30,706 residents (2020 Census). The Village experienced a majority of its growth from 1970 to 2000. During that timeframe, the Village grew from 2,738 to 28,834 residents. The Village is located in central Lake County, Illinois and lies approximately 38 miles north of the City of Chicago, Illinois and eight miles west of Lake Michigan. The Village covers an area of approximately thirteen and one-half square miles. Located within commuting distance of Chicago, Illinois and Milwaukee, Wisconsin, approximately 59% of its land is zoned residential, 21% commercial, 8% industrial, and 12% parks/open space.

325 North O'Plaine Road, Gurnee, Illinois 60031-2636
Administration 847-599-7500
Building & Engineering 847-599-7550
Fax 847-623-9475

The Village is a home-rule unit by virtue of its population. As a home-rule unit, the Village has no tax rate or debt limitations, nor is it required to sponsor a referendum to issue debt or increase property taxes. The Village President and six-member Board, elected to four-year overlapping terms, govern the Village. The Village Clerk is elected for a four-year term, and the Village Treasurer is appointed by the Board. Additionally, the Board appoints a Village Administrator, Attorney and other key Department Heads. The Village Administrator oversees the day-to-day operations of the Village.

Village services are divided into five major units; Administration, Community Development, Police, Fire and Public Works. Police Department services include consolidated emergency 911 communications and Fire Department services include emergency medical care. The Public Works Department maintains Village sewers, water mains, streets, street lights, sidewalks, and trees.

The Village has 217.45 budgeted full-time equivalent positions, with 170.25 or 78.3% of these dedicated to public safety. In response to the COVID-19 pandemic, the Village held 12.07 full-time equivalent positions open for the fiscal year 2021/2022 budget. Subsequent to the reporting period, the Village opened a third Fire Station to serve residents and contract customers on the Southeast portion of the community. At the end of FY 2018/2019, the Fire Department secured a Staffing for Adequate Fire and Emergency Response (SAFER) grant through FEMA. This grant partially offsets the personnel costs of six additional firefighter/paramedics utilized to staff the third fire station.

Factors Affecting Economic Condition

COVID-19 Pandemic. Similar to all municipalities, the Village was impacted greatly by the COVID-19 pandemic and associated lockdowns and restrictions. The Village of Gurnee has not levied a property tax since 2000, instead relying on sales, amusement, hotel and resort, and food & beverage taxes ("Big Four") to fund government operations. The Village of Gurnee is 1 of 5 communities in Illinois that does not levy a property tax and 1 of 3 communities in the State that levies neither a property nor utility tax. On a budget basis, the Big Four finished the year \$6.9 million or 27.3% under budget in the General Fund. Total revenues finished the year \$5.6 million or 13.0% under budget, and that includes \$1.4 million in relief under the CARES Act.

The Village recognized the need to respond to the pandemic quickly and initiated its Fiscal Contingency Plan ("Plan"). The Plan was created and approved by the Village Board in April 2017. The Plan establishes a framework and strategy to respond to adverse fiscal conditions that could negatively affect the Village's financial sustainability including identifying operating actions to reduce expenditures, increased reporting to the Village Board and Staff, and monitoring the financial impact on General Fund reserves. During the preparation of the Annual Budget, the plan calls for each department to update a list of actions that can be taken to cut costs in the event of a fiscal crisis. These actions are then categorized into three tiers based on the amount of time it takes to realize the savings and the impact to the Village's core values and mission. Tier 1 actions represent those in which the savings can be realized immediately or within a few months, and have little or no impact to the Village's core values and mission. For example, delaying a routine transfer from the General Fund to the Capital Improvement Fund for future capital spending. Tier 2 actions can be realized within a fiscal cycle and have only a short-term impact. For example, reducing the number of miles in the street resurfacing contract or holding open vacant non-essential positions. Tier 3 actions can take longer than a fiscal cycle, have a large impact, and include items like eliminating contracted services or personnel layoffs.

In response to the pandemic and using the Plan as a guide, management began regular monthly communications with the Village Board and Staff on the actions taken to reduce expenditures, the status and outlook of major revenues, and the potential impact to reserves. The Village immediately took the following actions:

- Eliminate transfer from General Fund to Capital Improvement Fund for future capital expenditures
 - Utilize existing Motor Fuel Tax reserves to offset the eliminated transfer from the General Fund
- Reduce Economic Development reserve by \$200 thousand or 83%
- Eliminate additional principal payment on outstanding IEPA water infrastructure loan

- Delay employee Cost of Living Adjustments due May 1, 2020 (reinstated in May 2021)
- Delay filling non-essential vacant positions
- Delay certain vehicle purchases
- Reduce non-core training and travel
- Delay the strategic plan update and other non-core professional and contractual services

Initial estimates were a \$10 million loss in revenue and \$3-\$5 million reduction in expenditures utilizing \$5-\$7 million of General Fund reserves. Quickly identifying the financial impact of the pandemic and implementing the Plan allowed the Village to cut \$5.6 million in General Fund expenses and resulted in a \$1.1 million use of reserves on a budget basis for FY 2020/2021. It is important to note the figures include \$1.4 million in CARES Act (Federal COVID Relief) funding.

For the FY 2021/2022 fiscal year, the Village budgeted a use of reserves of \$922 thousand. Budget assumptions include the Big Four recovering 75% of the losses suffered in FY 2020/2021. Big Four revenues have bounced back to levels greater than anticipated and significant additional Federal stimulus to offset revenue losses is anticipated over the next two fiscal years. General Fund levels are well above the policy of 35%, and projected to remain near 60% of expenditures.

Tourism/Retail. The Village of Gurnee is best known for three major tourism attractions: Gurnee Mills Mall; Six Flags Great America/Hurricane Harbor; and Great Wolf Lodge Illinois. Temporarily shuttered early in the COVID-19 pandemic pursuant to a State of Illinois executive order, Gurnee Mills and Great Wolf Lodge later reopened with capacity limits which remained in effect in varying iterations until June 2021 when Illinois reached Phase 5 of the "Restore Illinois" reopening framework. Hurricane Harbor (outdoor waterpark) was able to operate for a portion of the Summer 2020 season; however, the Six Flags Great America theme park was not permitted to open for the entire Summer/Fall 2020 tourism season. The theme park opened with limited capacity, including a drive-through option, for Holiday in the Park in December of 2020. The Summer/Fall 2021 tourism season has seen all three attractions fully open and operating, albeit adjusting to the limitations of available workforce.

At nearly two million square feet, with close to 200 stores including 17 anchors, Gurnee Mills is the third largest mall in Illinois and is a regional tourist attraction typically visited by more than 20 million people each year. Gurnee Mills was purchased in 2007 by Simon Property Group, which has been updating the facility, creating a hybrid center with both outlet and full service stores, including a full-service Macy's department store which opened in 2013. A \$6 million common area renovation completed in late 2018, the result of a redevelopment agreement between Simon and the Village of Gurnee, has been integral to tenant recruitment. Dick's Sporting Goods' renovation of the space formerly occupied by anchor Sports Authority, and The Room Place furniture store's renovation of the anchor box formerly leased by TJ Maxx together absorbed nearly 90,000 square feet in 2018. Apparel retailers Earthbound Trading Company and Love Culture were among the many in-line tenants that opened in 2018, and several existing tenants including entertainment venue 60 to Escape expanded or remodeled. New tenants at Gurnee Mills in 2019 included national soft goods retailers AKIRA and Famous Footwear and an entertainment venue, All on Target soft shooting gallery. Several existing tenants, including Starbucks, comprehensively remodeled in 2019 and others, such as Subway, relocated to larger or more preferred locations. In March 2020, four radio stations - WXLG, WKRS, WLIP, and WIIL- owned by Alpha Media, which operates in over 50 markets nationwide, began broadcast operations at Gurnee Mills. This new tenant was secured via redevelopment agreement between the Village and Gurnee Mills for which the Village receives weekly radio advertising of community businesses, attractions, and events, and Alpha Media contributes to the vitality of the mall by hosting 30+ concerts and events annually (post-COVID) onsite. Even during the core of the pandemic, new FY 2020/2021 tenancies at Gurnee Mills included national retailer Five Below, Top Shelf Ice Arena and Beyond the Edge hockey training facility (new local ownership and full renovation), Frontline Defender - apparel for military and first responders, All Star Sports - a licensed sportswear and novelties shop, and the Air Force National Guard recruiting office. Investments and collaborations like these - large and small, public and private - augment the regional appeal of this retail and entertainment destination area.

Six Flags Great America, a 300-acre theme park and 20-acre outdoor water park, attracts 2.5 million visitors each year and is considered one of the top attractions in Illinois. As part of the Six Flags Entertainment Corporation, the world's largest regional theme park company, with 19 parks across North America, Six Flags benefits from capital commitment and new rides to keep its offerings current. In 2017, Six Flags debuted The Joker, a free-fly roller coaster; in 2018, Mardi Gras Hangover, world's largest loop coaster, joined the lineup; and, in 2019, Maxx Force, the fastest launching coaster on the continent, became the 17th coaster at Six Flags Great America. In 2020, no new rides were introduced. In 2021, Hurricane Harbor opened as a separate attraction with its own entry gate, separate from the theme park, featuring the world's tallest *water* coaster, Tsunami Surge, originally planned for 2020.

Great Wolf Lodge Illinois became the company's 17th resort in North America when it opened in July 2018 following a comprehensive renovation of the property formerly operated as Key Lime Cove. The property is a 414-room, full-service resort featuring over 80,000 square feet of water park facilities; 7,800 square feet of flexible meeting space with built-in A/V technology; mini golf; climbing wall, ropes course; mini bowling; arcade; and multiple restaurants featuring small plates, craft cocktails, and handmade pizza and pasta. In April 2020, Great Wolf announced a partnership with the United States Navy to house recruits for a 14-day quarantine period before they were to report to basic training; that arrangement extended through most of the summer as the resort remained closed to the public; it subsequently reopened to strong demand as leisure travel resumed.

All of Gurnee's major tourist attractions and the majority of its retail inventory are located near the 1-94 & Grand Avenue intersection. Vehicular volume of 80,000 on 1-94 and 50,000 on Grand Avenue supports over 125 restaurants and 300 national retailers.

Industrial/Office. Class A industrial/flex development in Gurnee occurred primarily in the 1990's in the Tri-State Business Park. Because this Park offers quick access to the retail and dining opportunities of Grand Avenue, easy access to the 1-94 tollway, and tollway visibility, it attracts a variety of entertainment and service businesses in addition to the more traditional manufacturing/distribution and office uses. Occupants of the Park include: Jabil Healthcare (formerly Nypro), Abbott Laboratories, Sterigenics, Domino Amjet, Tablecraft, Weiman Products, Ohio Medical, Consumers Credit Union, Legat Architects, DeVry Educational Institute, Luxor Furniture, and consumer-facing businesses including Only Child Brewing, Launch Trampoline Park/Family Entertainment Center, and Extreme Flight Simulation. Major portions of the Park are managed by CBRE and Tri-State Realty. Since September 2017, Tri-State Business Park has been served by Comcast fiber, enabling speeds of up to 10 GBps and a wider range of services which will help to attract additional advanced manufacturing and technology-intensive companies to this Park. With the strong demand for industrial real estate, existing tenants continue to expand their manufacturing and/or distribution capabilities within the Park. A point of local pride in FY 2020/21 was the efficient standup and opening of Abbott Laboratories' COVID-19 test kit manufacturing facility, one of just two in the nation providing the federal government and private pharmaceutical customers with the breakthrough, BinaxNOW rapid test kit.

FY 2021 Tax Base Development Highlights:

- New restaurants, including several independents, opened mid- pandemic to much excitement and community loyalty:
 - Teriyaki Madness, Asian fusion fast food
 - Poke Bros., a quick-service, Hawaiian-style fresh fish restaurant
 - Shawarma King, authentic middle Eastern food adapted with local flair
 - Riverside Cafe, a breakfast/lunch/coffee establishment renovating a portion of the Riverside Plaza office space formerly occupied by Abbott Laboratories Credit Union (ALEC) prior to its construction of new headquarters in Gurnee
 - Dairy Queen also renovated space in Riverside Plaza, having relocated from its original Old Grand Avenue location, which was subsequently demolished as part of the Village's continued stormwater management strategy

- The new Gurnee Farmers Market at Riverside Plaza was launched by the owner of Riverside Cafe and quickly became a new "must-do 11 for summer/fall Sunday afternoons
- Cooper's Hawk Winery & Restaurant - Redevelopment Agreement approved for development of a new outlet at Rollins Road & Grand Avenue on the site of the former Lowe's home improvement center
- College of Lake County - purchase of the former Lowe's building for a state-of-the-art Advanced Technology Center, a \$60 million investment, currently under construction
- Anthony Buick GMC dealership - Redevelopment Agreement approved for development of a new 45,000 square foot on a 10 acre land site on Northridge Drive, relocating from its current Gurnee location
- On the site of the former Pizzeria Uno, entitlements approved for a shell building for US Bank and a new 3,230 square foot Popeye's Restaurant with drive-through
- Raising Cane's, a new 3,300 square foot restaurant on the site of the former Boston Market restaurant, secured entitlement approvals and began demolition and the permitting process; restaurant opened on October 26, 2021
- WoodSpring Suites, under construction during the reporting period, fully opened in September of 2020 is a new 114-room, extended stay hotel on the site of the former Gurnee Antique Market, at 1-94 & Grand Avenue
- U-Haul, located on East Grand Avenue, opened its first 150 units of interior self-storage, an addition to its truck rental business, in a building that had previously been vacant for 20 years. U-Haul also began interior demolition/construction on adjacent former motel properties for future storage/rental of U-boxes.
- Several new businesses opened or invested in major remodels, including Sherwin Williams, Sullivan Acupuncture, Zuma Law (immigration law), Firestone Tire Center, Lisa Wolf Partners, a large real estate staging office/warehouse; several salons and spas and personal training studios; accounting, legal, and other professional services offices; pt Look (prenatal) HD Ultrasound & photography; uBreakiFix same-day electronics repair; and GeekSnobb Boutique, apparel and general merchandise
- My Sister's Cottage, a longtime favorite women's/children's apparel and accessories boutique, relocated to Riverside Plaza
- Miles of Smiles, a new pediatric dentistry office to Gurnee, opened in Saratoga Square following construction/renovation
- Papo's Express, a rapidly expanding family-owned chain of 10 locations, began construction on a new, freestanding car wash
- Restaurant Depot, a national distributor of food and kitchen supplies, secured zoning entitlements for ground-up construction of an approximately 50,000 restaurant wholesale supply facility on seven acres near 1-94; customers are expected to be primarily independent restaurateurs
- Bellewater Place: the first 30,000 square foot speculative office building of a total 180,000 square feet approved, was completed and began finishing out tenant spaces
- Kloss Distributing, multi-generation family-owned Gurnee business, a liquor distributor serving all of Lake County, completed a new 65,000 square foot warehouse addition and interior renovation including installation of a 700kW roof-mounted solar panel system
- Menards constructed a 22,000 square foot addition and remodel
- Athletico, physical therapy clinic, opened inside the Gurnee Park District-owned Fit Nation health club
- Fresenius Kidney Care, national operator of dialysis centers, completed a significant remodel in the Greenleaf medical complex
- Binny's Beverage Depot opened just in time to meet pandemic demand in a 34,000 square foot anchor space in Gurnee Town Center formerly occupied by ArtVan Furniture
- Construction was begun and completed on new two-story, 25,000 square foot medical office building developed for Northwestern Medicine
- Jabil Healthcar, formerly Nypro, completed an interior remodel, including construction of a 4,000 square foot clean room
- Locally owned competitor to UPS and FedEx, The Shipping Point Printing Point relocated to a prominent outlet in Grand-Hunt Center, investing in a significant tenant buildout suited to the long-term growth of the business
- Community Trust Credit Union opened a new, walk-up branch in the busy Grand-Hunt Center

- Temporary occupancies in FY 2020/2021 included Crate & Barrel, which operated a Warehouse Sale location out of the former Toys r Us building on Gurnee Mills Circle; Nosco, one of Gurnee's largest employers and a leader in healthcare/pharma digital printing which occupied a supplementary 20,000 square foot office in Tri-State Business Park; and Uline which added inventory storage on Centerpoint Court
- Lake County Children's Advocacy Center completed a major addition, interior renovation, and parking lot improvements
- Building permits were issued for Launch Trampoline Park (formerly Jump America), a family entertainment center proposed to include cafe, bowling, trampoline walls/courts, obstacle courses, laser tag, and rock climbing
- Abbott Laboratories equipped a new manufacturing/assembly plant in an existing Tri-State building, hiring 2,000 employees to assemble COVID-19 rapid test kits; the Gurnee site was one of two Abbott plants in the country supplying this product
- Several new industrial and office uses started or expanded operations in Gurnee, including Artsonia, a digital student art portfolio and online gift shop (expansion); Tank Trader propane exchange; Global Security Group, a security contracting office; JD Fields steel building materials supplier; several staffing agencies; Global Box Machine sales office/warehouse; KPF electrical prefabrication; Accurate Pool Service (relocation); and Riccino Optical, a distributor of contact lenses and other optical products
- Continued concentration in food processing operations, including Amooore Consulting, food/alcohol processing and packaging; Henry Broch & Co, food ingredient processing and co-packing; Seedbox Solution, seed storage sales/repair/rentals to the agriculture industry, NutriSense, a health & wellness office/warehouse; and Fake Meats, plant-based food distributor office/warehouse for e-commerce fulfillment
- Medical offices/supportive uses including Laboratory Corp. of America; Superior Medical Solutions staffing agency; Hanger Clinic prosthetic/orthotic fittings; and a 4,600 square foot NorthShore University System medical office for x-ray and orthopedic procedures
- One on One Sports, a small group baseball training facility, opened on Ambrogio Drive
- Taco Bell and Steak n Shake each submitted building plans for a comprehensive remodel
- AZ Polymers, secured approvals for construction of a new 90,000 square foot high grade polycarbonate sheet production facility
- Construction proceeded on Fire Station #3, a 17,000 square foot station with four bays for fire engines and ambulances, sleeping facilities for seven firefighter/paramedics, a weight room, and office space for the Warren-Waukegan Fire Protection District; the station opened October 2021

In FY 2020/2021, the Village Board adopted the *Compass 2040 Comprehensive Land Use Plan*, an update to the Comprehensive Plan last updated in 1997. The new Plan will guide development and redevelopment in Gurnee for the next 20+ years.

Long-Term Financial Planning. The Village continues robust Long-Term Financial Planning by annually updating its Multi-Year Financial Forecast along with the Multi-Year Capital Plan. The Village is scheduled to update its Strategic Plan in FY 2022/2023 to outline the direction over the next several years. The Plan was last updated in 2015.

The Village prepared and presented the first Multi-Year Financial Forecast (MYFF) in 2015 to identify current and future financial trends and develop solutions or strategies to guide financial and programmatic policy decisions. The MYFF is updated annually and presented to the Village Board as a precursor to the Multi-Year Capital Plan and Annual Budget. The Village does not levy a property tax, relying largely on economically sensitive revenues to fund operations and capital. As such, it is important to analyze the Village's financial condition based on past, current and projected economic conditions. Long-term financial planning is identified in the Village's strategic plan as a priority for the Village.

The Village prepares and presents a Multi-Year Capital Plan (MYCP) annually in conjunction with the Annual Budget process. The MYCP provides a 5-year spending plan in each of the Village's capital and infrastructure systems which include Transportation System, Stormwater Management System, Water & Sewer System, Vehicles & Equipment, Technology and Buildings & Building Improvements. Plans are presented in detail for the immediate two fiscal years with broader priorities identified in the out years. The MYCP identifies available and needed funding to maintain each area or system based on maintaining a certain level of service or standard for infrastructure.

The Village enhanced its long-term financial planning in 2017 by creating and adopting a Fiscal Contingency Plan. Due to the Village's reliance on economically sensitive revenue sources to fund operations, the Plan provides a framework and strategy to respond to unanticipated adverse fiscal conditions that impact the Village's financial sustainability. The Plan identifies metrics that would trigger additional financial reporting and contingency action items to be considered in such a situation. The metric to trigger the plan is two consecutive quarters of negative variances in major revenues versus the prior year actual and current budget. This metric was established to identify a situation that reflects a drop in revenues (variance versus prior year), and an unanticipated event (variance versus current year budget). The Village instituted its fiscal contingency plan for the first time in late March in response to the COVID-19 crisis as noted earlier.

The Village's mission is to;

Engage... our residents, businesses, and visitors in an ongoing dialogue about their ideas, needs, and concerns.

Preserve ... our neighborhoods, open spaces, financial well-being, and community traditions, in line with our values.

Advance... our services in response to community needs, encourage responsible development, and continuously foster a safe and welcoming environment.

To help translate that Mission into reality, the Strategic Plan update identified five key performance areas that will be at the forefront of Village operations over the next several years. These key performance areas include:

Exceptional Village Services and Staff...The Village of Gurnee recruits and develops a skilled, diverse, ethical, and agile workforce that utilizes technology and innovative solutions to deliver exceptional, efficient, and cost effective services to respond to evolving community demands.

Fiscal Sustainability...Gurnee has a diverse and growing revenue base which enables catalytic growth focused on proactive decision-making, developing business relationships, protecting the Village's financial reserves, and managing debt.

Well-Maintained Infrastructure...Gurnee maintains the public infrastructure to meet the community's needs and incorporates technological innovations to lower costs and increase visual appeal. The Village works with public and private partners to maintain the appearance and functionality of infrastructure outside of its direct control.

Safe and Livable...Gurnee is an accessible, safe, diverse, and active community with high-quality institutions, recreational opportunities, and community events.

High Quality Lifestyle...Gurnee provides work, play, dining, and cultural amenities which strengthen community institutions and provide residents with opportunities to interact, involve themselves, and age-in-place.

It is from this mission statement and key performance areas that all major goals and objectives are judged. Each department and division have strategic initiatives to support the mission and key performance areas.

Financial Policies. The Village has several specific policies to guide financial operations. These policies relate to accounting and financial reporting, budgeting and revenue management, debt management, cash management and investments, purchasing, and economic development. Some of the most significant policies include:

General Corporate Fund Balance Policy

- Maintain an unassigned fund balance in the General fund to fund operations for a period of at least four months ("Cash Flow Commitment"). The goal is to have a Cash Flow commitment in the General fund that is adjusted annually with the adoption of the budget and is calculated as 35% of the General fund expenditures (not including transfers to fund capital projects).
- Assign a portion of fund balance in the amount of debt service payments for general obligations, alternate revenue source, and governmental debt for the following year. These funds may be assigned in either the General fund or the Debt Service fund. ("Debt Service Assignment")
- Unassigned fund balance will be reviewed annually during the budget process. Should the unassigned fund balance for the General Fund balance drop below 35%, the Village Board will be notified. Reductions will be resolved by either implementing a new, recurring revenue source or reducing expenditures. Balances in excess of the recommended Cash Flow Commitment may be transferred to the Capital Improvements fund to support future capital projects.

Debt Policy

- Long-term debt will not be used to finance current operations. The highest priority for the issuance of long-term debt will be to further the Village's Capital Improvement Program. Long-term debt is defined as bonded debt whose maturity is at least ten years from the date of original issue.
- Long-term debt will be used only for capital projects that cannot be financed from current revenue sources. Where capital improvements or acquisitions are financed through the issuance of debt, such debt will be retired in a period not to exceed the expected life of the improvement or acquisition.
- The Village will issue long-term debt for refunding of other outstanding debt for the purpose of interest rate savings. As a guide, the minimum net present value savings shall be 2% of the par value of the proposed new bonds to be issued.
- The Village, a home-rule community, will adopt the threshold set forth by State statutes for non-home rule municipalities' limitation of the amount of debt that may be legally incurred. The limitation set by the Statute is 8.625% of the most recent Equalized Assessed Valuation of the real estate in the corporate boundaries of the Village.

Investment Policy

- The Village will purchase only those investments allowable under the Illinois Public Funds Investment Act.
- All trades, where applicable, will be executed by delivery vs. payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

Purchasing Policy

- All purchases made from one vendor for a particular item or like types of items in excess of \$20,000 must be accomplished by a contract or purchase order through the formal bidding process or by a bid waiver approved by the Village Board. Purchases made in conjunction with the State of Illinois Joint Purchase Contracts Program satisfy all bid requirements.
- In the event of an emergency affecting the public health, welfare, or safety, a contract may be let or a purchase made, to the extent necessary to resolve the emergency without a formal bid. The Village Administrator shall file his authority for such an expenditure in writing with the Village Board. The Village Board shall, at their next regular meeting, confirm whether an emergency actually existed. If an emergency existed, the Village Board shall confirm the necessary emergency expenditures.

Capital Asset Policy

- The Village will capitalize land improvements, vehicles, machinery & equipment, computers, furniture & fixtures with an acquisition cost of \$25,000 or more; capitalize building improvements with an acquisition cost of \$50,000 or more; and capitalize infrastructure costs such as roads/streets, water & sewer systems and storm water drainage with an acquisition cost of \$250,000 or more.

Fiscal Contingency Plan

- Two consecutive quarters of negative prior year and budget variances trigger actions to include;
 - A formal assessment of the duration of the fiscal stress.
 - Increased monitoring and reporting on the financial condition to the Village Board.
 - Adherence to the Fund Balance policy limits.
 - Identification of operating adjustments to be considered to offset the fiscal stress.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its Annual Comprehensive Financial Report for the fiscal year ended April 30, 2020. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

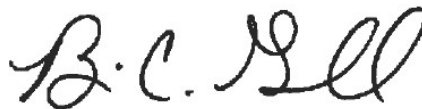
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Rreport continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village of Gurnee received the GFOA's Distinguished Budget Presentation Award for its 2020/2021 fiscal budget. In order to qualify for the Distinguished Budget Presentation Award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Sincerely,



Patrick A. Muetz
Village Administrator



Brian C. Gosnell
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Gurnee
Illinois**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

April 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

December 14, 2021

The Honorable Village President
Members of the Board of Trustees
Village of Gurnee, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Gurnee, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Village'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 presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Gurnee Police Pension Fund and the Gurnee Firefighters' Pension Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gurnee Police Pension Fund and the Gurnee Firefighters' Pension Fund, is based solely on the report of the other auditors. 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. 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Gurnee, Illinois’ basic financial statements. The introductory section, other supplementary information, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental 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. Such 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 other supplementary information and supplemental schedules are 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 December 14, 2021, on our consideration of the Village’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village’s internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

The Village of Gurnee's discussion and analysis is designed to explain significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position, identify material deviations from budget, and identify individual issues and concerns.

This document should be read in conjunction with the Transmittal Letter and financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village's basic financial statements are comprised of three components: 1) Village-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

Financial statements are presented from two perspectives: government-wide and major fund. These perspectives allow the user to address relevant questions, broaden a basis for comparison and enhance the Village's accountability.

Village-wide Financial Statements

The Village-wide financial statements are designed to be corporate-like. Governmental and business-type activities are consolidated into columns, which add to a total of government activities.

The Statement of Net Position combines and consolidates governmental funds, current financial resources with capital assets and long-term obligations. It uses the accrual basis of accounting and total economic resources measurement focus. The Statement of Net Position can be found in the financial section of this report.

The Statement of Activities focuses on the growth and net costs of various activities. General taxes and other resources pay for these activities. The Statement of Activities summarizes the costs of various governmental services and can be found in the financial section of this report.

The governmental activities reflect the Village's basic services, which are police, fire, emergency dispatch, public works, community development and administration. Shared state sales and income taxes, home rule sales taxes, amusement taxes, food & beverage and hotel and resort taxes finance the majority of these services. The Village has not levied a property tax for corporate purposes since 2000.

The business-type activities reflect private sector type operations, where the fees for service are intended to cover the costs of operation, including debt service and depreciation. The Village's water and sewer user fees finance the majority of these services. The Village also maintains a Golf Fund to account for the land owned by the Village for Bittersweet Golf Course. Operations of the course are contracted to an outside firm through a concession arrangement.

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 Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is on major funds rather than fund types.

The governmental fund presentation is presented with current financial resources measurement focus and modified accrual accounting basis. This method recognizes resources when they are available for use in the operation. This is the manner in which the financial plan is usually developed. The flow and availability of resources is a clear and appropriate focus of any analysis of the government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

While the total column of the enterprise funds' financial statements are the same as the business type column on the Village-wide financial statements, the governmental funds' total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other sources and uses, as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations into the governmental activities column in Village-wide statements. The fund financial statements can be found in the financial section of this report.

The Village as Trustee

The Village is trustee, or fiduciary, for its Police and Fire pension plans. All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The Village excludes these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that assets reported in these funds are used for their intended purposes. The fiduciary financial statements can be found in the financial section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the Village-wide and fund financial statements. The notes to the financial statements can be found in the financial section.

Other Information

In addition to the basic financial statements, this report also includes certain required supplementary information related to budgetary information and the Village's progress in funding its obligation to provide pension benefits to employees. Non-major fund information can be found immediately following the required supplementary information.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
April 30, 2021

VILLAGE-WIDE STATEMENTS & ANALYSIS

Net Position

The following chart reflects the Condensed Statement of Net Position:

Table 1
Statement of Net Position
(in thousands)*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current Assets	37,620	33,750	7,469	7,051	45,089	40,801
Capital Assets	74,859	73,048	64,200	63,988	139,059	137,036
Total Assets	112,479	106,798	71,669	71,039	184,148	177,837
Deferred Outflows of Resources	6,347	7,228	647	265	6,994	7,493
Total Assets and Deferred Outflows	118,826	114,026	72,316	71,304	191,142	185,330
Current Liabilities	3,028	1,943	963	1,583	3,991	3,526
Noncurrent Liabilities	23,146	45,285	5,856	5,746	29,002	51,031
Total Liabilities	26,174	47,228	6,819	7,329	32,993	54,557
Deferred Inflows of Resources	25,624	7,543	538	315	26,162	7,858
Total Liabilities and Deferred Inflows	51,798	54,771	7,357	7,644	59,155	62,415
Net Position:						
Net Invested in Capital Assets	72,081	73,048	59,059	59,329	131,140	132,377
Restricted	1,633	754	—	—	1,633	754
Unrestricted	(6,687)	(14,547)	5,900	4,331	(787)	(10,216)
Total Net Position	67,028	59,255	64,959	63,660	131,986	122,915

*Variation in values may occur due to rounding

The Village combined net position increased by \$9,071 thousand from \$122.9 million to \$132.0 million. Governmental Activities net position increased by \$7.8 million. Current Assets increased by \$3.9 million due to greater Cash and Investments (+\$1.9 million) and Receivables (+\$2.1 million). The increase is primarily due to the impact of the COVID-19 pandemic on major revenues at the end of the prior fiscal year. Capital Assets increased by \$1.8 million due to the construction of Fire Station #3 (+\$1.8 million). Current Liabilities increased by \$1.1 million primarily due to the timing of payables (+\$936 thousand) and current long-term debt (+\$164 thousand) due to Fire Station #3.

Business-Type Activities net position increased \$1.3 million. Current Assets increased \$418 thousand due to the impact of the COVID-19 pandemic on water usage at the end of the prior fiscal year. Capital assets increased due to the completion of the Knowles Road Water Tower and Old Grand watermain projects and Deferred Outflows increased due to the addition of Asset Retirement Obligations. Current Liabilities decreased primarily due to the completion of capital projects and lower payables at year-end. Noncurrent Liabilities increased due to the IEPA Loan Payable for the Knowles Road Water Tower and Deferred Inflows increased as a result of IMRF pensions.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
April 30, 2021

Activities

Governmental Activities are segregated by functional area for program revenues and expenses. General and Business-Type Revenues are allocated among Charges for Services; Operating and Capital Grants/Contributions; Taxes; Interest Income; Miscellaneous Revenue; and Interfund Transfers, as applicable. Expenses are allocated among General Government; Public Safety; Highway and Streets; Interest on Long-Term Debt; Golf; and Water and Sewer, as applicable.

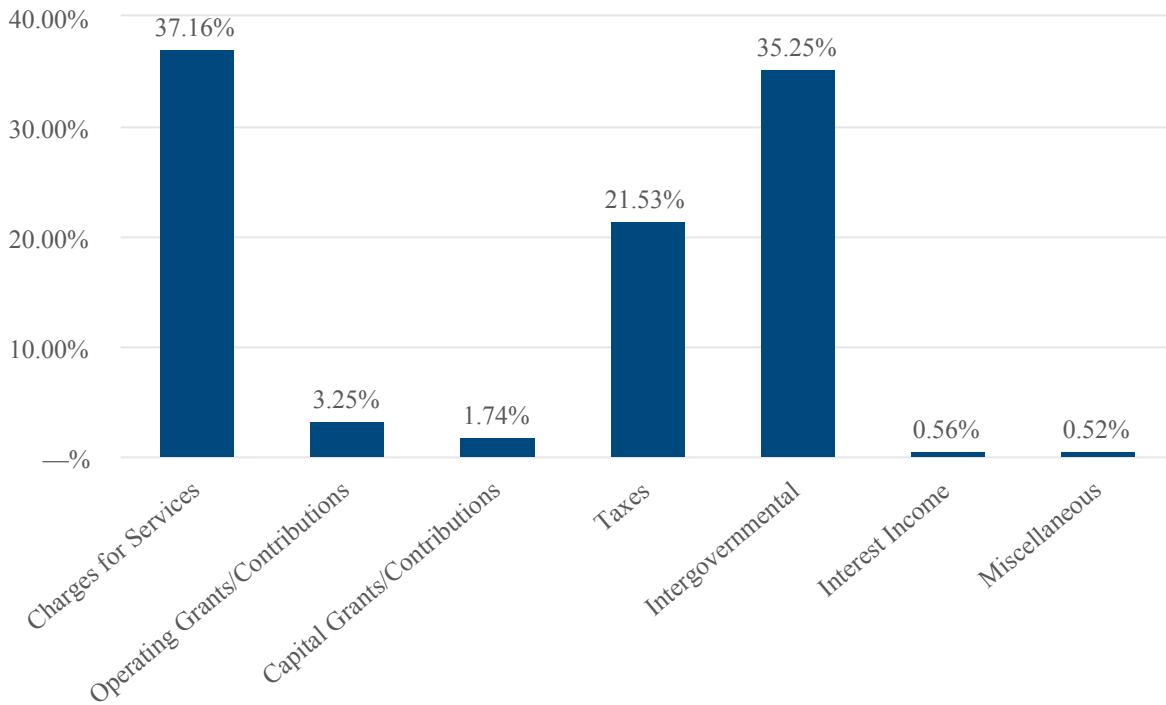
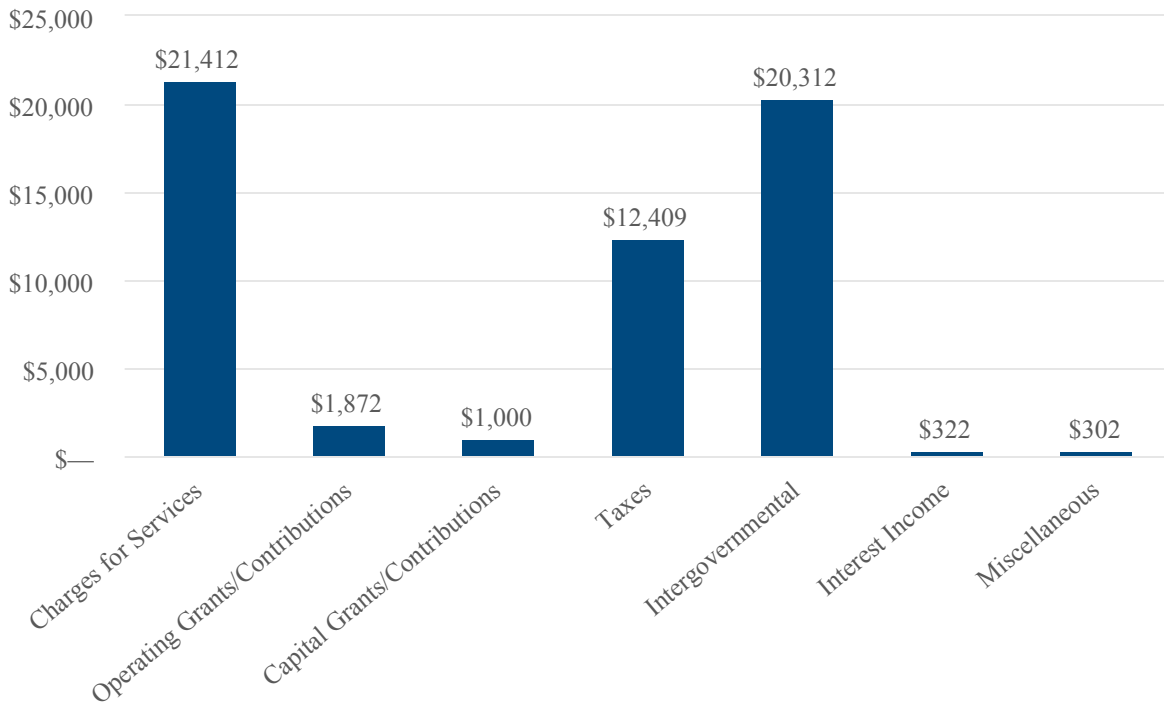
Table 2
Changes in Net Position
(in thousands)*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for Services	12,514	10,610	8,898	9,046	21,412	19,656
Operating Grants/Contributions	1,872	554	—	—	1,872	554
Capital Grants/Contributions	1,000	45	—	—	1,000	45
General Revenues:						
Taxes	12,409	16,571	—	—	12,409	16,571
Intergovernmental	20,312	19,426	—	—	20,312	19,426
Interest Income	254	759	68	138	322	897
Misc	293	1,544	8	—	302	1,544
Total Revenues	48,654	49,509	8,975	9,184	57,628	58,693
EXPENSES						
General Government	5,706	9,434	—	—	5,706	9,434
Public Safety	27,519	30,220	—	—	27,519	30,220
Highways and Streets	7,510	8,802	—	—	7,510	8,802
Interest	21	(64)	—	—	21	(64)
Golf	—	—	68	109	68	109
Water and Sewer	—	—	7,733	9,451	7,733	9,451
Total Expenses	40,756	48,392	7,801	9,560	48,558	57,952
Excess/Deficiency Before Transfers	7,898	1,117	1,173	(376)	9,071	741
Transfers	(125)	(59)	125	59	—	—
Change in Net Position	7,773	1,058	1,298	(317)	9,071	741
Net Position - Beginning	59,255	58,197	63,660	63,977	122,915	122,174
Net Position - Ending	67,028	59,255	64,959	63,660	131,986	122,915

*Variation in values may occur due to rounding

VILLAGE OF GURNEE, ILLINOIS
 MANAGEMENT'S DISCUSSION & ANALYSIS
 April 30, 2021

Fiscal Year 2020/2021 Revenues



VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

For the fiscal year ended April 30, 2021 Government-Wide revenues were \$57.6 million. Charges for Service is the largest category representing 37.2% of revenues followed by Intergovernmental Revenues at 35.2% and Taxes at 21.5%.

Government-Wide Charges for Services increased \$1.8 million from the previous year. The largest type of Charge for Services are water and sewer fees in the Utility Fund.

- Governmental charges for services include dispatch services, ambulance fees, police security charges, and various development fees. Governmental Charges for Services increased from \$10.6 million to \$12.5 million largely due to the addition of the Fleet Services Fund and internal charges to other departments in the General Fund.
- Business-Type charges for services are primarily Water and Sewer charges for service and decreased from \$9.0 million to \$8.9 million. Revenues were negatively impacted from the COVID-19 crisis and lockdown measures with water usage down 2.0% from the prior fiscal year.

Government-Wide Intergovernmental revenues increased from \$19.4 million to \$20.3 million. Income taxes increased \$0.71 million from \$3.08 million to \$3.80 million.

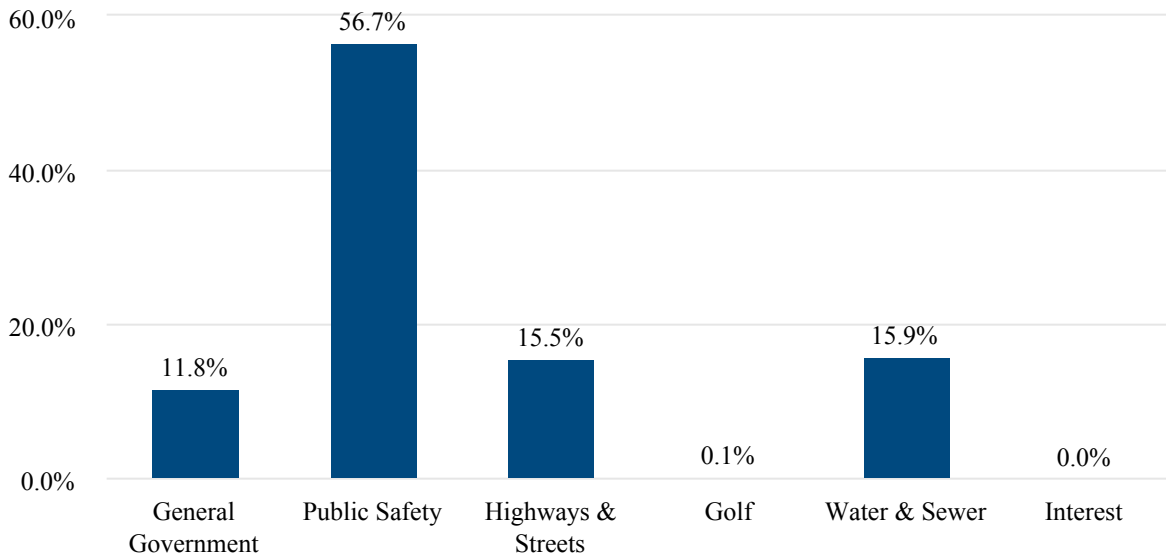
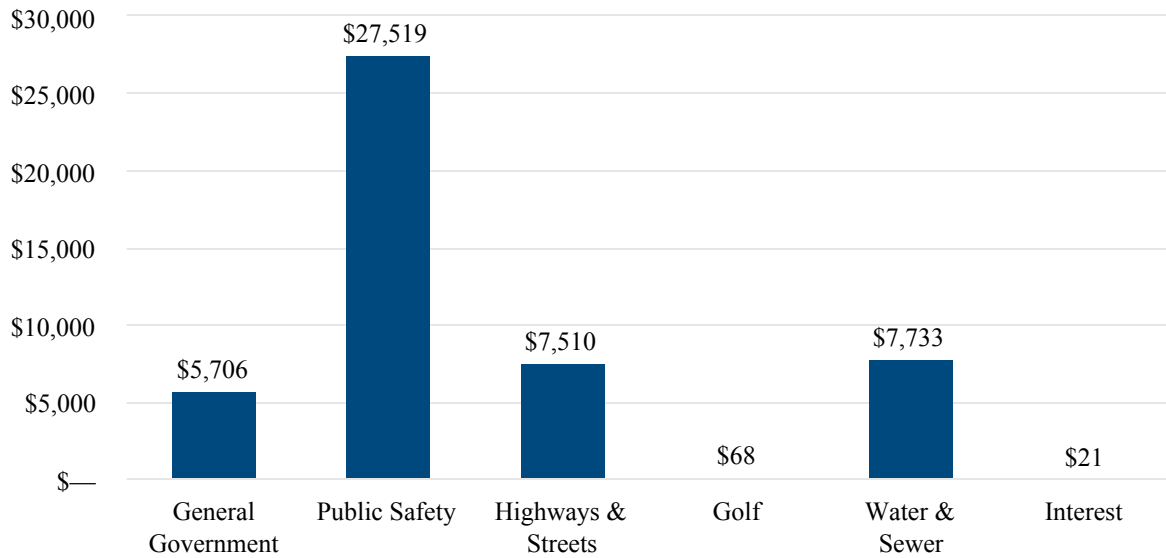
- Sales taxes (Sales Tax & Home Rule Sales Tax) represent over 40% of total governmental revenues. The Village receives 2.0% of all sales purchases within its jurisdiction; this consists of 1% of the State sales tax rate and a 1% home rule sales tax (effective January 1, 2015). Village-wide sales taxes decreased \$400 thousand from \$20.6 million to \$20.2 million. Most of the fiscal year was impacted by the COVID-19 crisis due to lockdowns and restrictions. The greatest impact was felt in the final months of the prior fiscal year and the beginning months of FY2020/2021, however the second half of FY2020/2021 rebounded as the restrictions were lifted.
- Local Use Tax increased \$313 thousand from \$1.1 million to \$1.4 million. This is largely due to legislation requiring online retailers to submit use tax, and an increase in online shopping during the pandemic.
- Income Taxes increased \$715 thousand from \$3.1 million to \$3.8 million. This is partially due to an increased labor market and taxes paid on increased federal benefits due to the pandemic.
- Motor Fuel Taxes increased \$1.0 million from \$1.2 million to \$2.2 million. Motor fuel taxes are distributed monthly by the State based on population. Base Motor Fuel Tax increased \$131 thousand from \$814 thousand to \$945 thousand. The Village received \$1.0 million in additional Motor Fuel Tax funds through the Rebuild Illinois state capital program. The Village also received an additional \$463 thousand from the Transportation Renewal Fund, which was created to share revenues with municipalities as a result of the increased taxes by the State of Illinois.

Government-Wide Taxes decreased \$4,162 thousand from \$16.6 million to \$12.4 million. This is almost entirely due to the COVID-19 pandemic. As host to Six Flags Great America and Great Wolf Lodge, Gurnee is a desirable tourist destination. To capture some of the tourist revenue, Gurnee imposes amusement, hotel, resort, and food & beverage taxes. These taxes rely on consumers gathering which was prohibited for much of the year due to the pandemic.

- The amusement tax is 4% (effective May 1, 2018). Amusement taxes decreased \$2.8 million from \$3.6 million to \$801.3 thousand.
- The hotel tax is 6% (effective May 1, 2018). Hotel taxes decreased \$1.0 million from \$1.8 million to \$726.1 thousand.
- The food and beverage tax is 1%. Food and beverage taxes decreased \$422.1 thousand from \$1.9 million to \$1.5 million.
- The Village imposes a 6% telecommunications tax. Telecommunication (excise) taxes decreased \$152.4 thousand from \$819.1 thousand to \$666.7 thousand. This is the tenth consecutive decline of 5% or more. Telecommunication taxes will continue to decline as consumer behaviors change to communication methods not subject to the tax.

VILLAGE OF GURNEE, ILLINOIS
 MANAGEMENT'S DISCUSSION & ANALYSIS
 April 30, 2021

Fiscal Year 2020/2021 Expenses



Total Government-Wide expenses decreased \$9.4 million or 16.2%, from \$58.0 million to \$48.6 million.

Governmental Activities expenses decreased \$7.6 million or 15.8%, from \$48.4 million to \$40.8 million. The Village took a variety of steps to reduce expenditures in response to the revenue drop from the pandemic. These steps included hiring freezes, forgoing cost of living increases, delaying capital projects as well as general belt tightening in all areas.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

General Government expenses decreased \$3.7 million or 39.5% from \$9.4 million to \$5.7 million. Included are the costs associated with the Administration, Human Resources, Finance, Information Systems, Engineering and Building & Zoning divisions, as well as the Village's contractual obligations and debt service. The Village's contractual obligations include voluntary contributions to the Gurnee Park District, Gurnee Days Corporation, and Lake County Convention Bureau. The Village also participates in revenue sharing agreements with Gurnee Mills, Great Wolf Lodge and Six Flags. The Village paid off the Series 2011 Bonds early in FY2019/2020, therefore debt service was reduced by approximately \$4.5 million in FY2020/2021.

Public Safety expenses decreased \$2.7 million, or 8.9%, from the previous year. Public Safety consists of the operation of the Village's Police Department, Fire Department, and Emergency Dispatch departments. The Village had several open and vacated positions throughout the fiscal year within the Police Department.

Highways & Streets, including Public Works, Vehicle Maintenance and the Village's routine repair and maintenance projects, decreased \$1,292 thousand or 14.7% from the prior year primarily due to delaying certain General Government capital programs due to the pandemic.

Interest expenses increased \$85 thousand or 132.8% from the previous fiscal year. The Village paid interest on Series 2011 (Midwest Disaster Area Bonds). This resulted in negative interest related to the write-down of the Interest on the Series 2011 Bonds that were paid off early in FY2019/2020. Interest expense is related to the outstanding promissory note used to finance Fire Station #3.

Business-Type Activities expense decreased \$1.8 million from \$9.6 million to \$7.8 million. Business-Type activities consists of the Village's Water and Sewer, and Golf Course enterprise funds.

The Village owns the land where Bittersweet Golf Club is located. A private company was supposed to operate the course and clubhouse, but the Club went into foreclosure in 2009. In late fiscal year 2010/2011, the Village bought out the remaining 21 years on a Bittersweet lease held by First Merit Bank. Currently, an independent entity, Golfvisions Inc., operates and manages the golf course. The Village received no revenue from the golf course during the fiscal year. FY2020/2021 Golf Fund expenses consisted of \$21 thousand amortization of the leasehold interest and \$47 thousand in course improvements.

Water and Sewer expenses decreased \$1.8 million from \$9.6 million to \$7.8 million. This is primarily due to decreased rates on water purchases as a result of the expiration of debt service. Reduced OPEB liability due to investment returns for IMRF also contributed to the decrease.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

BUDGET HIGHLIGHTS

The Village adopts a budget on a fund basis consistent with generally accepted accounting principles. The budget document is the result of the Village's financial and operational planning process and serves as the guide for implementing those plans. The process brings together input from the elected officials, senior managers, departmental staff and the public to shape the Village's goals and objectives. While the Finance Director projects what fund balances will remain at the end of the current fiscal year to determine a "bottom line," as well as standard increases as dictated in union contracts and the like, the Departments are responsible for assessing current conditions, programs and needs. The Village Administrator and Finance Director meet with the individual department heads to discuss their initial funding requests. They review major operating changes, discuss objectives and review capital project requests. An effort is made to combine requests across departments and to discuss more efficiently accomplishing departmental goals. Any unjustified items are cut from the budget at this time.

A series of public hearings are held in the spring. The Village Administrator, Finance Director and individual department heads are present at the hearings to address issues and concerns by the Village President, Trustees and public. The tentative budget must be available for public inspection at least ten days prior to passage and a notice of public hearing must be published in a local newspaper at least one week prior to the hearing. After the public hearings, the budget may be further revised and passed without further inspection, notice or hearing. The final budget is passed in April.

The Illinois State Legislature requires employers, who have employees in the Illinois Municipal Retirement Fund, to post compensation packages of employees making \$150,000 or more annually on their municipal web site 6 days before the compensation package is approved and to post compensation packages of employees making \$75,000 or more annually on their web site 6 days after approving their budget. The Village complied with all legal requirements. Information regarding compensation packages for all Village employees can be found on the Village's website at <https://www.gurnee.il.us/government/transparency-portal/compensation-reports>.

This report includes budget and actual comparisons for the General Fund. The General Fund is the major fund component of the Governmental Activities statements and accounts for the bulk of the Village's revenue receipts and disbursements related to government services. The Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, can be found in the required supplementary information section of this report, the Schedule of Revenues Budget and Actual, and the Schedule of Expenditures Budget and Actual can be found in the other supplementary information section of this report.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
April 30, 2021

Table 3
General Fund Budgetary Highlights
(in thousands)*

	Budget	Actual	Variance from Budget	Percentage Difference
REVENUES				
Taxes	10,241	4,933	(5,309)	(51.8%)
Intergovernmental	25,692	25,764	71	0.3%
Charges for Service	3,867	4,028	161	4.2%
Licenses and Permits	1,095	1,088	(7)	(0.7%)
Fines and Forfeitures	1,760	1,485	(275)	(15.6%)
Interest Income	500	249	(251)	(50.1%)
Miscellaneous	159	129	(30)	(19.0%)
Total Revenues	43,314	37,675	(5,639)	(13.0%)
EXPENDITURES				
General Government	7,558	5,397	(2,161)	(28.6%)
Public Safety	30,512	28,986	(1,525)	(5.0%)
Highways and Streets	3,834	3,677	(157)	(4.1%)
Capital Outlay	379	152	(227)	(59.9%)
Total Expenditures	42,283	38,213	(4,071)	(9.6%)
Excess (deficiency) of revenues over expenditures	1,031	(538)	(1,569)	(152.2%)
Other Financing Sources				
Transfers In	—	17	17	—%
Net Change in Fund Balance	1,031	(521)	(1,551)	(150.5%)

*Variation in values may occur due to rounding

General fund revenues were under budget by \$5.6 million or 13.0%. Several major revenue streams were negatively impacted by the COVID-19 lockdown which essentially shutdown economic activity for a good portion of the beginning of the fiscal year.

Taxes were \$5,309 thousand or 51.8% behind budget largely due to the shutdown impact on amusement tax (-\$2.7 million), hotel & resort tax (-\$1.7 million), and food and beverage tax (-\$529 thousand). Telecommunications tax and franchise taxes combined for an additional -\$130 thousand negative budget variance.

Licenses and Permits were \$7 thousand, or 0.7%, behind largely because business & liquor license (-\$7 thousand) and development related permits (-\$635) due to a pause in construction activity during the lockdown.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

Charges for Services were \$161 thousand or 4.2% over budget. Charges for Services include, among other items, Ambulance Rescue Fees, Engineering Fees and Inspections, School Resource Police Officer Charges, Insurance Proceeds, and Cell Tower / Antenna rent. Significant positive variances included police security services (+\$123 thousand) and Ambulance fees (+\$168 thousand). Negative variances occurred due to the schools being shutdown during the pandemic and no need for resource officers.

Fines and Forfeitures were \$275 thousand, or 15.6%, behind budget. Fines and Forfeitures include red light camera violations, court fines, DUI fines, parking fines and false alarm fines. Significant negative variances include court fines (-\$129 thousand), ordinance violation fines (-\$60 thousand) and red light violations (-\$52 thousand). A number of these negative variances are due to the impact of the lockdown such as the courts being closed for an extended period of time and reduced traffic counts.

Miscellaneous revenue was \$30 thousand, or 19.0%, behind budget. The variance is almost entirely due to less than anticipated workers comp reimbursements and Police Explorers activity due to the program being suspended during the pandemic.

Intergovernmental revenues were \$71 thousand, or 0.3%, over budget. Sales Taxes are the largest revenue source for the Village and posted a negative variance of \$2.0 million or 11.3%. This variance can be largely attributed to the economic shutdown due to the COVID-19 crisis. That negative variance in this category was offset by positive variances in Income Tax (+\$399 thousand), Local Use Tax (+\$308 thousand) and Replacement Tax (+\$30 thousand). This category also includes a \$1.4 million grant as part of the CARES Act local government COVID-19 relief program.

Interest income was below budget by \$251 thousand or 50.1% due to interest rates being low and cash management opportunities to maximize earnings credit to offset banking fees.

Total General Fund expenditures were under budget by \$4.1 million or 9.6%. All classifications were under budget. As noted earlier the Village took a number of steps to reduce expenditures in response to the pandemic. Prior to the start of the fiscal year, the Village initiated its Fiscal Contingency Plan, which calls for a systematic pre-planned approach to reduce expenditure in the event of severe fiscal decline. This allowed the Village to react quickly with little impact on operations and the overall mission of the Village.

General Government expenditures were \$2,161 thousand, or 28.6%, under budget. The largest items contributing to the positive variance were; sales tax rebates (\$986 thousand) as many did not reach the threshold to trigger a rebate, salaries (\$538 thousand) due to wage and hiring freezes in response to the pandemic, professional services (\$248 thousand) due to delaying various services and agreements and contractual service (\$246 thousand) due to adjusting contracts in response to the pandemic.

Public Safety expenditures were \$1,525 thousand, or 5.0%, under budget. The largest items contributing to the positive variance were; salaries (\$1.2 million), contractual services (\$122 thousand), repairs and maintenance (\$103 thousand) and commodities (\$88 thousand) all due to measures taken to offset the impact of the pandemic.

Highways and Streets classified expenditures were \$157 thousand, or 4.1% under budget. The largest items contributing to the positive variance were; salaries (\$91 thousand), repairs and maintenance (\$86 thousand) and contractual services (\$58 thousand). Notable negative variances include increased fuel and lighting costs and medical insurance due to election changes.

Capital Outlay was \$227 thousand or 59.9% under budget largely due to delaying building maintenance and improvements, computer software and hardware purchases and certain machinery and equipment in response to the impact of the pandemic.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

Transfers account for the flow of funds from one fund to another. There is typically a transfer from debt service and capital. The Village paid off the final remaining Series 2011 bonds in FY2019/2020 thus no transfer from the General Fund to the Debt Service Fund was needed. One of the first steps the Village took in response to the pandemic was eliminating the capital transfer from the general Fund to the Capital Improvement Fund in response to the pandemic. This allowed scarce resources to stay in the General Fund and maintain operations.

The Village contributes to the Police and Firefighters' Pension funds from General fund revenues absent a property tax levy. Fiscal year 2020/2021 employer contributions were made based upon an independent actuarial calculation which was taken from the most recent audited fiscal year which ended prior to fiscal year budget completion (April 30, 2020). The Illinois Municipal Retirement Fund (IMRF) covers employees, other than those covered by Police and Firefighters' Pension plans, hired in positions that meet or exceed a prescribed hourly standard. The Village reduced the actuarial assumed rate of return on investments from 7.3% to 7.0% over the last two fiscal years. See Note 4, Employee Retirement System - Defined Benefit Pension Plans section for more information.

- Police Pension: The lump sum employer contribution for fiscal year 2020/2021 increased \$125 thousand, or 5.5%, from \$2.3 million to \$2.4 million.
- Firefighters' Pension: The lump sum employer contribution for fiscal year 2020/2021 increased \$97 thousand, or 5.2%, from \$1.9 million to \$2.0 million.
- IMRF: The Village employer rate decreased from the previous calendar year from 11.96% in 2020 to 11.57% in 2021.

In addition to providing pension benefits, the Village provides other post-employment benefits to its retirees (OPEB) in the form of health insurance. This is a single employer defined benefit plan that includes employees, retirees, and Public Safety Employee Benefits Act (PSEBA) employees. All retirees contribute 100% of the actuarially determined premium to the plan. Public Safety employees who are classified as catastrophically disabled in accordance with the Public Safety Employee Benefit Act (820 ILCS 320) do not pay insurance premiums. The Village is responsible for the PSEBA employee and his/her spouse insurance coverage until death and the employee's children until age 25 with certain exceptions. As of April 30, 2021, the total OPEB liability each was \$7.02 million.

The total OPEB liability as a percentage of covered-employee payroll was 44.15%. The Village does not fund the liability in advance, but uses a "pay as you go" method. The Village has two PSEBA employees. The cost of providing insurance coverage for the PSEBA employees account for the majority of the \$7.02 million actuarial accrued liability. The accounting for this liability is in accordance with Statement No. 75 of the Governmental Accounting Standards Board.

Different measurement focus and bases of accounting are used in the accounting and financial reporting for the Village's governmental activities and government funds even though the financial statements for each essentially address the same Village operations. The economic resources measurement focus and the accrual basis of accounting are used for governmental activities. On the other hand, the current financial resources measurement focus and modified accrual basis of accounting are used for the governmental funds. To reconcile the fund balances of the governmental funds with the net position of governmental activities as of April 30, 2021, the Village has provided a reconciliation in the basic financial statements section of this report. The most significant reconciling items include:

- \$74.9 million of capital assets are included in the assets of governmental activities. Over the course of time, these costs were recorded as expenditures in the governmental funds.
- \$18.8 million in long-term deferred outflows/inflows related to pensions is not reported in the governmental funds.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

- \$2.1 million of various Village tax revenues are deferred in the funds because they will be collected after year-end but are not available soon enough to pay for the current period's expenditures.
- \$23.6 million of long-term liabilities are not included in the governmental funds because they are not due and payable during the current period. Instead, payments are recorded as expenditures when due and payable.

OTHER MAJOR FUNDS

Fund balance increased by \$895 thousand in the Motor Fuel Tax Fund due to additional unanticipated funding from various state programs. Fund balance increased by \$1,275 thousand in the Capital Improvement Fund due to delaying capital projects due to the pandemic.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities is shown below (net of accumulated depreciation). Readers desiring more detailed information on capital asset activity should refer to Note 3 - Detail Notes on All Funds, Capital Assets section of this report.

Table 4
Capital Assets
(in thousands)*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	34,508	34,508	5,039	5,039	39,547	39,547
Construction in Progress	3,271	535	1,000	5,582	4,271	6,117
Building and Improvements	10,949	11,340	1,991	2,048	12,940	13,388
Vehicles	7,046	7,231	1,565	1,489	8,611	8,720
Equipment	1,588	1,850	313	353	1,901	2,203
Leasehold Improvements	—	—	228	250	228	250
Water Plants and Mains	—	—	30,407	25,051	30,407	25,051
Sewer Plants and Mains	—	—	13,706	14,007	13,706	14,007
Storm Sewers	—	—	9,950	10,171	9,950	10,171
Infrastructure	17,497	17,584	—	—	17,497	17,584
Total Net Capital Assets	74,859	73,048	64,200	63,988	139,059	137,036

*Variation in values may occur due to rounding

The Village's total capital assets, net of accumulated depreciation, increased by \$2.0 million from last fiscal year to the current fiscal year. Governmental Activities capital assets increased by \$1,811 thousand or 2.5% and Business-Type Activities increased by \$0.2 million or 0.3%.

Additions in the Governmental Funds consisted primarily of the construction in progress for Fire Station #3. Most other capital was delayed due to the pandemic with the exception of certain emergency vehicles for Police & Fire and chassis for heavy duty Public Works trucks.

Additions in the Business-Type Funds consisted of moving the Knowles Road Water Tower out of construction in progress as the projected was completed, and chassis for heavy duty Public Works trucks.

VILLAGE OF GURNEE, ILLINOIS
 MANAGEMENT'S DISCUSSION & ANALYSIS
 April 30, 2021

DEBT ADMINISTRATION

The table below shows the Village's bonded debt:

Table 5
Long-Term Debt
(in thousands)*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Promissory Notes	2,778	—	—	—	2,778	—
IEPA Loans	—	—	5,129	4,637	5,129	4,637
Installment Contracts	—	—	11	22	11	22
Total Debt	2,778	—	5,141	4,659	7,918	4,659

*Variation in values may occur due to rounding

The Village does not have any outstanding bonded debt. The Village utilized a low-interest IEPA Loan for the construction of the Knowles Road Water Tower. The loan is a 20-year obligation. The Village utilized a 10-year promissory note to finance Fire Station #3, and a small installment contract for Golf Course equipment.

The Illinois General Assembly has set no limits for home rule municipalities on the amount of debt outstanding; however, the Village adopted a Debt Policy in December 2005 that uses the non-home rule limitation of 8.625% of the most recent Equalized Assessed Valuation (EAV) of the property within the Village's corporate limits. The Village's outstanding debt as of April 30th is 0% of EAV. Readers desiring more detailed information on debt activity should refer to Note 3 – Detail Notes on All Funds, Long-Term Debt of this report.

VILLAGE OF GURNEE, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS

April 30, 2021

ECONOMIC FACTORS

The Village's 2020 Equalized Assessed Valuation (EAV) increased \$4,965,738 to \$1,195,034,414 from \$1,190,068,676. Most Village property is located in Warren Township. There was \$5,437,867 of new property.

	Real Estate	Railroad	EAV	New Property	Annexations
Warren & Waukegan Townships	\$1,193,920,669	\$1,113,745	\$1,195,034,414	\$5,437,867	\$200,553

The principal property tax payers in Gurnee have remained stable for the past nine years. In both 2012 and 2021, the Mills Corporation (Gurnee Mills Mall) was the highest property tax payer and Six Flags Great America was the second highest property tax payer. The top ten principal property tax payers pay 12.7% of all property taxes in Gurnee. Most of these property tax payers are commercial endeavors, lessening the burden on residential owners. The Village of Gurnee does not levy a property tax.

The per capita personal income in Gurnee is \$46,432 and the unemployment rate is 5.3%. This compares to last year's \$42,783 per capita income and 4.3% unemployment rate.

On June 30, 2014 Standard & Poor's rating Services raised its long-term rating to "AAA" from "AA+" on the Village's 2009, 2011 and 2012 (retired) General Obligation bonds.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, customers, investors and creditors with a general knowledge of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report may be directed to the Brian C. Gosnell, Director of Finance, Village of Gurnee, 325 N. O'Plaine Road, Gurnee, Illinois 60031.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

VILLAGE OF GURNEE, ILLINOIS

Statement of Net Position

April 30, 2021

See Following Page

VILLAGE OF GURNEE, ILLINOIS

Statement of Net Position

April 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 28,926,595	5,427,464	34,354,059
Receivables - Net of Allowances	8,286,336	2,041,060	10,327,396
Due from Other Governments	12,164	—	12,164
Inventories	395,309	—	395,309
Total Current Assets	37,620,404	7,468,524	45,088,928
Noncurrent Assets			
Capital Assets			
Nondepreciable	37,779,077	6,038,505	43,817,582
Depreciable	72,650,542	88,903,337	161,553,879
Accumulated Depreciation	(35,570,824)	(30,742,015)	(66,312,839)
Total Noncurrent Assets	74,858,795	64,199,827	139,058,622
Total Assets	112,479,199	71,668,351	184,147,550
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	1,191,423	172,619	1,364,042
Deferred Items - Police Pension	2,630,761	—	2,630,761
Deferred Items - Firefighters' Pension	1,237,680	—	1,237,680
Deferred Items - RBP	1,286,655	34,301	1,320,956
Deferred Items - ARO	—	440,000	440,000
Total Deferred Outflows of Resources	6,346,519	646,920	6,993,439
Total Assets and Deferred Outflows of Resources	118,825,718	72,315,271	191,140,989

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

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 961,991	408,674	1,370,665
Accrued Payroll	638,532	21,203	659,735
Medical Claims Payable	130,672	2,422	133,094
Deposits Payable	35,939	—	35,939
Accrued Interest Payable	21,019	—	21,019
Other Payables	833,711	508,988	1,342,699
Current Portion of Long-Term Liabilities	405,997	21,271	427,268
Total Current Liabilities	<u>3,027,861</u>	<u>962,558</u>	<u>3,990,419</u>
Noncurrent Liabilities			
Compensated Absences Payable	932,218	43,306	975,524
Net Pension Liability - IMRF	411,673	59,645	471,318
Net Pension Liability - Police Pension	5,139,613	—	5,139,613
Net Pension Liability - Firefighters' Pension	7,216,705	—	7,216,705
Total OPEB Liability - RBP	6,841,196	182,381	7,023,577
Promissory Notes Payable	2,605,081	—	2,605,081
IEPA Loans Payable	—	5,129,401	5,129,401
Installment Contracts Payable	—	870	870
Asset Retirement Obligation	—	440,000	440,000
Total Noncurrent Liabilities	<u>23,146,486</u>	<u>5,855,603</u>	<u>29,002,089</u>
Total Liabilities	<u>26,174,347</u>	<u>6,818,161</u>	<u>32,992,508</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	448,586	—	448,586
Deferred Items - IMRF	3,716,540	538,468	4,255,008
Deferred Items - Police Pension	14,104,164	—	14,104,164
Deferred Items - Firefighters' Pension	7,354,380	—	7,354,380
Total Deferred Inflows of Resources	<u>25,623,670</u>	<u>538,468</u>	<u>26,162,138</u>
Total Liabilities and Deferred Inflows of Resources	<u>51,798,017</u>	<u>7,356,629</u>	<u>59,154,646</u>
NET POSITION			
Net Investment in Capital Assets	72,080,771	59,059,111	131,139,882
Restricted - Motor Fuel Tax	1,407,133	—	1,407,133
Restricted - Public Safety	226,313	—	226,313
Unrestricted (Deficit)	(6,686,516)	5,899,531	(786,985)
Total Net Position	<u>67,027,701</u>	<u>64,958,642</u>	<u>131,986,343</u>

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

VILLAGE OF GURNEE, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2021**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 5,706,170	2,110,049	1,405,129	—
Public Safety	27,519,374	8,103,572	466,465	1,000,000
Highways and Streets	7,509,642	2,300,344	—	—
Interest on Long-Term Debt	21,019	—	—	—
Total Governmental Activities	40,756,205	12,513,965	1,871,594	1,000,000
Business-Type Activities				
Golf	68,479	—	—	—
Water and Sewer	7,732,870	8,898,269	—	—
Total Business-Type Activities	7,801,349	8,898,269	—	—
Total Primary Government	48,557,554	21,412,234	1,871,594	1,000,000

General Revenues

Taxes

Amusement Tax

Hotel Tax

Food and Beverage Tax

Telecommunications Tax

Other Taxes

Motor Fuel Tax

Home Rule Sales Tax

Intergovernmental - Unrestricted

Sales Tax

Income Tax

Replacement Tax

Interest Income

Miscellaneous

Internal Activity - Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Primary Government		
Net (Expenses)/Revenues		
Governmental Activities	Business-Type Activities	Totals
(2,190,992)	—	(2,190,992)
(17,949,337)	—	(17,949,337)
(5,209,298)	—	(5,209,298)
(21,019)	—	(21,019)
(25,370,646)	—	(25,370,646)
—	(68,479)	(68,479)
—	1,165,399	1,165,399
—	1,096,920	1,096,920
(25,370,646)	1,096,920	(24,273,726)
801,273	—	801,273
726,119	—	726,119
1,496,286	—	1,496,286
666,710	—	666,710
2,655,138	—	2,655,138
2,241,788	—	2,241,788
3,821,696	—	3,821,696
16,363,785	—	16,363,785
3,798,660	—	3,798,660
149,614	—	149,614
253,690	68,025	321,715
293,472	8,345	301,817
(125,000)	125,000	—
33,143,231	201,370	33,344,601
7,772,585	1,298,290	9,070,875
59,255,116	63,660,352	122,915,468
67,027,701	64,958,642	131,986,343

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

VILLAGE OF GURNEE, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2021

	<u>General</u>
ASSETS	
Cash and Investments	\$ 22,008,026
Receivables - Net of Allowances	
Taxes	6,424,833
Accounts	—
Other	434,073
Due from Other Governments	12,164
Due from Other Funds	165,384
Inventories	<u>249,804</u>
 Total Assets	 <u><u>29,294,284</u></u>
LIABILITIES	
Accounts Payable	582,048
Accrued Payroll	631,137
Due to Other Funds	—
Medical Claims Payable	130,672
Deposits Payable	35,939
Other Payables	<u>2,235,283</u>
Total Liabilities	3,615,079
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>448,586</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>4,063,665</u></u>
FUND BALANCES	
Unspendable	249,804
Restricted	—
Committed	—
Unassigned	<u>24,980,815</u>
Total Fund Balances	<u><u>25,230,619</u></u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>29,294,284</u></u>

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

Special Revenue	Capital Projects		
Motor Fuel Tax	Capital Improvement	Nonmajor	Totals
1,201,781	4,466,450	1,250,338	28,926,595
205,352	—	—	6,630,185
—	1,118,257	103,821	1,222,078
—	—	—	434,073
—	—	—	12,164
—	—	—	165,384
—	—	145,505	395,309
<u>1,407,133</u>	<u>5,584,707</u>	<u>1,499,664</u>	<u>37,785,788</u>
—	539,576	5,751	1,127,375
—	—	—	631,137
—	—	7,395	7,395
—	—	—	130,672
—	—	—	35,939
—	702,982	—	2,938,265
—	1,242,558	13,146	4,870,783
—	—	—	448,586
—	1,242,558	13,146	5,319,369
—	—	145,505	395,309
1,407,133	—	226,313	1,633,446
—	4,342,149	1,114,700	5,456,849
—	—	—	24,980,815
<u>1,407,133</u>	<u>4,342,149</u>	<u>1,486,518</u>	<u>32,466,419</u>
<u>1,407,133</u>	<u>5,584,707</u>	<u>1,499,664</u>	<u>37,785,788</u>

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

VILLAGE OF GURNEE, ILLINOIS

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

April 30, 2021

Total Governmental Fund Balances	\$ 32,466,419
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	74,858,795
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(2,525,117)
Deferred Items - Police Pension	(11,473,403)
Deferred Items - Firefighters' Pension	(6,116,700)
Deferred Items - RBP	1,286,655
Various Village tax revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.	2,104,554
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued Interest Payable	(21,019)
Compensated Absences Payable	(1,165,272)
Net Pension Liability - IMRF	(411,673)
Net Pension Liability - Police Pension	(5,139,613)
Net Pension Liability - Firefighters' Pension	(7,216,705)
Total OPEB Liability - RBP	(6,841,196)
Promissory Note Payable	(2,778,024)
Net Position of Governmental Activities	<u>67,027,701</u>

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

VILLAGE OF GURNEE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2021**

See Following Page

VILLAGE OF GURNEE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2021

	<u>General</u>
Revenues	
Taxes	\$ 4,932,597
Intergovernmental	25,763,631
Charges for Services	4,027,740
Licenses and Permits	1,088,113
Fines and Forfeitures	1,484,818
Interest Income	249,374
Miscellaneous	128,585
Total Revenues	<u>37,674,858</u>
Expenditures	
Current	
General Government	5,397,213
Public Safety	28,986,189
Highways and Streets	3,677,280
Capital Outlay	151,982
Total Expenditures	<u>38,212,664</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(537,806)</u>
Other Financing Sources (Uses)	
Debt Issuance	—
Transfers In	17,283
Transfers Out	—
	<u>17,283</u>
Net Change in Fund Balances	(520,523)
Fund Balances - Beginning	<u>25,751,142</u>
Fund Balances - Ending	<u><u>25,230,619</u></u>

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

Special Revenue	Capital Projects		
Motor Fuel Tax	Capital Improvement	Nonmajor	Totals
—	3,821,696	—	8,754,293
2,241,788	1,000,000	—	29,005,419
—	—	2,704,853	6,732,593
—	—	—	1,088,113
—	—	39,623	1,524,441
570	2,970	776	253,690
—	164,887	—	293,472
2,242,358	4,989,553	2,745,252	47,652,021
—	—	—	5,397,213
—	—	—	28,986,189
1,347,149	—	1,109,620	6,134,049
—	6,717,173	941,571	7,810,726
1,347,149	6,717,173	2,051,191	48,328,177
895,209	(1,727,620)	694,061	(676,156)
—	2,778,024	—	2,778,024
—	350,000	—	367,283
—	(125,000)	(367,283)	(492,283)
—	3,003,024	(367,283)	2,653,024
895,209	1,275,404	326,778	1,976,868
511,924	3,066,745	1,159,740	30,489,551
1,407,133	4,342,149	1,486,518	32,466,419

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

VILLAGE OF GURNEE, ILLINOIS

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,976,868
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Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Capital Outlays	3,830,200
Depreciation Expense	(2,019,537)

The net effect of deferred outflows (inflows) of resources related
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(2,005,721)
Change in Deferred Items - Police Pension	(11,152,740)
Change in Deferred Items - Firefighters' Pension	(6,813,508)
Change in Deferred Items - RBP	1,002,497

Because various revenues will not be collected for several months after the Village's
year-end, they are not considered available revenues and are deferred in
governmental funds.

	1,001,769
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The issuance of long-term debt provides current financial resources to
governmental funds, While the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences Payable	42,991
Change in Net Pension Liability - IMRF	3,333,359
Change in Net Pension Liability - Police Pension	14,542,293
Change in Net Pension Liability - Firefighters' Pension	8,382,616
Change in Total OPEB Liability - RBP	(1,549,459)
Issuance of Debt	(2,778,024)

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

	(21,019)
--	----------

Changes in Net Position of Governmental Activities

	<u>7,772,585</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF GURNEE, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2021

See Following Page

VILLAGE OF GURNEE, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2021

	Business-Type Activities - Enterprise Funds		
	Golf Course	Water and Sewer	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 223,253	5,204,211	5,427,464
Receivables - Net of Allowances			
Accounts	4,169	2,001,891	2,006,060
Other	35,000	—	35,000
Total Current Assets	262,422	7,206,102	7,468,524
Noncurrent Assets			
Capital Assets			
Nondepreciable	4,494,436	1,544,069	6,038,505
Depreciable	422,834	88,480,503	88,903,337
Accumulated Depreciation	(194,392)	(30,547,623)	(30,742,015)
Total Noncurrent Assets	4,722,878	59,476,949	64,199,827
Total Assets	4,985,300	66,683,051	71,668,351
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	—	172,619	172,619
Deferred Items - RBP	—	34,301	34,301
Deferred Items - ARO	—	440,000	440,000
Total Deferred Outflows of Resources	—	646,920	646,920
Total Assets and Deferred Outflow of Resources	4,985,300	67,329,971	72,315,271

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

	Business-Type Activities - Enterprise Funds		
	Golf	Water and	Totals
	Course	Sewer	
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ —	408,674	408,674
Accrued Payroll	—	21,203	21,203
Medical Claims Payable	—	2,422	2,422
Other Payables	35,000	473,988	508,988
Current Portion of Long-Term Debt	10,445	10,826	21,271
Total Current Liabilities	45,445	917,113	962,558
Noncurrent Liabilities			
Compensated Absences Payable	—	43,306	43,306
Net Pension Liability - IMRF	—	59,645	59,645
Total OPEB Liability - RBP	—	182,381	182,381
IEPA Loan Payable	—	5,129,401	5,129,401
Installment Contract Payable	870	—	870
Asset Retirement Obligation	—	440,000	440,000
Total Noncurrent Liabilities	870	5,854,733	5,855,603
Total Liabilities	46,315	6,771,846	6,818,161
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	—	538,468	538,468
Total Liabilities and Deferred Inflows of Resources	46,315	7,310,314	7,356,629
NET POSITION			
Net Investment in Capital Assets	4,711,563	54,347,548	59,059,111
Unrestricted	227,422	5,672,109	5,899,531
Total Net Position	4,938,985	60,019,657	64,958,642

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

VILLAGE OF GURNEE, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2021

	Business-Type Activities - Enterprise Funds		
	Golf Course	Water and Sewer	Totals
Operating Revenues			
Charges for Services	\$ —	8,898,269	8,898,269
Operating Expenses			
Operations	47,337	6,158,135	6,205,472
Depreciation	21,142	1,418,741	1,439,883
Total Operating Expenses	68,479	7,576,876	7,645,355
Operating Income (Loss)	(68,479)	1,321,393	1,252,914
Nonoperating Revenues (Expenses)			
Interest Income	52,900	15,125	68,025
Other Income	—	8,345	8,345
Interest Expense	—	(155,994)	(155,994)
	52,900	(132,524)	(79,624)
Income (Loss) Before Transfers	(15,579)	1,188,869	1,173,290
Transfers In	125,000	—	125,000
Change in Net Position	109,421	1,188,869	1,298,290
Net Position - Beginning	4,829,564	58,830,788	63,660,352
Net Position - Ending	4,938,985	60,019,657	64,958,642

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

VILLAGE OF GURNEE, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended April 30, 2021

	Business-Type Activities - Enterprise Funds		
	Golf Course	Water and Sewer	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ (9,169)	8,801,250	8,792,081
Payments to Employees	—	(1,126,959)	(1,126,959)
Payments to Suppliers	(42,834)	(6,244,552)	(6,287,386)
	(52,003)	1,429,739	1,377,736
Cash Flows from Noncapital Financing Activities			
Transfers In	125,000	—	125,000
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	—	(1,651,535)	(1,651,535)
IEPA Loan Proceeds	—	590,052	590,052
Principal on Capital Related Debt	(10,445)	(98,147)	(108,592)
Interest on Capital Related Debt	—	(155,994)	(155,994)
	(10,445)	(1,315,624)	(1,326,069)
Cash Flows from Investing Activities			
Interest Received	52,900	15,125	68,025
Net Change in Cash and Cash Equivalents	115,452	129,240	244,692
Cash and Cash Equivalents - Beginning	107,801	5,074,971	5,182,772
Cash and Cash Equivalents - Ending	223,253	5,204,211	5,427,464
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(68,479)	1,321,393	1,252,914
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	21,142	1,418,741	1,439,883
Other Income	—	8,345	8,345
(Increase) Decrease in Current Assets	(9,169)	(105,364)	(114,533)
Increase (Decrease) in Current Liabilities	4,503	(1,213,376)	(1,208,873)
Net Cash Provided by Operating Activities	(52,003)	1,429,739	1,377,736

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

VILLAGE OF GURNEE, ILLINOIS

Statement of Fiduciary Net Position

April 30, 2021

	Pension Trust	Custodial
ASSETS		
Cash and Cash Equivalents	\$ 4,085,060	2,054,842
Investments		
U.S. Treasury Obligations	5,187,504	—
U.S. Agency Obligations	21,554,198	—
Corporate Bonds	9,292,221	—
State and Local Government Obligations	2,720,460	—
Equity Mutual Funds	87,638,759	—
Exchange Traded Funds	175,675	—
CDs and BAs	717,409	
Receivables - Net of Allowances		
Accounts	—	69,342
Accrued Interest Receivable	171,020	—
Prepays	7,785	—
Total Assets	131,550,091	2,124,184
LIABILITIES		
Accounts Payable	33,420	85,325
Due to Other Funds	—	165,384
Total Liabilities	33,420	250,709
NET POSITION		
Restricted for		
Pensions	131,516,671	—
Individuals, Organizations, and Other Governments	—	1,873,475
	131,516,671	1,873,475

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

VILLAGE OF GURNEE, ILLINOIS

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2021

	Pension Trust	Custodial
Additions		
Contributions - Employer	\$ 4,365,033	—
Contributions - Plan Members	1,384,799	—
Total Contributions	<u>5,749,832</u>	<u>—</u>
Investment Earnings		
Interest Earned	3,178,654	2,716
Net Change in Fair Value	28,026,586	—
Miscellaneous	14	—
	<u>31,205,254</u>	<u>2,716</u>
Less Investment Expenses	(332,469)	—
Net Investment Income	<u>30,872,785</u>	<u>2,716</u>
Property Taxes	—	41,048
Charges for Services	—	<u>902,510</u>
Total Additions	<u>36,622,617</u>	<u>946,274</u>
Deductions		
Administration	4,852,944	—
Benefits and Refunds	96,084	—
Professional Services	—	449,451
Debt Service		
Principal Retirement	—	39,000
Interest and Fiscal Charges	—	9,199
Total Deductions	<u>4,949,028</u>	<u>497,650</u>
Change in Fiduciary Net Position	31,673,589	448,624
Net Position Restricted for Pensions, Individuals, Organizations, and Other Governments		
Beginning	<u>99,843,082</u>	<u>1,424,851</u>
Ending	<u>131,516,671</u>	<u>1,873,475</u>

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Gurnee, Illinois (the Village) was incorporated in 1928. The Village is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, water and sanitary sewerage services, golf course services, and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Gurnee
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village.

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board.

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Firefighters' Pension Employees Retirement System

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

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police and fire safety, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's golf course and water and sanitary sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function or business-type activity) are normally covered by general revenue (sales tax, intergovernmental revenues, interest income, etc.).

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

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

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either have debt outstanding or a specific or community focus. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Governmental Funds

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

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one major special revenue fund, the Motor Fuel Tax Fund. The Motor Fuel Tax Fund is used to account for the restricted revenues used for the maintenance and construction of streets and roads as approved by the Illinois Department of Transportation. The Village maintains three nonmajor special revenue funds.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village maintains one nonmajor debt service fund.

Capital projects funds are used to account for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains one major capital projects fund. The Capital Improvement Fund is used to account for the acquisition and improvement of Village property including infrastructure and general capital assets. The Village maintains one nonmajor capital projects fund.

Proprietary Funds

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

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains two major enterprise funds, the Golf Course Fund and the Water and Sewer Fund. The Golf Course Fund accounts for the construction and operation of a municipal golf course. The Water and Sewer Fund accounts for the provision of potable water and wastewater treatment services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billing and collections.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fiduciary Funds

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

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

Custodial funds are used to account for assets held by the Village in a purely custodial capacity. The Village maintains two custodial funds. The Special Service Area #2 Fund accumulates funds for the payment of special service area bonds, proceeds of which were used to finance improvements, with financing provided by an annual property tax levy upon the benefiting property owners. The NE Lake County consolidated ETSB Fund accumulates funds distributed under the State of Illinois 911 Administrator for the payment of approved expenditures related to the joint dispatch operation between the Village of Gurnee and City of Zion.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus - Continued

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

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues, except for sales taxes and utility taxes which use a 90-day period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

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

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

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

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

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

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Village's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Receivables

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

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$25,000 or more, depending on asset class, are reported at historical cost or acquisition cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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

Buildings and Improvements	20 - 50 Years
Vehicles	8 - 15 Years
Equipment	5 - 10 Years
Infrastructure	50 Years
Leasehold Interest	20 - 50 Years
Water Plant and Mains	30 - 75 Years
Sewer Plant and Mains	75 Years
Storm Sewers	75 Years

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

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

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

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

Net Position

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

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Net Position - Continued

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Village staff submits to the Board a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures, expenses and the means of financing them.
- A public budget hearing is conducted.
- The budget is legally enacted through passage of an ordinance.
- The budget may be amended by the Board of Trustees and the Budget Officer.

The level of control (level at which expenditures may not exceed budget) is each individual fund. The Village Board of Trustees has delegated authority to the Budget Officer to delete, add to, change or create sub-classes within object-classes budgeted previously, with the exception of salaries specifically approved by the Board, but may not change the total budget of a fund. By vote of two-thirds, the budget may be revised by the Board of Trustees. Budgets were adopted for all funds on a basis of accounting consistent with GAAP. During the year, several supplementary appropriations were necessary.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type'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 Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

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

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The deposits and investments of the Pension Trust Funds are held separately from those of other Village funds. Statutes authorize the Pension Trust Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Trust Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase.

Pension Trust Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Trust Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Trust Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Village - Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration of Credit Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$25,613,722 the bank balances totaled \$27,670,028.

Investments. The Village has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 257,453	—	257,453	—	—
U.S. Agency Obligations	1,271,012	451,787	819,225	—	—
State and Local Obligations	1,008,100	135,181	872,919	—	—
Illinois Funds	6,202,661	6,202,661	—	—	—
IMET	1,111	1,111	—	—	—
Totals	8,740,337	6,790,740	1,949,597	—	—

The Village has the following recurring fair value measurements as of April 30, 2021:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 257,453	257,453	—	—
U.S. Agency Obligations	1,271,012	—	1,271,012	—
State and Local Obligations	1,008,100	—	1,008,100	—
Total Investments by Fair Value Level	2,536,565	257,453	2,279,112	—
Investments Measured at the Net Asset Value (NAV)				
Illinois Funds	6,202,661			
IMET	1,111			
Total Investments Measured at Fair Value	8,740,337			

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Village - Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration of Credit Risk - Continued

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. According to the Village's investment policy, the Village minimizes interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools. Unless matched to a specific cash flow requirement, the Village will not directly invest funds in the General Fund, Debt Service, Enterprise and Special Revenue Funds in security maturing more than (2) years from the date of purchase. Reserve funds may be invested in securities exceeding (2) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the Village Board prior to the investment transaction being executed.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. At year-end, the Village's investment in the state and local obligations are rated A+ to AA-, the U.S. Agency obligations are rated AA+, the Illinois Funds is rated AAAM, and the IMET Convenience Fund is rated AAAM by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires third party collateralization of all deposits in excess of FDIC limits. At year-end, the Village is not exposed to custodial credit risk for deposits because all deposits were covered by FDIC insurance or sufficiently collateralized. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy requires that all investments in excess of insurance limits be collateralized. At year-end, the Village's investment in the Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy requires diversification of investments to eliminate the risk of loss resulting from over concentration of a specific issuer or class of securities. At year-end, the Village has no investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$3,957,302 and the bank balances totaled \$3,957,302.

Investments. The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2021:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 2,744,266	—	1,125,885	1,200,491	417,890
U.S. Agency Obligations	9,901,892	—	3,221,515	5,272,717	1,407,660
Corporate Bonds	6,307,563	—	2,969,995	3,337,568	—
Totals	18,953,721	—	7,317,395	9,810,776	1,825,550

The Fund has the following recurring fair value measurements as of April 30, 2021:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 2,744,266	2,744,266	—	—
U.S. Agency Obligations	9,901,892	—	9,901,892	—
Corporate Bonds	6,307,563	—	6,307,563	—
Equity Securities	—	—	—	—
Mutual Funds	54,519,638	54,519,638	—	—
Total Investments by Fair Value Level	73,473,359	57,263,904	16,209,455	—

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration of Credit Risk - Continued

Interest Rate Risk. In accordance with the Fund'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.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Fund's investment policy also prescribes to the "prudent expert" rule, which states, "Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims." The investments in securities of U.S. Government Agencies were all rated AA+ or Aaa by Standard & Poor's and Moody's and Corporate Bonds are rates BBB+ to AA+ by Standard & Poor's.

Custodial Credit Risk. At year-end, \$330,151 of the bank balance of the deposits was not covered by federal depository or equivalent insurance, and represents cash at paying agent for debt service payments. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. Money market mutual funds and equity mutual funds are not subject to custodial credit risk.

The Fund limits its exposure to custodial credit risk for investments by utilizing an independent third-party institution, selected by the Fund, to act as custodian for its securities and collateral. The Fund does not have a formal written policy with regards to custodial credit risk for deposits or investments.

Concentration of Credit Risk. The Fund's investment policy states the Fund will "prudently diversify the Fund's assets to meet an agreed upon risk/return profile." At April 30, 2020, the Fund does not have any investments over 5 percent of the net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). The Fund also has \$54,519,638 invested equity mutual funds. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk - Continued

Concentration of Credit Risk - Continued. The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	33.00%	2.00%
Equities	65.00%	6.50%
Cash and Cash Equivalents	2.00%	0.10%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2021 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2021, are listed in the table above.

Rate of Return

For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$127,758 and the bank balances totaled \$127,758.

Investments. At year-end, the Firefighters' Pension Fund has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 2,443,238	302,062	759,129	1,382,047	—
U.S. Agency Obligations	11,652,306	455,487	3,462,602	7,734,217	—
Corporate Bonds	2,984,658	101,498	1,121,315	1,761,845	—
State and Local Obligations	2,720,460	306,451	1,063,253	1,227,356	123,400
Totals	19,800,662	1,165,498	6,406,299	12,105,465	123,400

The Fund has the following recurring fair value measurements as of April 30, 2021:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 2,443,238	2,443,238	—	—
U.S. Agency Obligations	11,652,306	—	11,652,306	—
Corporate Bonds	2,984,658	—	2,984,658	—
State and Local Obligations	2,720,460	—	2,720,460	—
Equity Securities				
Mutual Funds	33,119,121	33,119,121	—	—
Exchange Traded Funds	175,675	175,675	—	—
CDs and BAs	717,409	717,409	—	—
Total Investments by Fair Value Level	53,812,867	36,455,443	17,357,424	—

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk - Continued

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

Interest Rate Risk. In accordance with the Fund'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.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Fund's investment policy also prescribes to the "prudent expert" rule, which states, "Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims.". As of April 30, 2021, the Fund's investments were rated as follows:

Custodial Credit Risk. For deposits, the Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default. At April 30, 2021, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

For investments, the Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Pension Fund, to act as custodian for its securities and collateral. Money market mutual funds and equity mutual funds are not subject to custodial credit risk disclosures.

Investment	Credit Rating	Rating Source
Mutual Funds	N/A	Not Rated
Exchange Traded Funds	N/A	Not Rated
Tennessee Valley Authority	AA+	Standard and Poors'
Federal Natl Mtg Association (FNMA)	AA+	Standard and Poors'
Federal Home Loan Banks (FHLB)	AA+	Standard and Poors'
Federal Farm Credit Bank (FFCB)	AA+	Standard and Poors'
Corporate Bonds	BBB+ to AAA	Standard and Poors'
Municipal Bonds	AA- to AAA & A2 to Aa1	Standard and Poors' & Moody's

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk - Continued

Concentration of Credit Risk. The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	40.00%	1.40%
Large Cap Domestic Equities	42.00%	5.80%
Small Cap Domestic Equities	12.00%	7.60%
International Equities	6.00%	7.10%
Cash and Cash Equivalents	0.00%	0.00%

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2021 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2021 are listed in the table above.

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The Fund does not have a formal written policy with regards to concentration credit risk for investments. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier, are back by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

At April 30, 2021, the Fund does not have any investments over 5 percent of the net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). The Fund also has \$33,119,121 invested equity mutual funds, \$175,675 invested in exchange traded funds, and \$717,409 in CDs and BAs.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk - Continued

Rate of Return

For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for the 2020 levy attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. The Village did not levy property taxes for the 2020 tax levy year; however, the Village did receive Road and Bridge and Special Service Area taxes in the amounts of \$454,714 and \$41,048, respectively.

INTERFUND BALANCES

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	NE Lake County Consolidated ETSB	\$ 165,384

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	\$ 17,283
Capital Improvement	Nonmajor Governmental	350,000
Golf Course	Capital Improvement	125,000
		<u>492,283</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 34,507,882	—	—	34,507,882
Construction in Progress	535,245	3,312,449	576,499	3,271,195
	<u>35,043,127</u>	<u>3,312,449</u>	<u>576,499</u>	<u>37,779,077</u>
Depreciable Capital Assets				
Building and Improvements	18,531,884	—	—	18,531,884
Vehicles	12,792,405	517,751	—	13,310,156
Equipment	6,831,647	—	—	6,831,647
Infrastructure	33,400,356	576,499	—	33,976,855
	<u>71,556,292</u>	<u>1,094,250</u>	<u>—</u>	<u>72,650,542</u>
Less Accumulated Depreciation				
Building and Improvements	7,192,002	391,157	—	7,583,159
Vehicles	5,561,473	702,573	—	6,264,046
Equipment	4,981,456	262,657	—	5,244,113
Infrastructure	15,816,356	663,150	—	16,479,506
	<u>33,551,287</u>	<u>2,019,537</u>	<u>—</u>	<u>35,570,824</u>
Total Net Depreciable Capital Assets	<u>38,005,005</u>	<u>(925,287)</u>	<u>—</u>	<u>37,079,718</u>
Total Net Capital Assets	<u>73,048,132</u>	<u>2,387,162</u>	<u>576,499</u>	<u>74,858,795</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 132,624
Public Safety	929,846
Highways and Streets	<u>957,067</u>
	<u><u>2,019,537</u></u>

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 5,038,690	—	—	5,038,690
Construction in Progress	5,581,646	1,408,541	5,990,372	999,815
	<u>10,620,336</u>	<u>1,408,541</u>	<u>5,990,372</u>	<u>6,038,505</u>
Depreciable Capital Assets				
Building and Improvements	2,819,139	—	—	2,819,139
Vehicles	2,192,735	242,994	—	2,435,729
Equipment	1,515,525	—	—	1,515,525
Leasehold Interests	422,834	—	—	422,834
Water Plants and Mains	36,607,007	5,990,372	—	42,597,379
Sewer Plants and Mains	22,575,042	—	—	22,575,042
Storm Sewers	16,537,689	—	—	16,537,689
	<u>82,669,971</u>	<u>6,233,366</u>	<u>—</u>	<u>88,903,337</u>
Less Accumulated Depreciation				
Building and Improvements	771,359	56,666	—	828,025
Vehicles	703,488	167,053	—	870,541
Equipment	1,162,808	39,547	—	1,202,355
Leasehold Interests	173,250	21,142	—	194,392
Water Plants and Mains	11,556,380	633,972	—	12,190,352
Sewer Plants and Mains	8,567,743	301,000	—	8,868,743
Storm Sewers	6,367,104	220,503	—	6,587,607
	<u>29,302,132</u>	<u>1,439,883</u>	<u>—</u>	<u>30,742,015</u>
Total Net Depreciable Capital Assets	<u>53,367,839</u>	<u>4,793,483</u>	<u>—</u>	<u>58,161,322</u>
Total Net Capital Assets	<u>63,988,175</u>	<u>6,202,024</u>	<u>5,990,372</u>	<u>64,199,827</u>

Depreciation expense was charged to business-type activities as follows:

Golf Course	\$ 21,142
Water and Sewer	<u>1,418,741</u>
	<u>1,439,883</u>

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

IEPA Loans Payable

The Village has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. Final repayment schedule for the IEPA Loans Payable of 2019 is not available at the time of the issuance of this report. IEPA Loans Payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan #L17-5394 of 2019, due in semi-annual installments including 1.840% interest bearing, through November 30, 2039.	Water and Sewer	\$ 4,637,496	590,052	98,147	5,129,401

Installment Contract Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Installment Contract of 2019 - Due in annual installments of \$10,445 plus interest at 3.60% through May 1, 2022.	Golf Course	\$ 21,760	—	10,445	11,315

Promissory Notes Payable

The Village enters into promissory notes payable for the purpose of constructing a new fire station. Promissory notes payable have been issued for the governmental activities. Final repayment schedule for the Promissory Notes Payable of 2020 is not available at the time of the issuance of this report. Promissory notes payable are direct obligations and pledge the full faith and credit of the Village. Promissory notes payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retireme	Ending Balances
General Obligation Promissory Notes of 2020 - Due in annual installments of \$172,943 to \$2,599,686 plus interest at 2.85% through September 15, 2030.	Capital Improvements	\$ —	2,778,024	—	2,778,024

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,208,263	42,991	85,982	1,165,272	233,054
Net Pension Liability - IMRF	3,745,032	—	3,333,359	411,673	—
Net Pension Liability - Police Pension	19,681,906	—	14,542,293	5,139,613	—
Net Pension Liability - Firefighters' Pension	15,599,321	—	8,382,616	7,216,705	—
Total OPEB Liability - RBP	5,291,737	1,549,459	—	6,841,196	—
Promissory Notes	—	2,778,024	—	2,778,024	172,943
	<u>45,526,259</u>	<u>4,370,474</u>	<u>26,344,250</u>	<u>23,552,483</u>	<u>405,997</u>
Business-Type Activities					
Compensated Absences	53,030	2,204	1,102	54,132	10,826
Net Pension Liability - IMRF	556,623	—	496,978	59,645	—
Total OPEB Liability - RBP	498,172	—	315,791	182,381	—
IEPA Loans Payable	4,637,496	590,052	98,147	5,129,401	—
Installment Contracts Payable	21,760	—	10,445	11,315	10,445
Asset Retirement Obligation	—	440,000	—	440,000	—
	<u>5,767,081</u>	<u>1,032,256</u>	<u>922,463</u>	<u>5,876,874</u>	<u>21,271</u>

For governmental activities, the compensated absences, the net pension liabilities, and the total OPEB liability are liquidated by the General Fund. The Capital Improvement Fund makes payments on the promissory notes.

For business-type activities, the Water and Sewer Fund makes payments on the compensated absences, the net pension liability, the total OPEB liability, the IEPA loans payable, and the asset retirement obligation. The Golf Course Fund makes payments on the installment contracts payable.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Business-Type Activities	
	Installment Contract	
	Principal	Interest
2022	\$ 10,445	345
2023	870	31
Totals	11,315	376

Legal Debt Margin

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

Sales Tax Rebates

The Village has entered into various tax rebate agreements with local corporations under Village code. Under these agreements, the Village rebates a portion of hotel and resort taxes. For the fiscal year ended April 30, 2021, the Village paid \$270,050 in rebate agreements.

Asset Retirement Obligation

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells and demolition of the Village’s water towers and standpipes at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells are 24 years.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION/FUND BALANCE

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2021:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 74,858,795
Less Capital Related Debt:	
General Obligation Promissory Note of 2020	<u>(2,778,024)</u>
Net Investment in Capital Assets	<u>72,080,771</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	64,199,827
Less Capital Related Debt:	
IEPA Loan #L17-5394 of 2019	5,129,401
Installment Contract of 2019	<u>11,315</u>
Net Investment in Capital Assets	<u>59,059,111</u>

Fund Balance Classifications

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

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

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

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION/FUND BALANCE - Continued

Fund Balance Classifications - Continued

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

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

Minimum Fund Balance Policy. The Village's fund balance policy states that unassigned fund balance in the General Fund shall represent a minimum of 35% of the current years' budgeted expenditures. Balances in excess of the 35% minimum may be transferred to the Capital Improvement Fund to support future capital projects through Board approval.

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

	General	Special Revenue Motor Fuel Tax	Capital Projects Capital Improvement	Nonmajor	Totals
Fund Balances					
Nonspendable					
Inventories	\$ 249,804	—	—	145,505	395,309
Restricted					
Motor Fuel Tax	—	1,407,133	—	—	1,407,133
Public Safety	—	—	—	226,313	226,313
	—	1,407,133	—	226,313	1,633,446
Committed					
Capital Improvement	—	—	4,342,149	546,883	4,889,032
Impact Fees	—	—	—	567,817	567,817
	—	—	4,342,149	1,114,700	5,456,849
Unassigned	24,980,815	—	—	—	24,980,815
Total Fund Balances	25,230,619	1,407,133	4,342,149	1,486,518	32,466,419

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION

JOINT VENTURE

Central Lake County Joint Action Water Agency (CLCJAWA)

The Village is a charter member of the Central Lake County Joint Action Water Agency (the Agency). The Agency was formed by a group of local governments to construct and operate a system to provide adequate supplies of Lake Michigan water on an economical and efficient basis for its members or participants.

As a charter member, the Village was required to enter into a water purchase and sale contract with the Agency. This contract requires the Village to purchase from the Agency an amount of water necessary to serve its full water requirements. Total purchases for the year ended April 30, 2021 were \$2,751,371.

Complete financial statements for the Agency can be obtained from the Agency offices at 200 Rockland Road, Lake Bluff, Illinois 60044.

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village currently reports all its risk management activities in its General Fund and Water and Sewer Fund.

The Village is a member of the Municipal Insurance Cooperative Agency (MICA) for claims relating to workers' compensation, liability, auto, and property insurance. MICA is a pooled insurance program for Illinois Public Entities. Fund contributions are held by MICA and premiums are paid to carriers for comprehensive excess insurance.

The Village is self-insured for health insurance and uses a third-party administrator to process claims. The Village is responsible for the first \$75,000 of any claim after which stop-loss coverage has been purchased. The aggregate stop loss for the plan is \$1,000,000.

	Fiscal Year Ended	
	04/30/21	04/30/20
Claims Payable - Beginning	\$ 115,659	134,298
Incurred Claims	4,738,392	4,266,186
Claims Paid	(4,720,957)	(4,284,825)
Claims Payable - Ending	133,094	115,659

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

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

Grants

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

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

COMMITMENTS

Central Lake County Joint Action Water Agency (CLCJAWA)

The government has committed to purchase water from the Central Lake County Joint Action Water Agency (CLCJAWA). The government expects to pay the following minimum amounts:

Fiscal Year	Amount
2022	\$ 2,347,800
2023	2,425,200
2024	2,515,500
2025	2,515,500
2026	2,567,100
2027 - 2031	12,900,000
2032 - 2036	<u>11,932,500</u>
	<u><u>37,203,600</u></u>

These amounts have been calculated using the government's current allocation percentage in accordance with the contract. In future years this allocation percentage will be subject to change.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit 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. Separate reports are issued for the Police and Firefighters' Pension Plans and can be obtained by writing the Village of Gurnee at 325 O'Plaine Road, Gurnee, Illinois 60031. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

The aggregate amount recognized for the pension plans is:

	Net Pension Liabilities	Deferred Outflows	Deferred Inflows	Expenses/ (Revenues)
IMRF	\$ 471,318	1,364,042	4,255,008	(563,253)
Police Pension	5,139,613	2,630,761	14,104,164	(991,174)
Firefighters' Pension	7,216,705	1,237,680	7,354,380	397,546
	<u>12,827,636</u>	<u>5,232,483</u>	<u>25,713,552</u>	<u>(1,156,881)</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police 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.

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

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

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

Plan Membership. As of December 31, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	80
Inactive Plan Members Entitled to but not yet Receiving Benefits	37
Active Plan Members	<u>98</u>
Total	<u><u>215</u></u>

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2021, the Village's contribution was 11.82% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2020, using the following actuarial methods and assumptions:

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

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	1.30%
Domestic Equities	37.00%	5.00%
International Equities	18.00%	6.00%
Real Estate	9.00%	6.20%
Blended	7.00%	2.85% - 6.95%
Cash and Cash Equivalents	1.00%	0.70%

Discount Rate

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset) \$	6,983,742	471,318	(4,514,993)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 47,244,454	42,942,799	4,301,655
Changes for the year:			
Service Cost	861,325	—	861,325
Interest	3,390,375	—	3,390,375
Difference Between Expected and Actual Experience of the Total Pension Liability	(402)	—	(402)
Changes of Assumptions	(439,381)	—	(439,381)
Contributions - Employer	—	993,472	(993,472)
Contributions - Employees	—	414,236	(414,236)
Net Investment Income	—	5,962,516	(5,962,516)
Benefit Payments, including Refunds of Employee Contributions	(1,822,659)	(1,822,659)	—
Other (Net Transfer)	—	272,030	(272,030)
Net Changes	1,989,258	5,819,595	(3,830,337)
Balances at December 31, 2020	49,233,712	48,762,394	471,318

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended April 30, 2021, the Village recognized pension revenue of \$563,253. At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 346,630	(4,014)	342,616
Change in Assumptions	695,421	(778,483)	(83,062)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	—	(3,472,511)	(3,472,511)
Total Pension Expense to be Recognized in Future Periods	1,042,051	(4,255,008)	(3,212,957)
Contributions Sub to Measurement Date	321,991	—	321,991
Total Deferred Amounts Related to IMRF	<u>1,364,042</u>	<u>(4,255,008)</u>	<u>(2,890,966)</u>

\$321,991 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2022	\$ (933,084)
2023	(344,953)
2024	(1,246,940)
2025	(648,602)
2026	(39,378)
Thereafter	<u>—</u>
Totals	<u>(3,212,957)</u>

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

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

Plan Membership. At April 30, 2021, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	41
Inactive Plan Members Entitled to but not yet Receiving Benefits	12
Active Plan Members	<u>65</u>
Total	<u><u>118</u></u>

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

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

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

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2021, the Village's contribution was 34.52% of covered payroll.

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	Service Based
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the PubS-2010 employee mortality, projected 5 years past the valuation date with Scale MP-2018. 10% of active deaths are assumed to be in the line of duty.

Discount Rate

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - 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 Village calculated using the discount rate as well as what the Village's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability/(Asset)	\$ 18,230,996	\$ 5,139,613	\$ (5,421,403)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2020	\$ 77,641,308	57,959,402	19,681,906
Changes for the Year:			
Service Cost	1,909,946	—	1,909,946
Interest on the Total Pension Liability	5,324,207	—	5,324,207
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	649,194	—	649,194
Changes of Assumptions	33,876	—	33,876
Contributions - Employer	—	2,398,379	(2,398,379)
Contributions - Employees	—	762,876	(762,876)
Contributions - Buy Backs	—	—	—
Net Investment Income	—	19,305,855	(19,305,855)
Benefit Payments, Including Refunds of Employee Contributions	(2,919,165)	(2,919,165)	—
Administrative Expense	(49,035)	(56,629)	7,594
Net Changes	4,949,023	19,491,316	(14,542,293)
Balances at April 30, 2021	82,590,331	77,450,718	5,139,613

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

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

For the year ended April 30, 2021, the Village recognized pension revenue of \$991,174. At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,794,275	(1,079,221)	715,054
Change in Assumptions	836,486	(516,651)	319,835
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(12,508,292)	(12,508,292)
Total Deferred Amounts Related to Police Pension	<u>2,630,761</u>	<u>(14,104,164)</u>	<u>(11,473,403)</u>

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2022	\$ (3,418,073)
2023	(3,030,380)
2024	(2,634,456)
2025	(2,768,532)
2026	277,400
Thereafter	<u>100,638</u>
Total	<u>(11,473,403)</u>

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

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

Plan Membership. At April 30, 2021, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	29
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>56</u>
Total	<u>87</u>

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

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2021, the Village's contribution was 32.78% of covered payroll.

Concentrations. At year end, the Pension Plan has no investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for retirement benefits.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	Service Based
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on PubS-2010(A) Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate projected 5 years past the valuation date.

Discount Rate

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

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability/(Asset) \$	16,837,505	7,216,705	\$ (584,269)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2020	\$ 57,483,001	41,883,680	15,599,321
Changes for the Year:			
Service Cost	1,653,610	—	1,653,610
Interest on the Total Pension Liability	3,950,630	—	3,950,630
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	151,323	—	151,323
Changes of Assumptions	17,148	—	17,148
Contributions - Employer	—	1,966,654	(1,966,654)
Contributions - Employees	—	621,923	(621,923)
Contributions - Buy Backs	—	—	—
Net Investment Income	—	11,566,930	(11,566,930)
Benefit Payments, Including Refunds of Employee Contributions	(1,933,779)	(1,933,779)	—
Administrative Expenses	(39,275)	(39,455)	180
Net Changes	3,799,657	12,182,273	(8,382,616)
Balances at April 30, 2021	61,282,658	54,065,953	7,216,705

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

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

For the year ended April 30, 2021, the Village recognized pension expense of \$397,546. At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 490,915	(1,632,348)	(1,141,433)
Change in Assumptions	746,765	(80,209)	666,556
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(5,641,823)	(5,641,823)
Total Deferred Amounts Related to Firefighters' Pension	<u>1,237,680</u>	<u>(7,354,380)</u>	<u>(6,116,700)</u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2022	\$ (1,394,987)
2021	(1,351,549)
2022	(1,359,755)
2023	(1,790,502)
2024	(176,865)
Thereafter	<u>(43,042)</u>
Total	<u>(6,116,700)</u>

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

Benefits Provided. RBP provides healthcare benefits for retirees and their dependents. The retiree and their dependent pay 100% of the active premium. Upon reaching age 65, Medicare becomes the primary insurer.

Plan Membership. As of April 30, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	23
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>173</u>
Total	<u><u>196</u></u>

Total OPEB Liability

The Village's total OPEB liability was measured as of April 30, 2021, and was determined by an actuarial valuation as of April 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the April 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Varies by Service
Discount Rate	1.83%
Healthcare Cost Trend Rates	Initial rate of 7.75%, decreasing per year to an ultimate rate of 4.0% for 2073 and later years
Retirees' Share of Benefit-Related Costs	100% of the projected health insurance premiums for retirees

The discount rate was based on the high-quality municipal bond rate of 1.83%.

Mortality rates were based on the RP-2014 blue collar table, projected generationally with scale MP-2017.

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at April 30, 2020	\$ 5,789,909
Changes for the Year:	
Service Cost	130,314
Interest on the Total OPEB Liability	165,258
Changes of Benefit Terms	—
Difference Between Expected and Actual Experience	348,452
Changes of Assumptions or Other Inputs	834,718
Benefit Payments	(245,074)
Net Changes	<u>1,233,668</u>
Balance at April 30, 2021	<u><u>7,023,577</u></u>

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 1.83%, while last year's used 2.85%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (0.83%)	Current Discount Rate (1.83%)	1% Increase (2.83%)
Total OPEB Liability	\$ 7,624,061	7,023,577	6,476,520

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

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

		Healthcare Cost Trend	
	1% Decrease (Varies)	Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 6,404,204	7,023,577	7,727,366

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

For the year ended April 30, 2021, the Village recognized OPEB expense of \$468,695. At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 309,735	—	309,735
Change in Assumptions	1,011,221	—	1,011,221
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—
Total Deferred Amounts Related to OPEB	<u>1,320,956</u>	<u>—</u>	<u>1,320,956</u>

VILLAGE OF GURNEE, ILLINOIS

Notes to the Financial Statements

April 30, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

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

Fiscal Year	Net Deferred Outflows of Resources
2022	\$ 173,123
2023	173,123
2024	173,123
2025	173,123
2026	173,123
Thereafter	<u>455,341</u>
Total	<u><u>1,320,956</u></u>

SUBSEQUENT EVENT

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The Village has been allocated \$4,129,713 to be received in two installments. On August 24, 2021 the Village received their first installment of \$2,064,857.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefit Plan
- Budgetary Comparison Schedules
 - General Fund
 - Motor Fuel Tax Fund - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary information - budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF GURNEE, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
April 30, 2021**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/16	\$ 857,777	\$ 876,079	\$ 18,302	\$ 7,275,459	12.04%
4/30/17	926,009	926,009	—	7,485,933	12.37%
4/30/18	979,458	979,458	—	8,233,291	11.90%
4/30/19	952,141	952,141	—	8,345,478	11.41%
4/30/20	966,249	966,249	—	8,783,458	11.00%
4/30/21	972,712	972,712	—	8,232,780	11.82%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

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

VILLAGE OF GURNEE, ILLINOIS

Police Pension Fund

Schedule of Employer Contributions

April 30, 2021

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/16	\$ 1,590,485	\$ 1,590,485	\$ —	\$ 5,700,543	27.90%
4/30/17	1,945,216	1,945,216	—	5,519,742	35.24%
4/30/18	2,137,886	2,137,886	—	5,699,134	37.51%
4/30/19	2,167,602	2,207,368	39,766	6,174,268	35.75%
4/30/20	2,273,714	2,273,714	—	6,739,445	33.74%
4/30/21	2,398,379	2,398,379	—	6,947,391	34.52%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	3.00%
Salary Increases	3.50% - 11.00%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	Pubs-2010(A) Adjusted for Plan Status, Collar, and Illinois Public Pension Data, projected 5 years past the valuation date.

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

VILLAGE OF GURNEE, ILLINOIS

**Firefighters' Pension Fund
Schedule of Employer Contributions
April 30, 2021**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/16	\$ 1,471,445	\$ 1,471,445	\$ —	\$ 5,277,184	27.88%
4/30/17	1,700,217	1,700,217	—	5,469,114	31.09%
4/30/18	1,738,081	1,738,081	—	5,646,860	30.78%
4/30/19	1,810,723	1,810,723	—	5,607,922	32.29%
4/30/20	1,770,649	1,869,571	98,922	6,261,153	29.86%
4/30/21	1,966,654	1,966,654	—	5,999,283	32.78%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.50% - 12.50%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	PubS-2010 Employee mortality, projected 5 years past valuation date with Scale MP-2019.

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

VILLAGE OF GURNEE, ILLINOIS

Illinois Municipal Retirement Fund
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2021

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 832,752
Interest	2,632,234
Differences Between Expected and Actual Experience	(903,147)
Change of Assumptions	50,339
Benefit Payments, Including Refunds of Member Contributions	<u>(1,002,208)</u>
Net Change in Total Pension Liability	1,609,970
Total Pension Liability - Beginning	<u>35,228,043</u>
 Total Pension Liability - Ending	 <u><u>36,838,013</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 876,079
Contributions - Members	327,927
Net Investment Income	155,155
Benefit Payments, Including Refunds of Member Contributions	<u>(1,002,208)</u>
Other (Net Transfer)	<u>(649,758)</u>
Net Change in Plan Fiduciary Net Position	(292,805)
Plan Net Position - Beginning	<u>30,930,089</u>
 Plan Net Position - Ending	 <u><u>30,637,284</u></u>
 Employer's Net Pension Liability	 <u><u>\$ 6,200,729</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 83.17%
 Covered Payroll	 \$ 7,275,459
 Employer's Net Pension Liability as a Percentage of Covered Payroll	 85.23%

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

12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
787,612	812,408	805,299	839,031	861,325
2,739,306	2,933,360	3,068,929	3,220,813	3,390,375
304,710	877,101	(7,480)	22,307	(402)
(105,890)	(1,227,067)	1,411,884	—	(439,381)
(1,220,173)	(1,276,639)	(1,892,684)	(1,686,386)	(1,822,659)
2,505,565	2,119,163	3,385,948	2,395,765	1,989,258
36,838,013	39,343,578	41,462,741	44,848,689	47,244,454
39,343,578	41,462,741	44,848,689	47,244,454	49,233,712
926,009	948,117	984,774	886,271	993,472
336,868	357,330	375,549	378,749	414,236
2,098,293	5,543,253	(1,811,225)	6,721,888	5,962,516
(1,220,173)	(1,276,639)	(1,892,684)	(1,686,386)	(1,822,659)
340,924	(365,743)	593,226	67,114	272,030
2,481,921	5,206,318	(1,750,360)	6,367,636	5,819,595
30,637,284	33,119,205	38,325,523	36,575,163	42,942,799
33,119,205	38,325,523	36,575,163	42,942,799	48,762,394
6,224,373	3,137,218	8,273,526	4,301,655	471,318
84.18%	92.43 %	81.55%	90.89%	99.04%
7,485,933	7,940,679	8,345,542	8,416,635	8,328,889
83.15%	39.51 %	99.14%	51.11%	5.66%

VILLAGE OF GURNEE, ILLINOIS

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2021

	<u>4/30/16</u>
Total Pension Liability	
Service Cost	\$ 1,220,720
Interest	4,063,650
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	1,549,091
Change of Assumptions	(1,208,583)
Contributions - Buy Back	—
Benefit Payments, Including Refunds of Member Contributions	(1,972,701)
Administrative Expenses	—
Net Change in Total Pension Liability	<u>3,652,177</u>
Total Pension Liability - Beginning	<u>59,038,499</u>
Total Pension Liability - Ending	<u><u>62,690,676</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,590,485
Contributions - Members	611,781
Contributions - Buy Backs	—
Net Investment Income	279,678
Benefit Payments, Including Refunds of Member Contributions	(1,972,701)
Administrative Expenses	<u>(77,550)</u>
Net Change in Plan Fiduciary Net Position	431,693
Plan Net Position - Beginning	<u>39,412,860</u>
Plan Net Position - Ending	<u><u>39,844,553</u></u>
Employer's Net Pension Liability	<u><u>\$ 22,846,123</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.56%
Covered Payroll	\$ 5,700,543
Employer's Net Pension Liability as a Percentage of Covered Payroll	400.77%

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

4/30/17	4/30/18	4/30/19	4/30/20	4/30/21
1,312,264	1,404,122	1,502,260	1,407,925	1,909,946
4,313,018	4,450,693	4,790,937	5,060,273	5,324,207
—	—	—	—	—
(738,623)	(77,726)	(1,341,416)	358,480	649,194
(686,517)	—	1,412,992	1,262,296	33,876
—	—	201,435	33,338	—
(2,152,303)	(2,314,376)	(2,523,091)	(2,725,349)	(2,919,165)
—	—	—	—	(49,035)
2,047,839	3,462,713	4,043,117	5,396,963	4,949,023
62,690,676	64,738,515	68,201,228	72,244,345	77,641,308
64,738,515	68,201,228	72,244,345	77,641,308	82,590,331
1,945,216	2,137,886	2,207,368	2,273,714	2,398,379
774,770	1,519,677	611,870	667,880	762,876
—	—	201,435	33,338	—
2,709,646	5,056,281	5,556,118	2,367,277	19,305,855
(2,152,303)	(2,314,376)	(2,523,091)	(2,725,349)	(2,919,165)
(46,677)	(52,281)	(65,970)	(67,580)	(56,629)
3,230,652	6,347,187	5,987,730	2,549,280	19,491,316
39,844,553	43,075,205	49,422,392	55,410,122	57,959,402
43,075,205	49,422,392	55,410,122	57,959,402	77,450,718
21,663,310	18,778,836	16,834,223	19,681,906	5,139,613
66.54%	72.47%	76.70%	74.65%	93.78%
5,519,742	5,699,134	6,174,268	6,739,445	6,947,391
392.47%	329.50%	272.65%	292.04%	73.98%

VILLAGE OF GURNEE, ILLINOIS

Firefighters' Pension Fund
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2021

	<u>4/30/16</u>
Total Pension Liability	
Service Cost	\$ 1,228,976
Interest	2,841,807
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	354,905
Change of Assumptions	999,531
Contributions - Buy Backs	—
Benefit Payments, Including Refunds of Member Contributions	(924,848)
Administrative Expenses	—
Net Change in Total Pension Liability	<u>4,500,371</u>
Total Pension Liability - Beginning	<u>41,059,663</u>
 Total Pension Liability - Ending	 <u><u>45,560,034</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	1,471,445
Contributions - Members	504,573
Contributions - Buy Backs	—
Net Investment Income	109,820
Benefit Payments, Including Refunds of Member Contributions	(924,848)
Administrative Expenses	(32,999)
Net Change in Plan Fiduciary Net Position	<u>1,127,991</u>
Plan Net Position - Beginning	<u>27,991,653</u>
 Plan Net Position - Ending	 <u><u>29,119,644</u></u>
 Employer's Net Pension Liability	 <u><u>\$ 16,440,390</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 63.91%
 Covered Payroll	 \$ 5,277,184
 Employer's Net Pension Liability as a Percentage of Covered Payroll	 311.54%

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

4/30/17	4/30/18	4/30/19	4/30/20	4/30/21
1,347,577	1,285,648	1,285,648	1,439,819	1,653,610
3,152,333	3,326,747	3,607,721	3,776,224	3,950,630
—	—	—	262,832	—
(609,798)	(453,350)	(1,602,537)	277,430	151,323
(165,000)	—	501,263	—	17,148
—	—	—	35,531	—
(1,053,415)	(1,413,560)	(1,447,986)	(1,630,160)	(1,933,779)
—	—	—	—	(39,275)
2,671,697	2,745,485	2,344,109	4,161,676	3,799,657
45,560,034	48,231,731	50,977,216	53,321,325	57,483,001
48,231,731	50,977,216	53,321,325	57,483,001	61,282,658
1,700,217	1,738,081	1,810,723	1,869,571	1,966,654
519,070	500,248	530,229	591,991	621,923
—	—	—	35,531	—
3,260,042	2,591,258	2,572,189	725,605	11,566,930
(1,053,415)	(1,413,560)	(1,447,986)	(1,630,160)	(1,933,779)
(29,828)	(25,968)	(41,103)	(38,699)	(39,455)
4,396,086	3,390,059	3,424,052	1,553,839	12,182,273
29,119,644	33,515,730	36,905,789	40,329,841	41,883,680
33,515,730	36,905,789	40,329,841	41,883,680	54,065,953
14,716,001	14,071,427	12,991,484	15,599,321	7,216,705
69.49%	72.40%	75.64%	72.86%	88.22%
5,469,114	5,646,860	5,607,922	6,261,153	5,999,283
269.07%	249.19%	231.66%	249.14%	120.29%

VILLAGE OF GURNEE, ILLINOIS

Police Pension Fund

Schedule of Investment Returns

April 30, 2021

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
4/30/16	1.00%
4/30/17	6.60%
4/30/18	11.97%
4/30/19	11.64%
4/30/20	4.50%
4/30/21	2.55%

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

VILLAGE OF GURNEE, ILLINOIS

**Firefighters' Pension Fund
Schedule of Investment Returns
April 30, 2021**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
4/30/16	1.00%
4/30/17	6.60%
4/30/18	7.67%
4/30/19	6.92%
4/30/20	1.79%
4/30/21	27.60%

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

VILLAGE OF GURNEE, ILLINOIS

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

April 30, 2021

	4/30/2019	4/30/2020	4/30/2021
Total OPEB Liability			
Service Cost	\$ 101,787	115,842	130,314
Interest	191,048	178,243	165,258
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	—	—	348,452
Change of Assumptions or Other Inputs	201,386	173,559	834,718
Benefit Payments	(209,629)	(227,447)	(245,074)
Net Change in Total OPEB Liability	284,592	240,197	1,233,668
Total OPEB Liability - Beginning	5,265,120	5,549,712	5,789,909
Total OPEB Liability - Ending	5,549,712	5,789,909	7,023,577
Covered-Employee Payroll	\$ 15,259,637	16,051,612	15,909,920
Total OPEB Liability as a Percentage of Covered-Employee Payroll	36.37%	36.07%	44.15%

Notes:

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

Changes of Assumptions. Changes of assumptions related to the discount rate were made in 2019 through 2021.

VILLAGE OF GURNEE, ILLINOIS

General Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 10,241,221	10,241,221	4,932,597
Intergovernmental	25,692,136	25,692,136	25,763,631
Charges for Services	3,867,165	3,867,165	4,027,740
Licenses and Permits	1,095,300	1,095,300	1,088,113
Fines and Forfeitures	1,759,500	1,759,500	1,484,818
Interest Income	500,000	500,000	249,374
Miscellaneous	158,815	158,815	128,585
Total Revenues	<u>43,314,137</u>	<u>43,314,137</u>	<u>37,674,858</u>
Expenditures			
General Government	7,808,378	7,558,378	5,397,213
Public Safety	30,511,649	30,511,649	28,986,189
Highways and Streets	3,834,281	3,834,281	3,677,280
Capital Outlay	378,990	378,990	151,982
Total Expenditures	<u>42,533,298</u>	<u>42,283,298</u>	<u>38,212,664</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>780,839</u>	<u>1,030,839</u>	<u>(537,806)</u>
Other Financing Sources (Uses)			
Transfers In	—	—	17,283
Transfers Out	(675,000)	—	—
	<u>(675,000)</u>	<u>—</u>	<u>17,283</u>
Net Change in Fund Balance	<u>105,839</u>	<u>1,030,839</u>	<u>(520,523)</u>
Fund Balance - Beginning			<u>25,751,142</u>
Fund Balance - Ending			<u><u>25,230,619</u></u>

VILLAGE OF GURNEE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 1,041,008	1,041,008	2,241,788
Interest Income	25,000	25,000	570
Total Revenues	<u>1,066,008</u>	<u>1,066,008</u>	<u>2,242,358</u>
Expenditures			
Highways and Streets			
Repairs and Maintenance	—	1,347,149	1,347,149
Net Change in Fund Balance	<u>1,066,008</u>	<u>(281,141)</u>	895,209
Fund Balance - Beginning			<u>511,924</u>
Fund Balance - Ending			<u><u>1,407,133</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Enterprise Funds
- Combining Statements - Pension Trust Funds
- Budgetary Comparison Schedules - Pension Trust Funds
- Combining Statements - Custodial Funds
- Budgetary Comparison Schedules - Custodial Funds
- Consolidated Year-End Financial Report

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the maintenance and construction of streets and roads as approved by the Illinois Department of Transportation.

911 Fund

The 911 Fund is used to account for the installation and operation of the emergency telephone system (911). Revenues are provided by a surcharge on telephone bills.

Impact Fund

The Impact Fund is used to account for fees collected from developers for necessary improvements to be made by the Village when deemed necessary by the Village. The Impact Fund is also used to collect county impact fees for county road improvements within the Village.

Asset Forfeiture Fund

The Asset Forfeiture Fund is used for seized drug money. The Village receives a percentage of money back any time there is a drug arrest and money is recovered. This money is to be used for drug awareness.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

INDIVIDUAL FUND DESCRIPTIONS

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by proprietary funds.

Capital Improvement Fund

The Capital Improvement Fund is used to account for the acquisition and improvement of Village property including infrastructure and general capital assets.

Fleet Services Fund

The Fleet Services Fund is used to account for the acquisition and maintenance of the Village's fleet of vehicles.

ENTERPRISE FUNDS

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

Golf Course Fund

The Golf Course Fund is used to account for the construction and operation of a municipal golf course.

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of potable water and wastewater treatment services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

INDIVIDUAL FUND DESCRIPTIONS

TRUST AND CUSTODIAL FUNDS

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

CUSTODIAL FUNDS

Special Service Area #2 Fund

The Special Service Area Fund is used to account for payments made by property owners on related special assessments and special service area debt. This is administered but not backed by the Village. The Village collects the payments and subsequently pays the related debt.

NE Lake County Consolidated ETSB Fund

The NE Lake County Consolidated Emergency Telephone System Board Fund is used to account for funds distributed under the State of Illinois 911 Administrator for the payment of approved expenditures related to the joint dispatch operation between the Village of Gurnee and City of Zion.

VILLAGE OF GURNEE, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Taxes			
Road and Bridge Taxes	\$ 650,000	650,000	454,714
Amusement Taxes	3,550,000	3,550,000	801,273
Hotel Taxes	2,150,000	2,150,000	726,119
Resort Tax	425,000	425,000	138,531
Food and Beverage Taxes	2,025,000	2,025,000	1,496,286
Telecommunications Taxes	700,000	700,000	677,006
Cable TV Franchise Taxes	550,000	550,000	505,032
Alarm Franchise Taxes	120,000	120,000	58,078
Foreign Fire Insurance Taxes	71,221	71,221	75,558
	<u>10,241,221</u>	<u>10,241,221</u>	<u>4,932,597</u>
Intergovernmental			
Sales Taxes	17,300,000	17,300,000	15,341,494
Local Use Taxes	1,100,000	1,100,000	1,407,871
State Income Tax	3,400,000	3,400,000	3,798,660
Replacement Tax	120,000	120,000	149,614
Cannabis Tax	25,036	25,036	25,580
Police Vest Grant	3,950	3,950	4,480
Tobacco Grant	2,500	2,500	—
Seat Belt Enforcement	30,000	30,000	16,482
K-9 Program Grant	9,000	9,000	9,878
Safer Grant	500,000	500,000	435,625
HHS Federal Grant	—	—	1,405,129
Warren Fire District	3,198,150	3,198,150	3,166,873
NSSD Information	3,500	3,500	1,945
	<u>25,692,136</u>	<u>25,692,136</u>	<u>25,763,631</u>
Charges for Services			
School Resource Officer	350,000	350,000	43,462
Off Duty Police Service	352,635	352,635	476,444
Fire Dept Charges	2,500	2,500	1,450
Non Resident Rescue Fees	550,000	550,000	474,698
Resident Rescue Fees	675,000	675,000	751,729
Recycling Revenues	2,500	2,500	3,344
Dispatch Services	970,620	970,620	965,969
Elevator Inspections	14,500	14,500	8,060
Engineering Fees	2,000	2,000	739
Maps	50	50	40

VILLAGE OF GURNEE, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Charges for Services - Continued			
Ordinances	\$ 500	500	174
Miscellaneous Other Charges	10,050	10,050	228,768
Public Works Charges	5,000	5,000	—
Newport Fire Phone	45,360	45,360	45,360
Police Charges	12,500	12,500	7,710
GEMT Ambulance Program	—	—	166,288
Fire Cost Recovery	110,000	110,000	73,514
Tower/Antennae Lease	55,000	55,000	69,936
Parkway Tree Program	2,000	2,000	—
Reimbursable Charges	10,000	10,000	11,181
Water and Sewer Charges	695,950	695,950	695,950
Pace Ad Revenue Share	1,000	1,000	2,924
	<u>3,867,165</u>	<u>3,867,165</u>	<u>4,027,740</u>
Licenses and Permits			
Liquor Licenses	110,000	110,000	106,450
Business Licenses	275,000	275,000	271,998
General Building Permits	700,000	700,000	707,040
Burning Permits	100	100	400
Vehicle Licenses	200	200	—
Fire Impact	—	—	375
Police & Public Works	—	—	750
Traffic	10,000	10,000	1,100
	<u>1,095,300</u>	<u>1,095,300</u>	<u>1,088,113</u>
Fines and Forfeitures			
Court Fines	330,000	330,000	278,433
DUI Fines	26,000	26,000	11,148
Prison Review Agency	27,000	27,000	8,950
Parking Fines	54,000	54,000	28,736
Collection Revenue	35,000	75,000	34,519
Alarm Fines	4,500	4,500	7,716
Liquor License Violations	500	500	—
Tax Penalites - Local Imposed	2,500	2,500	6,273
Impoundment Fine	160,000	160,000	141,250
Red Light Enforcement	1,000,000	1,000,000	948,187

VILLAGE OF GURNEE, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Fines and Forfeitures - Continued			
Code Enforcement Violation	\$ 80,000	80,000	19,606
Collections	40,000	—	—
	<u>1,759,500</u>	<u>1,759,500</u>	<u>1,484,818</u>
Interest Income	<u>500,000</u>	<u>500,000</u>	<u>249,374</u>
Miscellaneous			
Workers' Compensation Reimbursements	100,000	100,000	26,364
Fire Dept Donations	5,000	5,000	7,330
Damage to Village Property	20,000	20,000	30,236
Use of Reserves	—	—	56,240
Police - Miscellaneous Contributions	5,000	5,000	5,930
Police Explorers	28,815	28,815	—
Comm and Econ Energy Efficiency	—	—	2,485
	<u>158,815</u>	<u>158,815</u>	<u>128,585</u>
Total Revenues	<u><u>43,314,137</u></u>	<u><u>43,314,137</u></u>	<u><u>37,674,858</u></u>

VILLAGE OF GURNEE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries and Wages	\$ 1,131,580	1,131,580	1,000,882
Employee Benefits	392,090	392,090	391,568
Personnel Expenditures	5,550	5,550	1,693
Professional Services	244,295	244,295	213,203
Contractual Services	448,083	448,083	234,490
Insurance	21,500	21,500	25,406
Commodities	11,300	11,300	8,305
Utilities	4,600	4,600	5,819
Repairs and Maintenance	38,355	38,355	36,980
Miscellaneous	1,873,200	1,623,200	609,666
	<u>4,170,553</u>	<u>3,920,553</u>	<u>2,528,012</u>
Information Systems			
Salaries and Wages	622,415	622,415	460,567
Employee Benefits	213,813	213,813	178,450
Personnel Expenditures	5,725	5,725	1,396
Professional Services	55,000	55,000	840
Contractual Services	99,200	99,200	101,302
Insurance	1,400	1,400	1,390
Commodities	1,850	1,850	1,310
Utilities	4,035	4,035	4,684
Repairs and Maintenance	20,695	20,695	17,656
	<u>1,024,133</u>	<u>1,024,133</u>	<u>767,595</u>
Cable Television			
Professional Services	2,500	2,500	—
Contractual Services	66,589	66,589	41,885
Commodities	50	50	39
	<u>69,139</u>	<u>69,139</u>	<u>41,924</u>
Building Maintenance			
Contractual Services	48,970	48,970	39,443
Insurance	7,500	7,500	7,446
Commodities	9,380	9,380	3,189
Repairs and Maintenance	30,100	30,100	29,498
	<u>95,950</u>	<u>95,950</u>	<u>79,576</u>

VILLAGE OF GURNEE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
General Government - Continued			
Planning			
Salaries and Wages	\$ 784,030	784,030	749,306
Employee Benefits	338,695	338,695	356,144
Personnel Expenditures	4,050	4,050	833
Professional Services	188,500	188,500	49,405
Contractual Services	37,021	37,021	36,992
Insurance	8,800	8,800	8,736
Commodities	5,725	5,725	1,447
Utilities	5,200	5,200	6,511
Repairs and Maintenance	30,520	30,520	28,072
	<u>1,402,541</u>	<u>1,402,541</u>	<u>1,237,446</u>
Engineering			
Salaries and Wages	653,360	653,360	442,326
Employee Benefits	263,439	263,439	202,139
Personnel Expenditures	4,025	4,025	1,769
Professional Services	31,000	31,000	9,690
Contractual Services	54,143	54,143	54,257
Insurance	8,800	8,800	8,736
Commodities	5,600	5,600	1,555
Utilities	6,810	6,810	6,928
Repairs and Maintenance	18,885	18,885	15,260
	<u>1,046,062</u>	<u>1,046,062</u>	<u>742,660</u>
Total General Government	<u>7,808,378</u>	<u>7,558,378</u>	<u>5,397,213</u>
Public Safety			
Police			
Salaries and Wages	9,091,758	9,091,758	8,399,635
Employee Benefits	4,752,014	4,752,014	4,838,446
Personnel Expenditures	81,040	81,040	33,303
Professional Services	121,200	121,200	96,825
Contractual Services	1,328,211	1,328,211	1,225,138

VILLAGE OF GURNEE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police - Continued			
Insurance	\$ 188,500	188,500	184,768
Commodities	88,257	88,257	39,365
Utilities	62,930	62,930	63,416
Repairs and Maintenance	318,858	318,858	264,384
	<u>16,032,768</u>	<u>16,032,768</u>	<u>15,145,280</u>
Fire			
Salaries and Wages	7,031,903	7,031,903	6,781,074
Employee Benefits	3,911,018	3,911,018	3,998,591
Personnel Expenditures	34,850	34,850	16,537
Professional Services	60,800	60,800	60,657
Contractual Services	167,885	167,885	153,221
Insurance	64,400	64,400	60,139
Commodities	101,150	101,150	64,911
Utilities	16,600	16,600	14,810
Repairs and Maintenance	178,710	178,710	131,904
	<u>11,567,316</u>	<u>11,567,316</u>	<u>11,281,844</u>
Communications			
Salaries and Wages	2,083,972	2,083,972	1,796,417
Employee Benefits	750,967	750,967	713,947
Personnel Expenditures	14,525	14,525	3,939
Professional Services	17,000	17,000	7,912
Contractual Services	15,906	15,906	12,054
Insurance	11,500	11,500	11,417
Commodities	4,450	4,450	1,862
Utilities	2,460	2,460	2,459
Repairs and Maintenance	10,785	10,785	9,058
	<u>2,911,565</u>	<u>2,911,565</u>	<u>2,559,065</u>
Total Public Safety	<u>30,511,649</u>	<u>30,511,649</u>	<u>28,986,189</u>

VILLAGE OF GURNEE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Highways and Streets			
Street Maintenance			
Salaries and Wages	\$ 1,418,473	1,418,473	1,327,732
Employee Benefits	869,681	869,681	903,180
Personnel Expenditures	10,150	10,150	2,600
Professional Services	1,500	1,500	58
Contractual Services	435,047	435,047	349,398
Insurance	72,500	72,500	68,736
Commodities	311,000	311,000	366,682
Utilities	15,600	15,600	16,709
Repairs and Maintenance	256,450	256,450	170,304
	<u>3,390,401</u>	<u>3,390,401</u>	<u>3,205,399</u>
Vehicle Maintenance			
Contractual Services	443,880	443,880	471,881
	<u>443,880</u>	<u>443,880</u>	<u>471,881</u>
Total Highway and Streets	<u>3,834,281</u>	<u>3,834,281</u>	<u>3,677,280</u>
Capital Outlay	378,990	378,990	151,982
	<u>378,990</u>	<u>378,990</u>	<u>151,982</u>
Total Expenditures	<u>42,533,298</u>	<u>42,283,298</u>	<u>38,212,664</u>

VILLAGE OF GURNEE, ILLINOIS

Capital Improvement - Capital Projects Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Home Rule Sales	\$ 4,550,000	4,550,000	3,821,696
Intergovernmental	1,930,000	1,930,000	1,000,000
Interest Income	25,000	25,000	2,970
Miscellaneous	75,000	75,000	164,887
Total Revenues	<u>6,580,000</u>	<u>6,580,000</u>	<u>4,989,553</u>
Expenditures			
Capital Outlay	<u>12,216,496</u>	<u>11,216,496</u>	<u>6,717,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,636,496)</u>	<u>(4,636,496)</u>	<u>(1,727,620)</u>
Other Financing Sources (Uses)			
Debt Issuance	3,425,000	3,425,000	2,778,024
Transfers In	1,025,000	1,025,000	350,000
Transfers Out	(250,000)	(250,000)	(125,000)
	<u>4,200,000</u>	<u>4,200,000</u>	<u>3,003,024</u>
Net Change in Fund Balance	<u>(1,436,496)</u>	<u>(436,496)</u>	1,275,404
Fund Balance - Beginning			<u>3,066,745</u>
Fund Balance - Ending			<u><u>4,342,149</u></u>

VILLAGE OF GURNEE, ILLINOIS

Nonmajor Governmental Funds
 Combining Balance Sheet
 April 30, 2021

	Special Revenue			Debt Service	Capital Projects	Totals
	911	Impact	Asset Forfeiture		Fleet Services	
ASSETS						
Cash and Investments	\$ 1,120	567,817	125,301	—	556,100	1,250,338
Receivables - Net of Allowances						
Accounts	66,243	—	32,529	—	5,049	103,821
Inventories	—	—	—	—	145,505	145,505
Total Assets	67,363	567,817	157,830	—	706,654	1,499,664
LIABILITIES						
Accounts Payable	(1,120)	—	—	—	6,871	5,751
Accrued Payroll	—	—	—	—	7,395	7,395
Total Liabilities	(1,120)	—	—	—	14,266	13,146
FUND BALANCES						
Fund Balances						
Nonspendable	—	—	—	—	145,505	145,505
Restricted	68,483	—	157,830	—	—	226,313
Committed	—	567,817	—	—	546,883	1,114,700
Total Fund Balances	68,483	567,817	157,830	—	692,388	1,486,518
Total Liabilities and Fund Balances	67,363	567,817	157,830	—	706,654	1,499,664

VILLAGE OF GURNEE, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended April 30, 2021

	Special Revenue			Debt Service	Capital Projects	Totals
	911	Impact	Asset Forfeiture		Fleet Services	
Revenues						
Charges for Services	\$ 404,509	—	—	—	2,300,344	2,704,853
Fines and Forfeitures	—	—	39,623	—	—	39,623
Interest Income	—	14	54	708	—	776
Total Revenues	404,509	14	39,677	708	2,300,344	2,745,252
Expenditures						
Current						
Highways and Streets	—	—	—	—	1,109,620	1,109,620
Capital Outlay	399,836	—	43,399	—	498,336	941,571
Total Expenditures	399,836	—	43,399	—	1,607,956	2,051,191
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,673	14	(3,722)	708	692,388	694,061
Other Financing (Uses)						
Transfers Out	—	(350,000)	—	(17,283)	—	(367,283)
Net Change in Fund Balances	4,673	(349,986)	(3,722)	(16,575)	692,388	326,778
Fund Balances - Beginning	63,810	917,803	161,552	16,575	—	1,159,740
Fund Balances - Ending	68,483	567,817	157,830	—	692,388	1,486,518

VILLAGE OF GURNEE, ILLINOIS

911 - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 563,130	563,130	404,509
Expenditures			
Capital Outlay	563,130	563,130	399,836
Net Change in Fund Balance	<u> —</u>	<u> —</u>	4,673
Fund Balance - Beginning			<u>63,810</u>
Fund Balance - Ending			<u>68,483</u>

VILLAGE OF GURNEE, ILLINOIS

Impact - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Interest Income	\$ 250	250	14
Expenditures			
General Government	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	250	250	14
Other Financing (Uses)			
Transfers Out	(350,000)	(350,000)	(350,000)
Net Change in Fund Balance	<u>(349,750)</u>	<u>(349,750)</u>	(349,986)
Fund Balance - Beginning			<u>917,803</u>
Fund Balance - Ending			<u><u>567,817</u></u>

VILLAGE OF GURNEE, ILLINOIS

Asset Forfeiture - Special Revenue Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Fines and Forfeitures			
DARE Forfeited Funds	\$ 5,000	5,000	9,473
Seizures	—	—	30,150
Interest Income	1,000	1,000	54
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>39,677</u>
Expenditures			
Capital Outlay	<u>—</u>	<u>47,000</u>	<u>43,399</u>
Net Change in Fund Balance	<u>6,000</u>	<u>(41,000)</u>	<u>(3,722)</u>
Fund Balance - Beginning			<u>161,552</u>
Fund Balance - Ending			<u>157,830</u>

VILLAGE OF GURNEE, ILLINOIS

Debt Service Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Interest Income	\$ —	—	708
Expenditures			
Debt Service			
Principal Retirement	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	708
Other Financing (Uses)			
Transfers Out	—	—	(17,283)
Net Change in Fund Balance	—	—	(16,575)
Fund Balance - Beginning			16,575
Fund Balance - Ending			—

VILLAGE OF GURNEE, ILLINOIS

Fleet Services - Capital Projects Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 2,309,517	2,309,517	2,300,344
Expenditures			
Highways and Streets	1,245,140	1,245,140	1,109,620
Capital Outlay	1,064,377	1,064,377	498,336
Total Expenditures	2,309,517	2,309,517	1,607,956
Net Change in Fund Balance	—	—	692,388
Fund Balance - Beginning			—
Fund Balance - Ending			692,388

VILLAGE OF GURNEE, ILLINOIS

Golf Course - Enterprise Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ —	—	—
Operating Expenses			
Operations			
Capital Outlay	235,000	235,000	47,337
Depreciation	—	—	21,142
Total Operating Expenses	235,000	235,000	68,479
Operating (Loss)	(235,000)	(235,000)	(68,479)
Nonoperating Revenues			
Interest Income	41,500	41,500	52,900
(Loss) Before Transfers	(193,500)	(193,500)	(15,579)
Transfers In	250,000	250,000	125,000
Change in Net Position	56,500	56,500	109,421
Net Position - Beginning			4,829,564
Net Position - Ending			4,938,985

VILLAGE OF GURNEE, ILLINOIS

Water and Sewer - Enterprise Fund

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

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Metered Water	\$ 9,393,500	9,393,500	8,898,269
Operating Expenses			
Operations			
Salaries and Benefits	2,004,180	2,004,180	1,293,104
Personnel Expenditures	8,500	8,500	9,113
Professional Services	18,300	18,300	12,981
Contractual	1,376,666	1,376,666	1,395,113
Insurance	66,500	66,500	66,019
Commodities	3,022,500	3,022,500	2,805,416
Utilities	138,283	138,283	132,219
Repairs and Maintenance	411,311	411,311	303,487
Capital Outlay	597,230	597,230	(1,423,886)
Capital			
Professional Services	3,518,956	3,518,956	1,564,569
Depreciation	—	—	1,418,741
Total Operating Expenses	11,162,426	11,162,426	7,576,876
Operating Income (Loss)	(1,768,926)	(1,768,926)	1,321,393
Nonoperating Revenues (Expenses)			
Debt Issuance	—	400,000	—
Interest Income	105,000	105,000	15,125
Other Income	—	—	8,345
Principal Retirement	(465,000)	(465,000)	—
Interest Expense	(95,000)	(95,000)	(155,994)
	(455,000)	(55,000)	(132,524)
Change in Net Position	(2,223,926)	(1,823,926)	1,188,869
Net Position - Beginning			58,830,788
Net Position - Ending			60,019,657

VILLAGE OF GURNEE, ILLINOIS

Pension Trust Funds

Combining Statement of Fiduciary Net Position

April 30, 2021

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 3,957,302	127,758	4,085,060
Investments			
U.S. Treasury Obligations	2,744,266	2,443,238	5,187,504
U.S. Agency Obligations	9,901,892	11,652,306	21,554,198
Corporate Bonds	6,307,563	2,984,658	9,292,221
State and Local Government Obligations	—	2,720,460	2,720,460
Equity Mutual Funds	54,519,638	33,119,121	87,638,759
Exchange Traded Funds	—	175,675	175,675
CDs and BAs	—	717,409	717,409
Accrued Interest Receivable	41,547	129,473	171,020
Prepays	2,718	5,067	7,785
Total Assets	77,474,926	54,075,165	131,550,091
LIABILITIES			
Accounts Payable	24,208	9,212	33,420
NET POSITION			
Net Position Restricted for Pensions	77,450,718	54,065,953	131,516,671

VILLAGE OF GURNEE, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended April 30, 2021

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 2,398,379	1,966,654	4,365,033
Contributions - Plan Members	762,876	621,923	1,384,799
Total Contributions	<u>3,161,255</u>	<u>2,588,577</u>	<u>5,749,832</u>
Investment Income			
Interest Earned	2,024,121	1,154,533	3,178,654
Net Change in Fair Value	17,520,044	10,506,542	28,026,586
Miscellaneous	14	—	14
	<u>19,544,179</u>	<u>11,661,075</u>	<u>31,205,254</u>
Less Investment Expenses	<u>(238,324)</u>	<u>(94,145)</u>	<u>(332,469)</u>
Net Investment Income	<u>19,305,855</u>	<u>11,566,930</u>	<u>30,872,785</u>
Total Additions	<u>22,467,110</u>	<u>14,155,507</u>	<u>36,622,617</u>
Deductions			
Administration	56,629	39,455	96,084
Benefits and Refunds	2,919,165	1,933,779	4,852,944
Total Deductions	<u>2,975,794</u>	<u>1,973,234</u>	<u>4,949,028</u>
Change in Fiduciary Net Position	19,491,316	12,182,273	31,673,589
Net Position Restricted for Pensions			
Beginning	<u>57,959,402</u>	<u>41,883,680</u>	<u>99,843,082</u>
Ending	<u>77,450,718</u>	<u>54,065,953</u>	<u>131,516,671</u>

VILLAGE OF GURNEE, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 2,398,379	2,398,379	2,398,379
Contributions - Plan Members	780,000	780,000	762,876
Total Contributions	<u>3,178,379</u>	<u>3,178,379</u>	<u>3,161,255</u>
Investment Income			
Interest Income	1,372,000	1,372,000	2,024,121
Net Change in Fair Value	2,550,000	2,550,000	17,520,044
Miscellaneous	—	—	14
	<u>3,922,000</u>	<u>3,922,000</u>	<u>19,544,179</u>
Less Investment Expenses	(200,000)	(200,000)	(238,324)
Net Investment Income	<u>3,722,000</u>	<u>3,722,000</u>	<u>19,305,855</u>
Total Additions	<u>6,900,379</u>	<u>6,900,379</u>	<u>22,467,110</u>
Deductions			
Administration	93,000	93,000	56,629
Benefits	3,027,500	3,027,500	2,919,165
Total Deductions	<u>3,120,500</u>	<u>3,120,500</u>	<u>2,975,794</u>
Change in Fiduciary Net Position	<u>3,779,879</u>	<u>3,779,879</u>	19,491,316
Net Position Restricted for Pensions			
Beginning			<u>57,959,402</u>
Ending			<u>77,450,718</u>

VILLAGE OF GURNEE, ILLINOIS

Firefighters' Pension - Pension Trust Fund

Schedule of Changes in the Fiduciary Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,966,654	1,966,654	1,966,654
Contributions - Plan Members	630,000	630,000	621,923
Total Contributions	<u>2,596,654</u>	<u>2,596,654</u>	<u>2,588,577</u>
Investment Income			
Interest Earned	1,025,000	1,025,000	1,154,533
Net Change in Fair Value	1,910,000	1,910,000	10,506,542
	<u>2,935,000</u>	<u>2,935,000</u>	<u>11,661,075</u>
Less Investment Expenses	(75,000)	(75,000)	(94,145)
Net Investment Income	<u>2,860,000</u>	<u>2,860,000</u>	<u>11,566,930</u>
Total Additions	<u>5,456,654</u>	<u>5,456,654</u>	<u>14,155,507</u>
Deductions			
Administration	66,600	66,600	39,455
Benefits and Refunds	1,972,000	1,972,000	1,933,779
Total Deductions	<u>2,038,600</u>	<u>2,038,600</u>	<u>1,973,234</u>
Change in Fiduciary Net Position	<u>3,418,054</u>	<u>3,418,054</u>	12,182,273
Net Position Restricted for Pensions			
Beginning			<u>41,883,680</u>
Ending			<u>54,065,953</u>

VILLAGE OF GURNEE, ILLINOIS

Custodial Funds

Combining Statement of Fiduciary Net Position

April 30, 2021

	Special Service Area #2	NE Lake County Consolidated ETSB	Totals
ASSETS			
Cash and Cash Equivalents	\$ —	2,054,842	2,054,842
Receivables - Net of Allowances Accounts	—	69,342	69,342
Total Assets	—	2,124,184	2,124,184
LIABILITIES			
Accounts Payable	—	85,325	85,325
Due to Other Funds	—	165,384	165,384
Total Liabilities	—	250,709	250,709
NET POSITION			
Restricted for Individuals, Organizations, and Other Governments	—	1,873,475	1,873,475

VILLAGE OF GURNEE, ILLINOIS

Custodial Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended April 30, 2021

	Special Service Area #2	NE Lake County Consolidated ETSB	Totals
Additions			
Property Taxes	\$ 41,048	—	41,048
Charges for Services	—	902,510	902,510
Interest Earned	2	2,714	2,716
Total Additions	41,050	905,224	946,274
Deductions			
Professional Services	—	449,451	449,451
Debt Service			
Principal Retirement	39,000	—	39,000
Intrest and Fiscal Charges	9,199	—	9,199
Total Deductions	48,199	449,451	497,650
Change in Net Position	(7,149)	455,773	448,624
Net Position Restricted for Individuals, Organizations, and Other Governments			
Beginning	7,149	1,417,702	1,424,851
Ending	—	1,873,475	1,873,475

VILLAGE OF GURNEE, ILLINOIS

Special Service Area #2 - Custodial Fund

Schedule of Changes in the Fiduciary Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Additions			
Property Taxes			
Road and Bridge	\$ 41,048	41,048	41,048
Interest Earned	275	275	2
Total Additions	<u>41,323</u>	<u>41,323</u>	<u>41,050</u>
Deductions			
Debt Service			
Principal Retirement	39,000	39,000	39,000
Interest and Fiscal Charges	2,323	10,224	9,199
Total Deductions	<u>41,323</u>	<u>49,224</u>	<u>48,199</u>
Change in Fiduciary Net Position	<u>—</u>	<u>(7,901)</u>	(7,149)
Net Position Restricted for Individuals, Organizations, and Other Governments			
Beginning			<u>7,149</u>
Ending			<u>—</u>

VILLAGE OF GURNEE, ILLINOIS

NE Lake County Consolidated ETSB - Custodial Fund
 Schedule of Changes in the Fiduciary Net Position - Budget and Actual
 For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Additions			
Charges for Services			
911 Surcharge	\$ 875,000	875,000	902,510
Interest Earned	20,000	20,000	2,714
Total Additions	895,000	895,000	905,224
Deductions			
Professional Services	769,207	769,207	449,451
Change in Fiduciary Net Position	125,793	125,793	455,773
Net Position Restricted for Individuals, Organizations, and Other Governments			
Beginning			1,417,702
Ending			1,873,475

VILLAGE OF GURNEE, ILLINOIS

**Consolidated Year-End Financial Report
April 30, 2021**

CSFA #	Program Name	State	Federal	Other	Total
494-00-0967	High-Growth Cities Program	\$ 61,301	—	—	61,301
494-00-1488	Motor Fuel Tax Program	938,699	—	—	938,699
494-00-2356	Local Rebuild Illinois Bond Program	347,149	—	—	347,149
494-10-0343	State and Community Highway Safety/ National Priority Safety Program	16,482	—	—	16,482
532-60-0379	USEPA Capitalization Grants for Drinking Water State Revolving Funds	584,013	—	—	584,013
588-40-2805	Coronavirus State and Local Fiscal Recovery Funds Program	—	1,405,129	—	1,405,129
	Other Grant Programs and Activities	—	601,913	—	601,913
	All Other Costs Not Allocated	—	—	44,602,868	44,602,868
	Totals	1,947,644	2,007,042	44,602,868	48,557,554

SUPPLEMENTAL SCHEDULE

VILLAGE OF GURNEE, ILLINOIS

**Long-Term Debt Requirements
Installment Contract Payable of 2019
April 30, 2021**

Date of Issue	April 15, 2019
Date of Maturity	May 1, 2022
Authorized Issue	\$31,334
Interest Rate	3.60%
Interest Date	Monthly
Principal Maturity Date	Monthly
Payable at	Bittersweet Equipment

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2022	\$ 10,445	345	10,790
2023	870	31	901
	<u>11,315</u>	<u>376</u>	<u>11,691</u>

STATISTICAL SECTION (Unaudited)

This part of the annual comprehensive 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 Village's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF GURNEE, ILLINOIS

Net Position by Component - Last Ten Fiscal Years
April 30, 2021 (Unaudited)

See Following Page

VILLAGE OF GURNEE, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*

April 30, 2021 (Unaudited)

	2012	2013	2014	2015
Governmental Activities				
Net Investment in Capital Assets	\$ 63,189,209	65,692,801	66,250,334	67,471,505
Restricted	13,605,848	5,880,004	3,189,760	3,256,758
Unrestricted	18,784,773	19,800,351	20,679,360	22,056,883
Total Governmental Activities Net Position	95,579,830	91,373,156	90,119,454	92,785,146
Business-Type Activities				
Net Investment in Capital Assets	59,961,886	59,091,137	58,144,394	57,190,210
Unrestricted	4,303,701	4,684,079	4,414,159	5,088,446
Total Business-Type Activities Net Position	64,265,587	63,775,216	62,558,553	62,278,656
Total Primary Government				
Net Investment in Capital Assets	123,151,095	124,783,938	124,394,728	124,661,715
Restricted	13,605,848	5,880,004	3,189,760	3,256,758
Unrestricted	23,088,474	24,484,430	25,093,519	27,145,329
Total Primary Government Net Position	159,845,417	155,148,372	152,678,007	155,063,802

Data Source: Village Records

2016	2017	2018	2019	2020	2021
68,607,855	71,604,563	72,521,382	72,883,954	73,048,132	72,080,771
2,435,165	1,803,349	1,525,602	2,465,101	753,861	1,633,446
(16,248,626)	(16,158,367)	(15,945,390)	(17,151,303)	(14,546,877)	(6,686,516)
54,794,394	57,249,545	58,101,594	58,197,752	59,255,116	67,027,701
57,057,122	57,011,487	58,392,013	58,261,518	59,328,919	59,059,111
4,874,724	5,705,034	4,988,694	5,715,057	4,331,433	5,899,531
61,931,846	62,716,521	63,380,707	63,976,575	63,660,352	64,958,642
125,664,977	128,616,050	130,913,395	131,145,472	132,377,051	131,139,882
2,435,165	1,803,349	1,525,602	2,465,101	753,861	1,633,446
(11,373,902)	(10,453,333)	(10,956,696)	(11,436,246)	(10,215,444)	(786,985)
116,726,240	119,966,066	121,482,301	122,174,327	122,915,468	131,986,343

VILLAGE OF GURNEE, ILLINOIS

**Changes in Net Position - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
General Government	\$ 6,468,878	6,473,460	5,380,574	5,413,872	8,351,874	6,173,990	5,544,025	7,211,923	9,434,286	5,706,170
Public Safety	22,263,032	22,407,935	23,540,500	24,441,027	29,898,354	27,203,359	27,808,376	29,040,076	30,219,913	27,519,374
Highways and Streets	7,484,183	11,421,475	10,924,366	8,461,722	11,545,960	10,130,465	10,328,932	8,153,488	8,801,576	7,509,642
Interest On Long-Term Debt	163,384	814,411	423,270	342,969	268,974	194,595	152,193	110,963	(64,260)	21,019
	<u>36,379,477</u>	<u>41,117,281</u>	<u>40,268,710</u>	<u>38,659,590</u>	<u>50,065,162</u>	<u>43,702,409</u>	<u>43,833,526</u>	<u>44,516,450</u>	<u>48,391,515</u>	<u>40,756,205</u>
Business-Type Activities										
Golf Course	220,080	120,748	19,818	19,250	19,250	19,250	19,250	19,250	108,747	68,479
Water and Sewer	7,290,063	7,980,033	8,795,519	8,028,216	8,174,054	8,694,834	8,255,401	8,665,298	9,450,358	7,732,870
	<u>7,510,143</u>	<u>8,100,781</u>	<u>8,815,337</u>	<u>8,047,466</u>	<u>8,193,304</u>	<u>8,714,084</u>	<u>8,274,651</u>	<u>8,684,548</u>	<u>9,559,105</u>	<u>7,801,349</u>
Total Primary Government Expenses	<u>43,889,620</u>	<u>49,218,062</u>	<u>49,084,047</u>	<u>46,707,056</u>	<u>58,258,466</u>	<u>52,416,493</u>	<u>52,108,177</u>	<u>53,200,998</u>	<u>57,950,620</u>	<u>48,557,554</u>
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	2,392,228	1,976,494	1,703,459	1,846,401	1,964,088	2,127,410	2,834,611	2,777,071	2,636,974	2,110,049
Public Safety	5,955,212	6,294,873	6,500,686	6,531,086	6,968,671	7,148,495	7,293,828	7,984,920	7,972,680	8,103,572
Highways and Streets	—	—	—	—	—	—	—	—	—	2,300,344
Operating Grants/Contributions	190,115	59,390	76,493	52,928	3,871	25,238	18,216	67,892	554,194	1,871,594
Capital Grants/Contributions	315,345	48,000	844,353	276,395	140,000	953,964	—	—	45,182	1,000,000
	<u>8,852,900</u>	<u>8,378,757</u>	<u>9,124,991</u>	<u>8,706,810</u>	<u>9,076,630</u>	<u>10,255,107</u>	<u>10,146,655</u>	<u>10,829,883</u>	<u>11,209,030</u>	<u>15,385,559</u>
Business-Type Activities										
Charges for Services										
Golf Course	—	—	—	—	—	—	—	1,790	—	—
Water and Sewer	7,402,590	7,734,669	7,812,433	7,882,600	8,080,082	9,290,080	8,936,729	9,301,866	9,045,999	8,898,269
	<u>7,402,590</u>	<u>7,734,669</u>	<u>7,812,433</u>	<u>7,882,600</u>	<u>8,080,082</u>	<u>9,290,080</u>	<u>8,936,729</u>	<u>9,303,656</u>	<u>9,045,999</u>	<u>8,898,269</u>
Total Primary Government Program Revenues	<u>16,255,490</u>	<u>16,113,426</u>	<u>16,937,424</u>	<u>16,589,410</u>	<u>17,156,712</u>	<u>19,545,187</u>	<u>19,083,384</u>	<u>20,133,539</u>	<u>20,255,029</u>	<u>24,283,828</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expenses) Revenues										
Governmental Activities	\$ (27,526,577)	(32,738,524)	(31,143,719)	(29,952,780)	(40,988,532)	(33,447,302)	(33,686,871)	(33,686,567)	(37,182,485)	(25,370,646)
Business-Type Activities	(107,553)	(366,112)	(1,002,904)	(164,866)	(113,222)	575,996	662,078	619,108	(513,106)	1,096,920
Total Primary Government Net Revenues/(Expenses)	(27,634,130)	(33,104,636)	(32,146,623)	(30,117,646)	(41,101,754)	(32,871,306)	(33,024,793)	(33,067,459)	(37,695,591)	(24,273,726)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes	27,634,439	28,824,673	29,605,363	11,081,179	15,095,104	14,098,797	14,339,756	16,372,878	16,569,185	12,409,010
Intergovernmental	—	—	—	21,275,275	20,770,143	21,385,781	19,934,663	20,672,430	19,426,692	20,312,059
Investment Earnings	33,192	34,450	16,064	10,117	52,654	55,105	175,672	683,386	758,975	253,690
Miscellaneous	64,565	70,427	52,296	85,461	306,310	562,770	88,829	106,058	1,543,997	293,472
Transfers	169,893	169,393	216,294	166,440	(134,760)	(200,000)	—	(200,000)	(59,000)	(125,000)
	27,902,089	29,098,943	29,890,017	32,618,472	36,089,451	35,902,453	34,538,920	37,634,752	38,239,849	33,143,231
Business-Type Activities										
Investment Earnings	3,290	2,959	2,535	1,409	7,654	(1,371)	2,108	125,205	137,883	68,025
Miscellaneous	—	42,175	—	50,000	50,000	10,050	—	—	—	8,345
Transfers	(169,893)	(169,393)	(216,294)	(166,440)	134,760	200,000	—	200,000	59,000	125,000
	(166,603)	(124,259)	(213,759)	(115,031)	192,414	208,679	2,108	325,205	196,883	201,370
Total Primary Government	27,735,486	28,974,684	29,676,258	32,503,441	36,281,865	36,111,132	34,541,028	37,959,957	38,436,732	33,344,601
Changes in Net Position										
Governmental Activities	375,512	(3,639,581)	(1,253,702)	2,665,692	(4,899,081)	2,455,151	852,049	3,948,185	1,057,364	7,772,585
Business-Type Activities	(274,156)	(490,371)	(1,216,663)	(279,897)	79,192	784,675	664,186	944,313	(316,223)	1,298,290
Total Primary Government	101,356	(4,129,952)	(2,470,365)	2,385,795	(4,819,889)	3,239,826	1,516,235	4,892,498	741,141	9,070,875

Data Source: Village Records

VILLAGE OF GURNEE, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years
April 30, 2021 (Unaudited)

	2012	2013	2014	2015
General Fund				
Nondisposable	432,952	407,152	267,967	307,504
Assigned	—	—	—	—
Unassigned	22,252,013	22,610,364	21,872,649	23,345,369
Total General Fund	22,684,965	23,017,516	22,140,616	23,652,873
All Other Governmental Funds				
Nondisposable	—	1,104	1,370	678
Restricted	13,676,895	6,073,175	3,353,195	3,388,956
Committed	5,878,823	6,777,652	7,815,941	6,622,809
Total All Other Governmental Funds	19,555,718	12,851,931	11,170,506	10,012,443
Total All Governmental Funds	42,240,683	35,869,447	33,311,122	33,665,316

Data Source: Village Records

2016	2017	2018	2019	2020	2021
415,956	402,521	367,993	235,044	365,597	249,804
678,105	688,875	—	—	—	—
23,825,296	24,925,486	25,673,424	26,508,124	25,385,545	24,980,815
24,919,357	26,016,882	26,041,417	26,743,168	25,751,142	25,230,619
678	677	—	—	—	145,505
2,544,322	1,890,949	1,594,771	2,459,041	753,861	1,633,446
5,331,519	4,435,057	2,941,432	3,466,586	3,984,548	5,456,849
7,876,519	6,326,683	4,536,203	5,925,627	4,738,409	7,235,800
32,795,876	32,343,565	30,577,620	32,668,795	30,489,551	32,466,419

VILLAGE OF GURNEE, ILLINOIS

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

	2012	2013*	2014
Revenues			
Taxes	\$ 23,922,667	9,334,690	9,494,034
Intergovernmental	6,961,286	22,311,093	23,892,713
Charges for Services	2,349,191	2,444,482	2,629,000
Licenses and Permits	1,581,037	1,099,577	807,727
Fines and Forfeitures	1,679,877	1,916,317	1,844,379
Interest Income	33,192	34,450	16,064
Miscellaneous	64,565	70,427	52,296
Total Revenues	<u>36,591,815</u>	<u>37,211,036</u>	<u>38,736,213</u>
Expenditures			
Current			
General Government	6,275,560	6,262,328	5,145,090
Public Safety	21,681,571	21,861,591	23,065,010
Highways and Streets	4,791,263	5,299,173	4,824,703
Capital Outlay	2,289,031	8,194,996	6,019,790
Debt Service			
Principal	1,050,000	1,070,000	1,935,000
Interest and Fiscal Charges	357,234	607,419	515,974
Total Expenditures	<u>36,444,659</u>	<u>43,295,507</u>	<u>41,505,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>147,156</u>	<u>(6,084,471)</u>	<u>(2,769,354)</u>
Other Financing Sources (Uses)			
Debt Issuance	9,995,000	1,219,295	—
Payment to Escrow	537,665	(1,198,109)	—
Disposal of Capital Assets	49,987	89,749	45,389
Transfers In	3,237,001	3,969,455	6,407,553
Transfers Out	(3,067,108)	(3,800,062)	(6,241,913)
	<u>10,752,545</u>	<u>280,328</u>	<u>211,029</u>
Net Change in Fund Balances	<u>10,899,701</u>	<u>(5,804,143)</u>	<u>(2,558,325)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>3.9%</u>	<u>4.1%</u>	<u>6.0%</u>

* In 2013, the Village reclassified sales taxes from the "Taxes" category to the "Intergovernmental" category.

Data Source: Village Records

2015	2016	2017	2018	2019	2020	2021
11,074,187	15,091,918	14,106,219	13,578,002	15,413,939	14,280,346	8,754,293
24,298,206	23,955,455	24,863,305	23,856,029	24,652,181	26,109,313	29,005,419
2,626,928	2,878,783	3,203,488	3,758,185	4,426,397	4,785,581	6,732,593
931,524	978,799	1,226,620	1,362,668	1,125,146	890,123	1,088,113
1,841,933	2,033,885	1,742,105	1,987,799	2,165,292	1,835,471	1,524,441
10,117	52,654	55,105	175,672	683,386	758,975	253,690
85,461	306,310	562,770	88,829	106,058	1,543,997	293,472
40,868,356	45,297,804	45,759,612	44,807,184	48,572,399	50,203,806	47,652,021
5,250,665	6,815,620	5,592,552	5,845,855	6,793,147	7,130,404	5,397,213
23,910,975	24,167,952	25,053,073	27,080,893	27,560,716	28,777,127	28,986,189
4,663,987	5,016,925	4,736,254	4,775,884	4,291,033	5,654,819	6,134,049
4,400,294	8,294,310	8,173,880	6,721,813	6,486,136	6,227,150	7,810,726
2,035,000	2,447,757	2,338,992	1,916,719	1,015,000	4,380,000	—
437,175	354,983	279,120	233,592	185,350	154,550	—
40,698,096	47,097,547	46,173,871	46,574,756	46,331,382	52,324,050	48,328,177
170,260	(1,799,743)	(414,259)	(1,767,572)	2,241,017	(2,120,244)	(676,156)
—	998,468	—	—	—	—	2,778,024
—	—	—	—	—	—	—
17,494	66,595	161,948	1,627	50,158	—	—
4,071,675	3,065,195	2,897,575	2,309,325	3,101,200	3,344,727	367,283
(3,905,235)	(3,199,955)	(3,097,575)	(2,309,325)	(3,301,200)	(3,403,727)	(492,283)
183,934	930,303	(38,052)	1,627	(149,842)	(59,000)	2,653,024
354,194	(869,440)	(452,311)	(1,765,945)	2,091,175	(2,179,244)	1,976,868
6.3%	6.2%	6.1%	4.8%	2.7%	9.0%	0.0%

VILLAGE OF GURNEE, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
April 30, 2021 (Unaudited)**

Tax Levy Year	Real Estate	Railroads	Total Assessed Value	Estimated Actual Value of Property	Total Direct Tax Rate
2011	\$ 1,202,046,364	\$ 529,559	\$ 1,202,575,923	\$ 3,607,727,769	—
2012	1,091,394,663	573,634	1,091,968,297	3,275,904,891	—
2013	1,028,678,075	714,080	1,029,392,155	3,088,176,465	—
2014	1,010,630,219	773,035	1,011,403,254	3,034,209,762	—
2015	1,038,151,038	942,110	1,039,093,148	3,117,279,444	—
2016	1,088,812,299	965,775	1,089,778,074	3,269,334,222	—
2017	1,122,204,032	989,009	1,123,193,041	3,369,579,123	—
2018	1,152,145,499	1,027,331	1,153,172,830	3,459,518,490	—
2019	1,188,967,186	1,101,490	1,190,068,676	3,570,206,028	—
2020	1,193,920,669	1,113,745	1,195,034,414	3,983,448,046	—

Data Source: Office of the County Clerk of Lake County Certificate of Rates and Extensions

Note: Assume Total EAV is 1/3 of Estimated Actual Value

VILLAGE OF GURNEE, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
April 30, 2021 (Unaudited)**

See Following Page

VILLAGE OF GURNEE, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
April 30, 2021 (Unaudited)**

	2011	2012	2013
Direct Rates			
Village of Gurnee*	—	—	—
Overlapping Rates for Grade School District 56			
Lake County Forest	0.2010	0.2120	0.2180
Warren Township	0.2460	0.5750	0.6320
North Shore Sanitary	0.1500	0.1500	0.1640
Gurnee Park District	0.4220	0.4750	0.5140
School District 56	3.7850	4.2500	4.6770
High School 121	1.9100	2.1730	2.3940
Warren Newport Library	0.2780	0.3060	0.3330
CLCJAWA Water	0.0470	0.0520	0.0550
College of Lake County	0.2400	0.2720	0.2960
County of Lake	0.5540	0.6080	0.6630
Overlapping Rates for Grade School District 50			
Lake County Forest	0.2010	0.2120	0.2180
Warren Township	0.2460	0.5750	0.6320
North Shore Sanitary	0.1500	0.1500	0.1640
Gurnee Park District	0.4220	0.4750	0.5140
School District 50	3.7060	4.2310	4.6510
High School 121	1.9100	2.1730	2.3940
Warren Newport Library	0.2780	0.3060	0.3330
CLCJAWA Water	0.0470	0.0520	0.0550
College of Lake County	0.2400	0.2720	0.2960
County of Lake	0.5540	0.6080	0.6630

* The Village is a home-rule municipality and as such has the flexibility to levy property taxes. Rates for debt service are set based on each year's requirements; however, the Village has abated those taxes annually since 2000.

Overlapping rates are those of local and county governments that apply to property owners within the Village of Gurnee. They have been further broken down into the two grade school districts that straddle the Village: Grade School District 56 and District 50.

Data Source: Lake County Clerk Tax Extension Office

2014	2015	2016	2017	2018	2019	2020
—	—	—	—	—	—	—
0.2100	0.2079	0.1929	0.1873	0.1821	0.1798	0.1818
0.6576	0.6476	0.2911	0.2826	0.3326	0.2789	0.6179
0.1694	0.1656	0.1568	0.1527	0.1532	0.1530	0.1571
0.5311	0.5222	0.5044	0.5006	0.5164	0.4940	0.5042
4.9453	4.9927	4.8222	4.7698	4.8501	4.5034	4.4946
2.5073	2.4833	2.4343	2.4324	2.6331	2.3091	2.3481
0.3413	0.3348	0.3694	0.2735	0.3281	0.3066	0.3119
0.0559	0.0541	0.0458	0.0408	—	—	—
0.3061	0.2994	0.2854	0.2806	0.2878	0.2815	0.2897
0.6825	0.6628	0.6320	0.6218	0.6117	0.5968	0.5980
0.2100	0.2079	0.1929	0.1873	0.1821	0.1798	0.1818
0.3068	0.6476	0.2911	0.2826	0.3326	0.2789	0.6179
0.1694	0.1656	0.1568	0.1527	0.1532	0.1530	0.1571
0.5311	0.5222	0.5044	0.5006	0.5164	0.4940	0.5042
4.8400	4.6940	4.5225	4.2801	4.3703	4.2595	4.2885
2.5073	2.4833	2.4343	2.4324	2.6331	2.3091	2.3481
0.3413	0.3348	0.3694	0.2735	0.3281	0.3066	0.3119
0.0559	0.0541	0.0458	0.0408	—	—	—
0.3061	0.2994	0.2854	0.2806	0.2878	0.2815	0.2897
0.6825	0.6628	0.6320	0.6218	0.6117	0.5968	0.5980

VILLAGE OF GURNEE, ILLINOIS

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
April 30, 2021 (Unaudited)**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Gurnee Mills	\$ 51,633,570	1	4.34%			
Property Tax Service Company (Great America)	29,828,146	2	2.51%			
Breit Mf Osprey Lake Llc	17,612,422	3	1.48%			
Pc Gurnee Llc	9,665,770	4	0.81%			
Mjfs Lanham Stn Llc & Mjfs Lanham Llc	8,792,102	5	0.74%			
3503 Rp Gurnee Llc	7,535,626	6	0.63%			
Centerpoint Properties Trust, Attn: Purc	7,424,956	7	0.62%			
Chicago Title Land Trust Co	7,391,888	8	0.62%			
Walmart Stores Inc	6,442,455	9	0.54%			
Grand Avenue Association Llc	5,012,278	10	0.42%			
Gurnee Mills				\$ 54,280,932	1	4.26%
Property Tax Service Company (Great America)				28,783,920	2	2.26%
The Realty Associates Fund Ix, Lp				13,728,624	3	1.08%
Centerpoint Properties Trust, Attn: Purc				9,949,049	4	0.78%
Chicago Title Land Trust Co				9,748,608	5	0.77%
Gurnee Water Park Llc				9,564,657	6	0.75%
Walmart Stores Inc				9,512,967	7	0.75%
Bh Management Services Inc				6,967,020	8	0.55%
B&S Woodlake Apts				6,853,315	9	0.54%
Inland Western Gurnee, Llc				6,632,819	10	0.52%
	<u>151,339,213</u>		<u>12.71%</u>	<u>156,021,911</u>		<u>12.26%</u>

Data Source: Lake County Clerk, Tax Extension Office

VILLAGE OF GURNEE, ILLINOIS

**Taxable Sales by Category - Last Ten Calendar Years
April 30, 2021 (Unaudited)**

See Following Page

VILLAGE OF GURNEE, ILLINOIS

**Taxable Sales by Category - Last Ten Calendar Years
April 30, 2021 (Unaudited)**

	2011	2012	2013
General Merchandise	\$ 3,009,438	3,339,946	3,399,755
Food	659,848	640,712	665,162
Drinking & Eating	1,759,818	1,797,195	1,853,158
Apparel	1,833,532	1,723,234	1,773,377
Furniture & Fixtures	1,050,108	1,089,020	1,100,279
Lumber & Hardware	1,064,241	996,896	1,149,446
Auto & Filling Stations	2,250,658	2,522,124	2,656,420
Drugs & Other Retail	2,652,700	2,569,294	2,651,087
Agriculture & All Other	1,256,309	1,340,574	1,375,516
Manufacturers	243,388	268,205	282,231
Total	15,780,040	16,287,200	16,906,431

*Effective January 1, 2015, the Village increased the home rule sales tax rate from 0.50% to 1.00%.

Data Source: Illinois Department of Revenue

2014	2015*	2016	2017	2018	2019	2020
3,432,456	4,268,858	3,195,744	2,975,184	3,037,724	2,905,827	2,469,593
790,574	1,164,903	2,028,064	2,154,589	2,235,415	2,223,591	2,373,489
1,900,733	2,674,460	2,819,326	2,743,373	2,835,860	3,079,566	2,101,950
1,775,780	2,328,231	2,336,877	2,213,383	2,285,281	2,245,206	1,470,521
1,041,555	1,433,597	1,414,274	1,457,322	1,528,640	1,560,219	1,401,367
1,276,233	1,823,618	1,856,506	1,954,914	1,918,510	1,629,185	1,912,716
2,677,339	2,471,248	2,308,323	2,292,389	2,617,213	2,670,356	2,374,522
2,771,976	3,129,030	3,501,734	3,301,705	3,180,934	2,871,814	2,781,063
1,577,094	2,472,555	2,185,444	2,298,991	2,277,340	2,228,073	1,235,598
283,231	400,537	409,185	402,566	409,788	427,767	332,319
17,526,971	22,167,037	22,055,477	21,794,416	22,326,705	21,841,604	18,453,138

VILLAGE OF GURNEE, ILLINOIS

**Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

Fiscal Year	Home Rule Sales Tax Rate	State Sales Tax Rate	Total Tax Rate
2012	0.50%	7.00%	7.50%
2013	0.50%	7.00%	7.50%
2014	0.50%	7.00%	7.50%
2015	1.00%	7.00%	8.00%
2016	1.00%	7.00%	8.00%
2017	1.00%	7.00%	8.00%
2018	1.00%	7.00%	8.00%
2019	1.00%	7.00%	8.00%
2020	1.00%	7.00%	8.00%
2021	1.00%	7.00%	8.00%

Data Source: Illinois Department of Revenue

Note: Home rule sales tax increased to 1% January 1, 2015.

The State Sales Tax Rate is broken into 6.25% Illinois Department of Revenue and 0.75% Regional Transportation Authority.

VILLAGE OF GURNEE, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income *	Per Capita*
	Loan Payable	General Obligation Bonds	Promissory Note	IEPA Loans Payable	Installment Contracts Payable			
2012	\$ —	\$ 16,741,837	\$ —	\$ —	\$ —	\$ 16,741,837	1.44%	535
2013	—	15,608,869	—	—	—	15,608,869	1.34%	497
2014	—	13,610,901	—	—	—	13,610,901	1.17%	435
2015	—	11,512,932	—	—	—	11,512,932	1.00%	368
2016	660,711	9,339,964	—	—	—	10,000,675	0.87%	320
2017	91,719	7,506,996	—	—	—	7,598,715	0.59%	243
2018	—	5,619,028	—	—	—	5,619,028	0.43%	180
2019	—	4,541,060	—	2,442,990	37,834	7,021,884	0.53%	224
2020	—	—	—	4,637,496	21,760	4,659,256	0.35%	151
2021	—	—	2,778,024	5,129,401	11,315	7,918,740	0.55%	254

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

*See the Schedule of Demographic and Economic Statistics for personal income and population data.

Data Source: Village Records

VILLAGE OF GURNEE, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

Fiscal Year	General Obligation Bonds	Less Amounts Available for Debt Service	Total Net Bonds	Percentage of Equalized Assessed Value of Property*	Per Capita **
2012	\$ 16,741,837	\$ 1,687,292	\$ 15,054,545	1.25%	481
2013	15,608,869	1,169,055	14,439,814	1.32%	460
2014	13,610,901	1,205,910	12,404,991	1.21%	397
2015	11,512,932	1,236,872	10,276,060	1.02%	328
2016	9,339,964	1,260,125	8,079,839	0.78%	258
2017	7,506,996	1,282,850	6,224,146	0.57%	199
2018	5,619,028	1,303,381	4,315,647	0.38%	138
2019	4,541,060	1,336,752	3,204,308	0.28%	102
2020	—	—	—	0.00%	—
2021	—	—	—	0.00%	—

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

*See the Schedule of Assessed Value and estimated Actual Value of Taxable Property for property value data.

**See the Schedule of Demographic and Economic Statistics for population data.

Data Source: Village Records

VILLAGE OF GURNEE, ILLINOIS

**Direct and Overlapping Governmental Activities Debt
April 30, 2021 (Unaudited)**

Governmental Unit	(1) Outstanding Debt (thousands)	(2) Percentage of Debt Applicable to Village	(3) Village's Share of Debt
Village of Gurnee	\$ 2,778,024	100.00%	\$ 2,778,024
Overlapping			
Gurnee Park District	15,415	97.31%	15,000
Waukegan Park District	13,987	1.63%	228
Warren Newport Library	7,064	57.50%	4,062
Lake County	241,509	4.44%	10,723
Lake County Forest Preserve	331,559	4.44%	14,721
Community College #532	44,761	4.68%	2,095
School District 60	60,391	0.04%	24
School District 50	124,944	50.70%	63,347
School District 56	34,532	56.23%	19,417
High School District 121	118,111	52.63%	62,162
Total Overlapping Debt	<u>992,273</u>		<u>191,779</u>
Total Direct and Overlapping Debt	<u><u>3,770,297</u></u>		<u><u>2,969,803</u></u>

Data Sources:

(1) Lake County Tax Extension Department

(2) Determined by ratio of assessed value of property subject to taxation in Village of Gurnee to value of property subject to taxation in overlapping unit.

(3) Amount in column (2) by amount in column (1)

VILLAGE OF GURNEE, ILLINOIS

**Debt Margin Information - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2012	\$ 103,722,173	\$ 16,140,000	\$ 87,582,173	15.6%
2013	94,182,266	15,070,000	79,112,266	16.0%
2014	88,785,073	13,135,000	75,650,073	14.8%
2015	87,233,531	10,687,068	76,546,463	12.3%
2016	89,621,784	8,640,036	80,981,748	9.6%
2017	93,993,359	7,220,000	86,773,359	7.7%
2018	96,875,400	(161,060)	97,036,460	(0.2%)
2019	99,461,157	4,380,000	95,081,157	4.4%
2020	102,643,423	—	102,643,423	—%
2021	103,071,718	2,778,024	100,293,694	2.7%

Legal Debt Margin Calculation for Fiscal Year 2021

Total Equalized Assessed Valuation - 2020	<u>\$ 1,195,034,414</u>
Debt Limit - 8.625% of Total EAV	103,071,718
Total Outstanding Debt	2,778,024
Less Debt Not Applicable to Debt Limit	—
Net Debt Applicable to Limit	<u>2,778,024</u>
Legal Debt Margin	<u>100,293,694</u>

Data Source: Lake County Clerk and Village Records

Note: Under state law, as a homerule municipality, the Village has no legal limit on the amount of outstanding general obligation debt it may issue; however, in 2005, the Village adopted a self-imposed limit of 8.625% of EAV, consistent with the legal limit set forth for non-homerule communities in Illinois.

VILLAGE OF GURNEE, ILLINOIS

**Demographic and Economic Statistics - Last Ten Calendar Years
April 30, 2021 (Unaudited)**

Calendar Year	(1) Population	(2) Per Capita Income	(2) Total Personal Income	(1) Median Age	(1) Education Level in Years of Schooling	(3) School Enrollment	(4) Unemployment Rate
2011	31,295	\$ 38,120	\$ 1,161,116,800	37.9	14.4	13,317	8.7%
2012	31,424	36,950	1,161,117,000	37.8	14.4	13,194	7.7%
2013	31,284	37,231	1,164,735,000	39.0	14.2	13,091	7.5%
2014	31,284	36,694	1,147,935,096	38.8	14.5	13,000	6.4%
2015	31,284	36,694	1,147,935,096	38.8	14.5	13,000	4.4%
2016	31,284	41,327	1,292,873,868	39.6	14.5	13,100	4.4%
2017	31,284	42,010	1,314,240,840	39.3	14.5	13,100	3.7%
2018	31,284	42,010	1,314,240,840	39.3	14.5	13,215	3.8%
2019	30,767	42,783	1,316,304,561	39.0	14.5	13,215	4.3%
2020	31,207	46,432	1,449,003,424	41.0	14.5	11,625	5.3%

Data Source: Illinois Department of Employment, city-data.com

(1) Population, median age and education level figures are based on surveys conducted during the last quarter of the calendar year.

(2) Personal income information is a total for the year and data is not available at local level so Lake County Data is utilized.

(3) School enrollment is the total of Elementary and High School.

(4) Unemployment rate information is an adjusted yearly average.

VILLAGE OF GURNEE, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
April 30, 2021 (Unaudited)**

Employer	2021		2012		
	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Gurnee Mills	N/A	N/A	N/A		N/A
Six Flags Great America	N/A	N/A	N/A		N/A
Nosco Printing Group	N/A	N/A	N/A		N/A
Gurnee School District No. 56	N/A	N/A	N/A		N/A
Kenall Mfg. Co.	N/A	N/A	N/A		N/A
Domino Amjet, Inc.	N/A	N/A	N/A		N/A
Nypro Chicago, Inc.	N/A	N/A	N/A		N/A
Lambent Technologies	N/A	N/A	N/A		N/A
Danaher Controls	N/A	N/A	N/A		N/A
Henderson & Son, Inc.	N/A	N/A	N/A		N/A
	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

Source: Village records.

Note: Due to privacy concerns, the Village no longer reports the number of employees employed by each employer.

N/A - Not Available

VILLAGE OF GURNEE, ILLINOIS

**Full-Time and Part-Time Employees by Function - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

See Following Page

VILLAGE OF GURNEE, ILLINOIS

**Full-Time and Part-Time Employees by Function - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

Function	2012	2013	2014
General Government			
Administration	12.60	12.85	12.85
Planning/Building	9.50	9.55	9.75
Engineering	7.50	6.80	6.80
Public Safety			
Fire	53.00	52.95	52.70
Police	78.00	78.00	80.00
Communications	13.50	13.75	13.75
Public Works			
Streets	16.70	16.20	16.20
Vehicle Maintenance	4.00	4.00	4.00
Utility	13.70	13.65	13.65
Totals	<u>208.50</u>	<u>207.75</u>	<u>209.70</u>

Data Source: Village Records

Note: A full-time employee is scheduled to work a standard 2,080 hour per year, or 2,756 for sworn fire personnel (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by standard.

2015	2016	2017	2018	2019	2020	2021
13.75	14.75	13.75	14.02	14.07	14.07	12.15
8.65	8.65	8.65	8.60	8.90	8.90	7.50
6.25	7.25	7.25	7.25	6.75	6.75	5.00
58.70	57.70	57.60	56.50	62.00	62.00	62.00
80.00	79.00	81.50	81.50	82.50	83.50	75.00
14.95	14.95	15.00	21.00	22.25	22.25	21.50
16.60	16.60	16.60	17.40	17.20	17.20	17.00
4.00	4.00	4.00	4.00	4.00	4.00	4.00
13.85	13.85	13.35	13.35	13.85	13.85	13.30
216.75	216.75	217.70	223.62	231.52	232.52	217.45

VILLAGE OF GURNEE, ILLINOIS

Operating Indicators by Function - Last Ten Fiscal Years

April 30, 2021 (Unaudited)

Function	2012	2013	2014	2015
General Government				
General Business Licenses Issued	1,123	1,287	1,149	1,155
Number of Commercial Units Constructed	2	2	4	5
Value of Commercial Construction	\$ 1,405,000	9,710,000	7,182,058	5,465,209
Number of Residential Units Constructed	212	9	7	4
Value of Residential Construction	\$ 28,939,801	3,283,000	2,379,380	956,623
Public Safety				
911 Calls	22,494	21,179	21,373	18,742
Police Responses (1)	54,075	60,959	65,003	72,056
Physical Arrests (3)	1,374	1,532	1,175	1,045
Traffic Citations Written	7,190	8,020	6,049	5,863
Parking Violations (3)	1,186	1,475	1,935	1,068
Fire Responses (2)	5,454	5,551	5,959	6,255
Emergency Medical Responses (3)	3,525	3,601	3,858	4,216
Fire Department Mutual Aid Responses (3)	510	504	557	581
Streets & Highways				
Miles of Streets Resurfaced	3	1.5	3.8	3.8
Inches of Snowfall	27.3	39.9	70.9	41.8
Tons of Salt Used in Snow Plowing	1,573	2,421	4,033	1,884
Number of Parkway Trees Planted	95	276	213	120
Utility				
Number of Water Main Breaks (3)	19	34	30	34
Total Water Consumption (Millions of Gallons)	1,294	1,265	1,305	1,365
Number of Water Meters Replaced	177	65	201	128
Average Daily Consumption (Million of Gallons)	3.5	3.5	3.8	3.7

Data Source: Various Village Departments

(1) Police responses include contact through 9-1-1, non-emergency lines, walk-up window traffic and self-initiated by officer.

(2) Fire responses include all emergency responses such as fire, false alarms, emergency medical, auto accidents and mutual aids.

(3) These indicators are reported on a calendar year.

2016	2017	2018	2019	2020	2021
1,162	1,150	1,162	1,137	1,188	1,125
5	5	5	6	2	4
7,820,708	24,146,129	7,365,000	14,749,943	14,564,250	16,660,344
8	22	49	21	3	3
2,549,629	4,391,360	7,404,761	3,386,410	481,930	866,400
20,627	31,079	36,350	37,415	27,884	29,543
63,893	66,538	71,241	71,315	70,269	60,797
861	794	703	693	654	366
4,736	5,399	5,413	5,047	4,323	3,615
1,017	1,007	1,646	1,644	1,125	986
6,220	6,230	6,819	7,047	6,871	6,347
4,208	4,261	4,542	4,574	4,555	4,115
533	562	646	573	519	486
—	3.8	3.6	3.8	4.7	2.4
30.8	35.4	33	52.5	25.5	42
1,799	1,891	2,766	3,595	2,421	2,635
141	168	120	190	102	67
25	32	34	33	23	25
1,274	1,327	1,254	1,290	1,226	1,125
93	135	63	154	86	82
3.6	3.6	3.4	3.5	3.4	3.1

VILLAGE OF GURNEE, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
April 30, 2021 (Unaudited)**

Function	2012	2013	2014	2015
Municipal Buildings				
Police Station/Dispatch Center	1	1	1	1
Fire Stations	2	2	2	2
Public Works Facilities	1	1	1	1
Village Hall	1	1	1	1
Highways and Streets				
Miles of Streets				
Village	118	118	118	118
County	17	17	17	17
U.S. & State	33	33	33	33
Private	24	24	24	24
Number of Street Lights				
Village	1,540	1,687	1,687	1,687
ComEd	460	459	459	459
County	30	23	23	23
Private	19	20	20	20
State	34	34	34	34
Utility				
Miles of Watermain	182	182	182	182
Miles of Sanitary Sewers	140	140	140	140
Miles of Storm Sewers - Village	135	135	135	135
Miles of Storm Sewers - Other	26	26	26	26
Number of Sanitary Force Mains	5	5	5	5
Facilities not Included in the Reporting Entity				
Number of Elementary Schools	8	8	8	8
Number of High Schools	2	2	2	2
Number of Libraries	1	1	1	1
Park District Acres	400	400	403	403

Data Source: Various Village Departments

2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
2	2	2	2	2	3
1	1	1	1	1	1
1	1	1	1	1	1
118	118	118	118	118	120
17	17	17	17	17	17
33	33	33	33	33	33
24	24	24	24	24	24
1,687	1,691	1,691	1,742	1,742	1,727
459	459	459	463	463	463
23	23	23	23	23	32
20	20	20	302	302	302
34	34	35	35	36	43
182	184	184	179	179	182
140	141	141	143	143	142
135	137	137	135	135	135
26	26	26	26	26	67
5	5	5	6	6	8
8	8	8	8	8	8
2	2	2	2	2	2
1	1	1	1	1	1
403	403	403	450	450	450