

# McGladrey & Pullen

Certified Public Accountants

## Village of Northfield, Illinois

Annual Financial Report  
Year Ended April 30, 2006

## Introductory Section

# Village of Northfield, Illinois

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# Village of Northfield, Illinois

## Officers and Officials

### President

John L. Birkinbine, Jr.

### Board of Trustees

Barbara M. Moore  
Evan B. Karnes, II  
Frank J. Charhut

Terry J Gottlieb  
Ruth A. Lucchesi  
Ted Greene

### Clerk

Mark J. Morien

### Village Attorney

Everette M. Hill, Jr.

### Treasurer

Steven C. Noble

\*\*\*\*\*

### Village Manager

Mark J. Morien

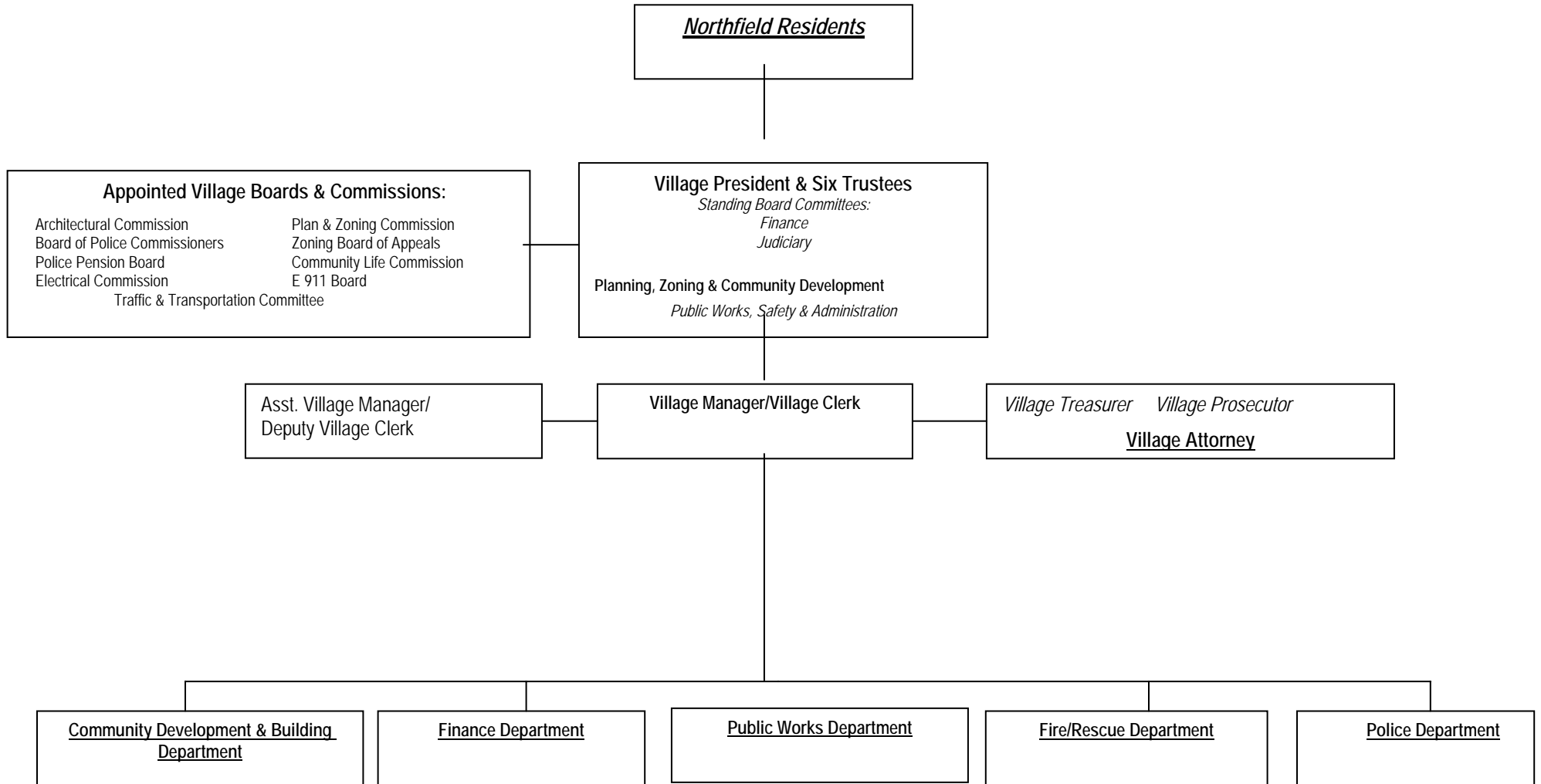
### Finance Director

Steven C. Noble

### Assistant Finance Director

Josephine Jaeger

# Village of Northfield Organizational Chart



## Financial Section

## Independent Auditor's Report

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Honorable Village President  
Members of the Board of Trustees  
Village of Northfield, Illinois

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 Northfield, Illinois, as of and for the year ended April 30, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Northfield, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Northfield, Illinois, as of April 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information which includes management's discussion and analysis (pages 3 - 16), pension related schedules (pages 52 - 53) and budgetary comparison information (page 51) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Northfield, Illinois' basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Schaumburg, Illinois  
July 7, 2006

## VILLAGE OF NORTHFIELD, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2006

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This Management Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position and ability to address future challenges, (4) identify any material deviations from the approved budget, and (5) identify individual fund issues or concerns. The information presented here should be considered in conjunction with the Village's financial statements beginning on page 17.

#### FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2006 by \$30,999,000 (net assets).
- The Village's total net assets decreased by \$579,000 or 1.8% during the fiscal year ending April 30, 2006. Governmental net assets decreased by \$2,413,000 and business-type activities increased by \$1,834,000.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$8,420,000, a decrease of \$640,000 as compared with the prior year. This decrease reflects the Village's controlled spend down of General Fund reserves to a level equal to six months of operating expenses.
- At the end of the current fiscal year, unreserved fund balance in the General Fund was \$4,973,000 or 62% of total General Fund expenditures.
- The Village's only debt is \$1,885,000 in special service area bonds that will be repaid with property taxes solely by residents within the special service area.

#### USING THE FINANCIAL SECTION OF THE ANNUAL FINANCIAL REPORT

##### Overview of the Financial Statements

The financial statements' focus is on both the Village as a whole (government-wide) and on the major individual funds. This discussion and analysis is intended to serve as an introduction to the Village of Northfield's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information.

##### Government-Wide Financial Statements

The government-wide financial statements on pages 17-20 include information about the overall finances of the Village. These statements are intended to emulate the statements produced in the private sector in that all governmental and business-type activities are consolidated into columns that add to a total for the Village.

The Statement of Net Assets on pages 17-18 presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Village's financial position is improving or deteriorating. This statement, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities on pages 19-20 presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected taxes). This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Statement of Net Assets and the Statement of Activities distinguish functions of the Village that are principally supported by taxes, intergovernmental revenues and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the Village's basic services, including police, fire/rescue, public works, building and community development and general administration. These sources are financed primarily by property, sales, utility, telecommunications and income taxes. The business-type activities reflect private sector type operations in the Water and Sewerage Funds, where the fee for services typically covers all or most of the cost of operation, including depreciation.

### **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 fiscal accountability. All of the Village's funds can be divided into three categories: governmental funds, enterprise funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental funds in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet on page 21 and the governmental fund statement of revenues, expenditures, and changes in fund balances on page 23 provide a reconciliation to facilitate this comparison between governmental funds and government activities.

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Capital/Equipment Replacement Fund, which are considered major governmental funds. Data pertaining to the other three non-major governmental funds, Motor Fuel Tax, Debt Service and Special Service Area, is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 54-55 of this report.

**Enterprise Funds.** Enterprise fund financial statements are for those services for which the Village charges customers a fee. Enterprise fund financial statements provide the same type of information as the government-wide financial statement, only in more detail. The fund financial statements provide separate information for the Water Fund and Sewerage Fund, which are considered to be major funds of the Village. The basic enterprise fund financial statements can be found on pages 25-28 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Village's only fiduciary fund, the Police Pension Fund, is not included in the government-wide financial statement because the resources of that fund are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for enterprise funds.

The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-50 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including the major governmental fund budgetary schedules and data concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 51-53 of this report.

The combining statements for non-major governmental funds and enterprise funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 54-58 in the Supplementary Information Section.

### **Infrastructure Assets**

The Village's infrastructure including streets and storm sewers are reported within the Governmental column in the Government-Wide Statements. The Village depreciates its capital assets over their estimated useful lives. If a road project is considered maintenance – a recurring cost that does not extend the road's original useful life or expand its capacity – the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. As of April 30, 2006 net assets for the Village of Northfield exceeded liabilities by \$31 million. The following table reflects the condensed statement of net assets:

**Table 1**  
**Statement of Net Assets**  
**As of April 30, 2006 and 2005**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 11,773	\$ 12,270	\$ 1,554	\$ 1,176	\$ 13,327	\$ 13,446
Capital assets	10,688	12,479	11,248	9,735	21,936	22,214
<b>Total assets</b>	<b>\$ 22,461</b>	<b>\$ 24,749</b>	<b>\$ 12,802</b>	<b>\$ 10,911</b>	<b>\$ 35,263</b>	<b>\$ 35,660</b>
Long-term liabilities	2,250	2,294	92	63	2,342	2,357
Other liabilities	1,776	1,607	146	118	1,922	1,725
<b>Total liabilities</b>	<b>\$ 4,026</b>	<b>\$ 3,901</b>	<b>\$ 238</b>	<b>\$ 181</b>	<b>\$ 4,264</b>	<b>\$ 4,082</b>
Net Assets:						
Invested in capital						
assets, net of debt	\$ 8,818	\$ 10,611	\$ 11,248	\$ 9,735	\$ 20,066	\$ 20,346
Restricted	849	688	-	-	849	688
Unrestricted	8,768	9,549	1,316	995	10,084	10,544
<b>Total net assets</b>	<b>\$ 18,435</b>	<b>\$ 20,848</b>	<b>\$ 12,564</b>	<b>\$ 10,730</b>	<b>\$ 30,999</b>	<b>\$ 31,578</b>

For more detailed information, see the Statement of Net Assets on pages 17-18.

The net assets of the Village's business-type activities are \$12.6 million and the net assets of governmental activities total \$18.4 million.

The largest portion (65%) of the Village's net assets are invested in capital assets such as land, infrastructure, buildings, machinery and equipment, less any related outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to its residents and businesses. Consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The second component of the Village's Net Assets is the restricted net assets, which represent resources held for specific purposes. Of the Village's \$849,000 of restricted net assets, \$216,000 is restricted for debt service related to a special service area and \$603,500 for roadways. Unrestricted net assets of \$10.1 million can be used to finance day-to-day operations.

### Normal Impacts

There are six basic transactions that will affect the comparability of the Statement of Net Assets summary presentation.

- *Net Results of Activities* – which will impact (increase/decrease) current assets and unrestricted net assets.
- *Borrowing of Capital* – which will increase current assets and long-term debt.
- *Spending Borrowed Proceeds on New Capital* – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the invested in capital assets, net of debt.
- *Spending of Non-borrowed Current Assets on New Capital* – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.
- *Principal Payment on Debt* – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.
- *Reduction of Capital Assets through Depreciation* – which will reduce capital assets and invested in capital assets, net of debt.

### Changes in Net Assets

The Village's total revenues and expenses for governmental and business-type activities for the FY2005-06 fiscal year are reflected in the following table:

**Changes in Net Assets**  
**For the Years Ended April 30, 2006 and 2005**  
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues						
Charges for Service	1,312	\$ 1,239	\$ 2,007	\$ 1,768	\$ 3,319	\$ 3,007
Operating Grants and Contributions	416	400	-	-	416	400
Capital Grants and Contributions	-	-	1,486	-	1,486	-
General Revenue						
Property	3,075	2,753	-	-	3,075	2,753
Other	3,686	3,362	-	-	3,686	3,362
911 surcharge	206	220	-	-	206	220
Interest	282	189	45	22	327	211
Miscellaneous	91	133	100	-	191	133
<b>Total Revenue</b>	<b>9,068</b>	<b>8,296</b>	<b>3,638</b>	<b>1,790</b>	<b>12,706</b>	<b>10,086</b>
<b>Expenses</b>						
Governmental Activities						
General Government	1,456	1,358	-	-	1,456	1,358
Public Works	3,318	656	-	-	3,318	656
Building/Community Development	910	846	-	-	910	846
Police Department	4,263	3,688	-	-	4,263	3,688
Fire/Rescue	1,493	1,536	-	-	1,493	1,536
Interest	84	91	-	-	84	91
Business Type						
Water	-	-	1,241	1,128	1,241	1,128
Sewerage	-	-	520	476	520	476
<b>Total Expenses</b>	<b>11,524</b>	<b>8,175</b>	<b>1,761</b>	<b>1,604</b>	<b>13,285</b>	<b>9,779</b>
<b>Transfers In (Out)</b>	<b>43</b>	<b>8,463</b>	<b>(43)</b>	<b>(8,463)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(2,413)</b>	<b>8,584</b>	<b>1,834</b>	<b>(8,277)</b>	<b>(579)</b>	<b>307</b>
<b>Net assets - beginning</b>	<b>20,848</b>	<b>12,264</b>	<b>10,730</b>	<b>19,007</b>	<b>31,578</b>	<b>31,271</b>
<b>Net assets - ending</b>	<b>\$ 18,435</b>	<b>\$ 20,848</b>	<b>\$ 12,564</b>	<b>\$ 10,730</b>	<b>\$ 30,999</b>	<b>\$ 31,578</b>

## Normal Impacts

There are eight basic impacts on revenues and expenses as noted below:

### Revenues:

- *Economic Condition* – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for housing construction or home improvements, elective user fees and levels of consumption.
- *Increase/Decrease in Village approved rates* – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, sanitary sewer, licenses and user fees).

As a non-home rule community, the Village is subject to the provisions of the Illinois Property Tax Extension Limitation Law (PTEL). The law limits the annual increase in property tax extensions to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. As a result of the PTEL limits the Village has found it increasingly important to maximize alternate sources of revenues

- *Changing patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)* – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- *Market Impacts on Investment Income* – the Village's investment portfolio is structured to meet certain liabilities as they become due and the income generated is subject to market conditions that may cause the investment income to fluctuate.

### Expenses:

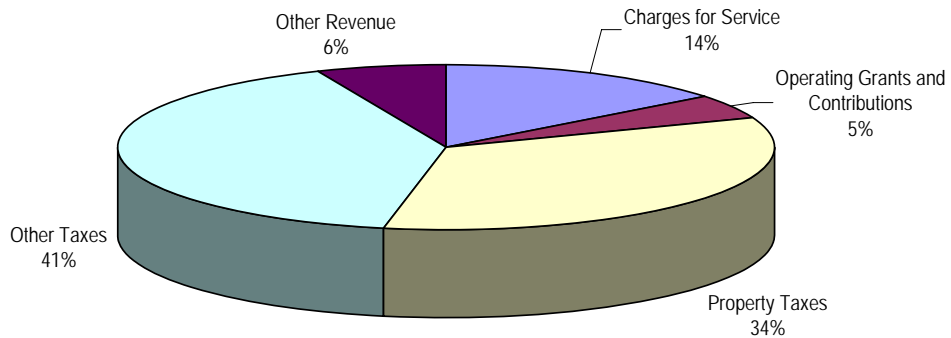
- *Introduction of New Programs* – within the functional expense categories (Public Safety, Public Works, General Administration, etc.) individual programs may be added or deleted to meet changing community needs.
- *Increase in Authorized Personnel* – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent approximately 70% of the Village's total operating expenses.
- *Salary Increases (annual adjustments and merit)* – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.
- *Inflation* – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

## Current Year Impacts

### Governmental Activities

#### Revenues:

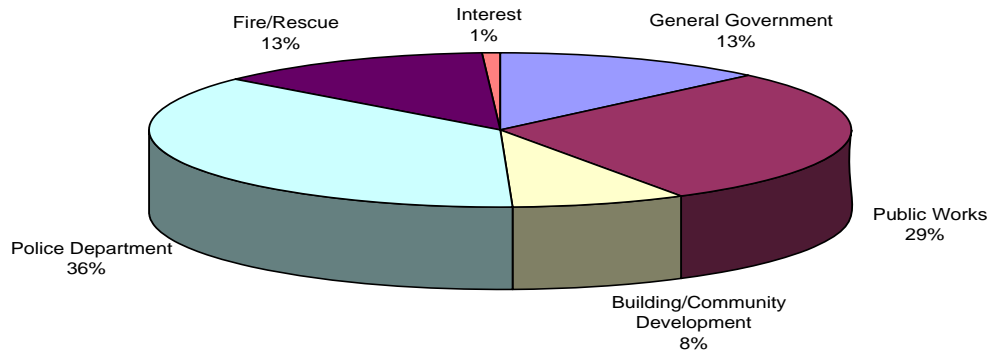
### 2005-06 Governmental Activities Revenues by Source



For the fiscal year ended April 30, 2006, revenues from all governmental activities totaled \$9.1 million. During the fiscal year, taxes other than property taxes continued to be the Village's largest source of revenue at \$3.7 million or 41% of total governmental activity revenue. Within this category, state-shared sales tax, which reflects economic activity in the Village, totaled \$2.0 million, almost 17% greater than the prior year. Utility, State income and replacement taxes together accounted for the other \$1.7 million. Property taxes accounted for \$3.0 million or 34% of all governmental activities. As a non-home rule community, the Village's property taxes are capped at the lesser of 5% or the increase in the consumer price index during the calendar year preceding the levy year.

**Expenses:**

**2005-06 Governmental Activities  
Expenses by Function**



The Village's total expenses for governmental activities for the year ended April 30, 2006 were \$11.5 million. The largest share of total governmental expenses is attributable to public safety, including Police and Fire/Rescue, at 49% or \$5.8 million followed by General Government at 13% or \$1.5 million. The Statement of Activities on pages 19 and 20 shows that \$1.3 million was financed by those who use the services, \$0.4 million was financed by grants and contributions, and the balance from the Village's general revenues.

**Business-Type Activities**

**Revenues:**

For the fiscal year ended April 30, 2006, revenues from business-type activities totaled \$2.2 million, excluding grants and contributions. Revenues include charges for water and sanitary sewer services, plumbing and sewer permits and interest income. Revenues from the water and sanitary sewer utilities are heavily dependent on weather conditions and are structured to cover the costs of providing these services.

**Expenses:**

For the fiscal year ended April 30, 2006, expenses from business-type activities totaled \$1.8 million. Expenses include personnel services, commodities, contractual services, depreciation and the purchase of water from the Village of Winnetka.

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

### GOVERNMENTAL FUNDS

At April 30, 2006 the governmental funds presented on the balance sheet on page 21 reported a combined fund balance of \$8.4 million as follows:

<u>Major Governmental Funds</u>	
General Fund.....	\$ 5.0 million
Capital/Equipment Replacement Fund...	\$ 2.5 million
Special Service Area Fund.....	\$ 0.1 million
 <u>Non-Major Governmental Funds</u>	
Motor Fuel Tax Fund.....	\$ 0.6 million
Debt Service Fund.....	<u>\$ 0.2 million</u>
 Total.....	 <u>\$ 8.4 million</u>

### MAJOR GOVERNMENTAL FUNDS

#### General Fund

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery, which includes traditional governmental activities such as public safety, public works, building and community development and administration.

At the end of the fiscal year, the Village Board reviews the General Fund budget to determine if year-end budget adjustments are needed in order to provide formal spending authority for activity that took place during the year that was not anticipated when the original budget document was prepared. For the year ended April 30, 2006 the Fire/Rescue Department budget was increased by \$30,000 to cover salaries associated with the fire shift program.

The table that follows reflects the revenues and expenditures in the General Fund for the current and prior year. In an effort to more accurately compare the two years, revenues and expenditures for FY2003-04 have been restated to reflect the merger of the Building Rental Fund with the General Fund in FY2004-05 and the reclassification of certain revenue and expenditure items.

## General Fund Summary (in thousands)

	FY 2005-06	Percent Of Total	FY 2004-05	Dollar Change	Percent Change
<b>Revenues:</b>					
Property Taxes	\$ 2,962.6	35.2%	\$ 2,617.3	\$ 345.3	13.2%
Sales Taxes	1,954.1	23.2%	1,723.7	230.4	13.4%
Utility Taxes	1,244.2	14.8%	1,190.7	53.5	4.5%
State Income Taxes	429.1	5.1%	382.5	46.6	12.2%
Licenses and Permits	923.3	11.0%	765.5	157.8	20.6%
Services	289.1	3.4%	264.9	24.2	9.1%
911 Surcharge	205.7	2.4%	219.9	(14.2)	(6.5)%
Other	397.1	4.7%	443.5	(46.4)	(10.5)%
<b>Total</b>	<b>\$ 8,405.2</b>	<b>100.0%</b>	<b>\$ 7,608.0</b>	<b>\$ 797.2</b>	<b>10.5%</b>
<b>Expenditures:</b>					
General Administration	\$ 1,284.4	16.0%	\$ 1,238.4	\$ 46.0	3.7%
Public Works	919.1	11.5%	829.2	89.9	10.8%
Bldg/Community Development	832.2	10.4%	805.7	26.5	3.3%
Police	3,667.1	45.8%	3,581.6	85.5	2.4%
Fire/Rescue	1,308.9	16.3%	1,450.9	(142.0)	(9.8)%
<b>Total</b>	<b>\$ 8,011.7</b>	<b>100.0%</b>	<b>\$ 7,905.8</b>	<b>\$ 105.9</b>	<b>1.3%</b>
<b>Excess (Deficiency) of</b>					
Revenues over Expenditures	393.5		(297.8)	691.3	(232.1)%
Transfers in			537.1	(537.1)	
Transfers out	945.5		(99.1)	1,044.6	N/A
<b>Excess(Deficiency)Revenues over Expenditures &amp; Transfers</b>	<b>\$ (552.0)</b>		<b>\$ 140.2</b>	<b>(692.2)</b>	<b>N/A</b>

Including transfers, the General Fund ended the fiscal year with a \$552,000 deficit. Excluding transfers, revenues exceeded expenditures by \$393,500. The General Fund transferred \$945,500 to the Capital/Equipment Replacement Fund to provide funding for those FY2004-05 capital projects that were not budgeted in the Water, Sanitary Sewer or Motor Fuel Tax Funds. Of the \$945,500, \$649,200 was to renovate and upgrade the public safety communications center. The FY2005-06 General Fund operating surplus of \$393,500 compared with the operating deficit of \$297,800 in FY2004-05 is the result of strong, widespread growth in revenues in 2005-06 (10.5%) and a modest increase (1.3%) in expenditures.

The largest dollar increase in General Fund revenue is attributable to property taxes, which rose \$345,300 or 13.2% over the prior year. Sales tax receipts grew \$230,400 or 13.4% over the prior year and reflect the general upturn in the local economy. Licenses, permits and fees grew \$157,800 or 20.6% and reflect an increase in residential building activity in the Village. The largest dollar decline is attributable to fines and forfeitures, which fell \$60,800 or 37.8% and reflects vacancies in Police Department personnel.

General Fund expenditures for FY2005-06 increased only 1.3% or \$105,900 over the prior year.

### Capital/Equipment Replacement Fund

This fund was established to replace Village equipment and for capital costs not financed in the Water, Sewerage or Motor Fuel Tax Funds. Revenues and other financing sources of \$1.1 million in FY2005-06 were derived primarily from transfers from other funds. The \$2.5 million balance in this fund is designated for future equipment replacement and capital projects.

## ENTERPRISE FUNDS

The Water and Sewerage Funds are the Village's two major enterprise funds. These funds account for all of the operations of the municipal water and sanitary sewer systems. Water is purchased from the Village of Winnetka at a rate of \$1.06 per 100 cubic feet and water is sold to all municipal customers at the rate of \$3.12 per 100 cubic feet. The sanitary sewer rate is \$1.25 per 100 cubic feet of water consumed.

The tables that follow include the revenues and expenses for the Water and Sewerage Funds for the current and prior year.

### Water Fund Summary (in thousands)

	FY2005-06	FY2004-05	Dollar Change	Percent Change
<b>Revenues:</b>				
Water sales	\$ 1,425.8	\$ 1,200.0	\$ 225.8	18.8%
Other	88.5	79.9	8.6	10.8%
<b>Total</b>	<b>\$ 1,514.3</b>	<b>\$ 1,279.9</b>	<b>\$ 234.4</b>	<b>18.3%</b>
<b>Expenses:</b>				
Personnel	\$ 368.9	\$ 327.3	\$ 41.6	12.7%
Water purchases	586.2	504.1	82.1	16.3%
Depreciation	153.2	147.3	5.9	4.0%
Other	133.6	149.5	(15.9)	(10.6)%
<b>Total</b>	<b>\$ 1,241.9</b>	<b>\$ 1,128.2</b>	<b>\$ 113.7</b>	<b>10.1%</b>
Operating Income (loss)	272.4	151.7	120.7	79.6%
Investment Income (Expense)	23.0	8.1	14.9	184.0%
<b>Net Income (loss)</b>	<b>\$ 295.4</b>	<b>\$ 159.8</b>	<b>\$ 135.6</b>	<b>84.9%</b>

Net income of \$295,400 in the Water Fund for FY2005-06 is \$135,600 greater than the net income for the prior year, reflecting an 18% increase in revenues and a 10% increase in expenses. The increase in net income is a result of a 2.2% rate increase that went into effect on May 1, 2005 and an 18% increase in the gallons of water billed from the prior year.

## Sewerage Fund Summary (in thousands)

	FY2005-06	FY2004-05	Dollar Change	Percent Change
<b>Revenues:</b>				
Sewer Fees	\$ 581.6	\$ 480.7	\$ 100.9	21.0%
Other	11.2	7.0	4.2	60.0%
<b>Total</b>	<b>\$ 592.8</b>	<b>\$ 487.7</b>	<b>\$ 105.1</b>	<b>21.6%</b>
<b>Expenses:</b>				
Personnel	\$ 359.8	\$ 321.4	\$ 38.4	11.9%
Depreciation	114.1	94.1	20.0	21.3%
Other	46.3	60.6	(14.3)	(23.6)%
<b>Total</b>	<b>\$ 520.2</b>	<b>\$ 476.1</b>	<b>\$ 44.1</b>	<b>9.3%</b>
Operating Income (loss)	72.6	11.6	61.0	525.9%
Investment Income (expense)	22.5	14.7	7.8	53.1%
<b>Net Income (loss)</b>	<b>\$ 95.1</b>	<b>\$ 26.3</b>	<b>\$ 68.8</b>	<b>261.6%</b>

Net income in the Sanitary Sewer Fund increased \$68,800 compared with the prior year. Total revenues, including investment income, increased \$112.9 or 22.4% attributable primarily to increased water sales.

The 9.3% increase in expenses includes additional depreciation expense associated with the dedication of new sanitary sewers in the Longmeadow subdivision and a continued reevaluation of salaries for employees who allocate their time among the Public Works, Water, Sanitary Sewer and Fire/Rescue Departments.

### CAPITAL ASSETS

At the end of the fiscal Year 2005-06, the Village had a combined total of capital assets net of accumulated depreciation of \$21.9 million invested in a broad range of capital assets, of which \$10.7 million was related to governmental activities and \$11.2 million to business-type activities. This investment in capital assets includes land, buildings, machinery and equipment, infrastructure and construction in progress. This amount represents a net reduction for the year (including additions, deletions and depreciation) of \$278,000. Information regarding the change in capital assets is included in the table below and in the Notes to the Financial Statements on pages 40 and 41.

**Capital Assets at Year End  
Net of Depreciation  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 2,704	\$ 2,704	\$ 300	\$ 300	\$ 3,004	\$ 3,004
Construction in progress	-	2,208	57	182	57	2,390
Land improvements	116	48	-	-	116	48
Buildings	6,044	6,159	96	109	6,140	6,268
Machinery and equipment	1,824	1,360	-	-	1,824	1,360
Water and Sewer Infrastructure	-	-	10,795	9,144	10,795	9,144
<b>Total</b>	<b>\$ 10,688</b>	<b>\$ 12,479</b>	<b>\$ 11,248</b>	<b>\$ 9,735</b>	<b>\$ 21,936</b>	<b>\$ 22,214</b>

LONG -TERM DEBT

As of April 30, 2006, the Village had outstanding debt of \$1,885,000 associated with governmental activities. The debt is attributable to a special service area for the construction of a sanitary sewer in the Longmeadow area. The taxpayers in the special service area will repay the bonds.

As a non-home rule government, under Illinois law, the Village is limited to issuing debt to a level no greater than 8.625% of the equalized assessed value. As of April 30, 2006, the Village's legal debt limit was \$43,179,905. There is no outstanding debt subject to the legal debt limit. Information regarding the change in long-term debt is included in the Notes to the Financial Statements on pages 42 and 43.

**ECONOMIC FACTORS**

The local Village economy continues to hold firm in spite of a weak State economy. The Village's central business district, although small, is successful and maintains very high occupancy rates. In addition, the two car dealerships in the Village continue to contribute significantly to the Village's sales tax revenue. The Village is also experiencing strong reinvestment in both residential and commercial properties, which has resulted in substantial revenues from building related fees.

The Village's property taxes, sales taxes and utility taxes continue to represent the largest portion of General Corporate Fund revenue. Because of property tax caps, the Village has found it increasingly important to protect its sales tax base and to develop new sources of revenue in order to diversify its revenue structure.

**REQUESTS FOR ADDITIONAL INFORMATION**

This financial report is designed to provide a general overview of the Village's finances and to demonstrate the Village's commitment to public accountability. Questions concerning this report or requests for additional financial information should be directed to the Village's Finance Director, 361 Happ Road, Northfield IL 60093.

## Basic Financial Statements

Village of Northfield, Illinois

Statement of Net Assets  
April 30, 2006

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current			
Cash and cash equivalents	\$ 954,546	\$ 1,150,387	\$ 2,104,933
Investments	7,575,958	-	7,575,958
Receivables			
Property taxes	1,655,356	-	1,655,356
Water and sewer customers	-	403,686	403,686
Other taxes	803,961	-	803,961
Notes receivable	25,000	-	25,000
Motor fuel tax	12,713	-	12,713
Intergovernmental reimbursement	159,870	-	159,870
Interest	10,721	-	10,721
Miscellaneous	5,427	-	5,427
Total current assets	<u>11,203,552</u>	<u>1,554,073</u>	<u>12,757,625</u>
Noncurrent			
Notes receivable	450,000	-	450,000
Bond issuance costs	118,799	-	118,799
Capital assets not being depreciated	2,703,898	356,597	3,060,495
Capital assets being depreciated, net of accumulation depreciation	7,984,468	10,891,678	18,876,146
Total noncurrent assets	<u>11,257,165</u>	<u>11,248,275</u>	<u>22,505,440</u>
<b>Total assets</b>	<u>\$ 22,460,717</u>	<u>\$ 12,802,348</u>	<u>\$ 35,263,065</u>

(Continued)

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Net Assets - Continued  
 April 30, 2006

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current			
Accounts payable	\$ 500,086	\$ 55,344	\$ 555,430
Accrued payroll	93,372	11,195	104,567
Accrued interest	35,221	-	35,221
Contributions payable	227,377	-	227,377
Unearned revenue	7,919	-	7,919
Compensated absences	238,276	44,417	282,693
Deposits and other liabilities	598,608	35,000	633,608
Special service area bonds	75,000	-	75,000
Total current liabilities	1,775,859	145,956	1,921,815
Noncurrent			
Compensated absences	454,798	92,280	547,078
Special service area bonds, net of unamortized discount of \$14,730	1,795,270	-	1,795,270
Total noncurrent liabilities	2,250,068	92,280	2,342,348
<b>Total liabilities</b>	4,025,927	238,236	4,264,163
<b>Net Assets</b>			
Invested in capital assets, net of related debt	8,818,096	11,248,275	20,066,371
Restricted for			
Debt service	245,594	-	245,594
Streets and bridges	603,557	-	603,557
Unrestricted	8,767,543	1,315,837	10,083,380
Total net assets	18,434,790	12,564,112	30,998,902
<b>Total liabilities and net assets</b>	\$ 22,460,717	\$ 12,802,348	\$ 35,263,065

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Activities  
Year Ended April 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,455,998	\$ 486,770	\$ -	\$ -
Public works	3,317,593	2,880	415,852	-
Building/community development	909,900	583,518	-	-
Police department	4,262,607	139,805	-	-
Fire/rescue	1,493,000	99,521	-	-
Interest and fees	84,530	-	-	-
Total governmental activities	<u>11,523,629</u>	<u>1,312,494</u>	<u>415,852</u>	<u>-</u>
Business-type activities				
Water	1,241,848	1,425,784	-	103,646
Sewerage	520,150	581,562	-	1,382,877
Total business-type activities	<u>1,761,998</u>	<u>2,007,346</u>	<u>-</u>	<u>1,486,523</u>
Total	<u>\$ 13,285,627</u>	<u>\$ 3,319,840</u>	<u>\$ 415,852</u>	<u>\$ 1,486,523</u>

General revenues and transfers

Taxes:

Property

Replacement

Income

Sales

Utility

911 surcharge

Interest

Miscellaneous

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets

May 1, 2005

April 30, 2006

See Notes to Basic Financial Statements.

Net (Expense), Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (969,228)	\$ -	\$ (969,228)
(2,898,861)	-	(2,898,861)
(326,382)	-	(326,382)
(4,122,802)	-	(4,122,802)
(1,393,479)	-	(1,393,479)
(84,530)	-	(84,530)
<u>(9,795,283)</u>	<u>-</u>	<u>(9,795,283)</u>
-	287,582	287,582
-	1,444,289	1,444,289
<u>-</u>	<u>1,731,871</u>	<u>1,731,871</u>
<u>(9,795,283)</u>	<u>1,731,871</u>	<u>(8,063,412)</u>
3,074,796	-	3,074,796
57,485	-	57,485
429,146	-	429,146
1,954,123	-	1,954,123
1,245,832	-	1,245,832
205,666	-	205,666
281,721	45,469	327,190
90,745	99,695	190,440
42,800	(42,800)	-
<u>7,382,314</u>	<u>102,364</u>	<u>7,484,678</u>
(2,412,969)	1,834,235	(578,734)
<u>20,847,759</u>	<u>10,729,877</u>	<u>31,577,636</u>
<u>\$ 18,434,790</u>	<u>\$ 12,564,112</u>	<u>\$ 30,998,902</u>

Village of Northfield, Illinois

Balance Sheet  
 Governmental Funds  
 April 30, 2006

	General Fund	Capital / Equipment Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 11,532	\$ 81,818	\$ 861,196	\$ 954,546
Investments	5,001,899	2,574,059	-	7,575,958
Receivables:				
Property taxes	1,624,767	-	30,589	1,655,356
Other taxes	803,961	-	-	803,961
Current portion of notes receivable	25,000	-	-	25,000
Noncurrent portion of notes receivable	450,000	-	-	450,000
Motor fuel taxes	-	-	12,713	12,713
Intergovernmental reimbursement	-	21,985	137,885	159,870
Interest	10,721	-	-	10,721
Miscellaneous	5,427	-	-	5,427
Due from other funds	-	-	192,480	192,480
<b>Total assets</b>	<b>\$ 7,933,307</b>	<b>\$ 2,677,862</b>	<b>\$ 1,234,863</b>	<b>\$ 11,846,032</b>
<b>Liabilities</b>				
Accounts payable	\$ 63,550	\$ 152,918	\$ 283,618	\$ 500,086
Accrued payroll	93,372	-	-	93,372
Contributions payable	227,377	-	-	227,377
Deferred revenue:				
Property tax	1,571,327	-	29,597	1,600,924
Other	213,519	-	-	213,519
Deposits and other liabilities	598,608	-	-	598,608
Due to other funds	192,480	-	-	192,480
<b>Total liabilities</b>	<b>2,960,233</b>	<b>152,918</b>	<b>313,215</b>	<b>3,426,366</b>
<b>Fund balances</b>				
Reserved				
Debt service funds	-	-	215,997	215,997
Unreserved, reported in				
General fund	4,973,074	-	-	4,973,074
Special revenue funds	-	-	603,557	603,557
Capital projects funds	-	2,524,944	102,094	2,627,038
<b>Total fund balances</b>	<b>4,973,074</b>	<b>2,524,944</b>	<b>921,648</b>	<b>8,419,666</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,933,307</b>	<b>\$ 2,677,862</b>	<b>\$ 1,234,863</b>	<b>\$ 11,846,032</b>

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets  
April 30, 2006

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Total fund balances - governmental funds	\$	8,419,666
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are current financial resources and, therefore, are not reported as assets in the governmental funds.		10,688,366
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Some of the Village's 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:

Property tax	\$	1,600,924	
Sales tax		145,000	
Local tax		4,800	
Utility tax		52,000	
Wireless 911		3,800	
		1,806,524	1,806,524

Bond issuance costs are reported as a current expenditure in the fund financial statements, and are deferred and amortized in the Statement of Net Assets.		118,799
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Some liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:

These liabilities consist of:		
Special service area bonds		(1,885,000)
Unamortized discount on bonds		14,730
Accrued interest		(35,221)
Compensated absences		(693,074)
		(2,598,565)

Net assets of governmental activities	\$	18,434,790
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See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended April 30, 2006

	General Fund	Capital / Equipment Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 2,962,589	\$ -	\$ 88,285	\$ 3,050,874
Other taxes	3,685,000	-	-	3,685,000
Licenses, permits, and fees	923,270	-	-	923,270
Intergovernmental	-	41,694	374,158	415,852
Charges for services	289,117	-	-	289,117
911 Surcharge	205,666	-	-	205,666
Fines and forfeitures	100,106	-	-	100,106
Interest	160,298	86,497	34,926	281,721
Miscellaneous	79,117	11,628	-	90,745
<b>Total revenues</b>	<b>8,405,163</b>	<b>139,819</b>	<b>497,369</b>	<b>9,042,351</b>
<b>Expenditures</b>				
Current				
General administration	1,284,381	142,331	-	1,426,712
Public works	919,049	228,698	-	1,147,747
Building/community development	832,218	73,679	-	905,897
Police department	3,667,137	770,444	-	4,437,581
Fire/rescue	1,308,878	92,826	-	1,401,704
Debt service				
Interest and fees	-	-	84,530	84,530
Capital outlay	-	-	321,545	321,545
<b>Total expenditures</b>	<b>8,011,663</b>	<b>1,307,978</b>	<b>406,075</b>	<b>9,725,716</b>
Excess (deficiency) of revenues over expenditures	393,500	(1,168,159)	91,294	(683,365)
<b>Other financing sources (uses)</b>				
Transfer in	-	988,300	-	988,300
Transfer (out)	(945,500)	-	-	(945,500)
<b>Total other financing sources (uses)</b>	<b>(945,500)</b>	<b>988,300</b>	<b>-</b>	<b>42,800</b>
<b>Net change in fund balances</b>	<b>(552,000)</b>	<b>(179,859)</b>	<b>91,294</b>	<b>(640,565)</b>
<b>Fund balances</b>				
May 1, 2005	5,525,074	2,704,803	830,354	9,060,231
April 30, 2006	\$ 4,973,074	\$ 2,524,944	\$ 921,648	\$ 8,419,666

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 to the Statement of Activities  
 Year Ended April 30, 2006

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Net change in fund balances—total governmental funds	\$	(640,565)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	930,983	
Depreciation expense	(505,621)	425,362

Losses on disposals of capital assets are not reported in the governmental funds, while losses are recorded as an expense in the governmental activities	(7,507)
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Contributions of capital assets are reported as expenses in the governmental activities and are not reported in the funds	(2,208,146)
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Because some 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. Deferred revenues increased by this amount this year.	25,508
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Amortization of bond issuance costs and discounts are reported as expenses in the governmental activities, but are not reported in the governmental funds	(26,706)
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Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds:

Decrease in compensated absences	19,085
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Change in net assets of governmental activities	\$ (2,412,969)
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See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Net Assets  
Enterprise Funds  
April 30, 2006

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
<b>Assets</b>			
Current			
Cash and cash equivalents	\$ 669,038	\$ 481,349	\$ 1,150,387
Receivables, water and sewer accounts	280,177	123,509	403,686
Total current assets	<u>949,215</u>	<u>604,858</u>	<u>1,554,073</u>
Noncurrent			
Capital assets not being depreciated	356,597	-	356,597
Capital assets being depreciated, net of accumulated depreciation	5,641,842	5,249,836	10,891,678
Total noncurrent assets	<u>5,998,439</u>	<u>5,249,836</u>	<u>11,248,275</u>
<b>Total assets</b>	<u>\$ 6,947,654</u>	<u>\$ 5,854,694</u>	<u>\$ 12,802,348</u>
<b>Liabilities</b>			
Current			
Accounts payable	\$ 52,227	\$ 3,117	\$ 55,344
Accrued payroll	5,603	5,592	11,195
Compensated absences	22,256	22,161	44,417
Deposits	35,000	-	35,000
Total current liabilities	<u>115,086</u>	<u>30,870</u>	<u>145,956</u>
Noncurrent			
Compensated absences	46,081	46,199	92,280
<b>Total liabilities</b>	<u>161,167</u>	<u>77,069</u>	<u>238,236</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	5,998,439	5,249,836	11,248,275
Unrestricted	788,048	527,789	1,315,837
Total net assets	<u>6,786,487</u>	<u>5,777,625</u>	<u>12,564,112</u>
<b>Total liabilities and net assets</b>	<u>\$ 6,947,654</u>	<u>\$ 5,854,694</u>	<u>\$ 12,802,348</u>

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Revenues, Expenses and Changes in Net Assets  
 Enterprise Funds  
 Year Ended April 30, 2006

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
Operating revenues			
Sale of water	\$ 1,425,784	\$ -	\$ 1,425,784
Sewerage usage fees	-	581,562	581,562
Miscellaneous	88,518	11,177	99,695
<b>Total operating revenues</b>	<b>1,514,302</b>	<b>592,739</b>	<b>2,107,041</b>
Operating expenses			
Operations	1,088,664	406,040	1,494,704
Depreciation	153,184	114,110	267,294
<b>Total operating expenses</b>	<b>1,241,848</b>	<b>520,150</b>	<b>1,761,998</b>
<b>Operating income</b>	<b>272,454</b>	<b>72,589</b>	<b>345,043</b>
Nonoperating income			
Interest income	22,988	22,481	45,469
<b>Income before contributions and transfers</b>	<b>295,442</b>	<b>95,070</b>	<b>390,512</b>
Contributions of capital assets by developers	103,646	1,382,877	1,486,523
Transfers out	(21,600)	(21,200)	(42,800)
<b>Change in net assets</b>	<b>377,488</b>	<b>1,456,747</b>	<b>1,834,235</b>
Net assets			
May 1, 2005	6,408,999	4,320,878	10,729,877
April 30, 2006	<b>\$ 6,786,487</b>	<b>\$ 5,777,625</b>	<b>\$ 12,564,112</b>

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Cash Flows  
Enterprise Funds  
Year Ended April 30, 2006

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
Cash flows from operating activities			
Cash received for services	\$ 1,439,909	\$ 554,444	\$ 1,994,353
Payments to employees	(343,817)	(334,459)	(678,276)
Payments to suppliers	(715,608)	(43,139)	(758,747)
Net cash provided by operating activities	<u>380,484</u>	<u>176,847</u>	<u>557,331</u>
Cash flows from capital and related financing activities			
Additions to property and equipment	<u>(36,890)</u>	<u>(257,594)</u>	<u>(294,484)</u>
Cash flows from noncapital and related financing activities			
Transfers out	<u>(21,600)</u>	<u>(21,200)</u>	<u>(42,800)</u>
Cash flows from investing activities			
Sales and maturities of investments	-	515,754	515,754
Interest received	22,988	22,481	45,469
Net cash provided by investing activities	<u>22,988</u>	<u>538,235</u>	<u>561,223</u>
Net increase in cash and cash equivalents	344,982	436,288	781,270
Cash and cash equivalents			
May 1, 2005	<u>324,056</u>	<u>45,061</u>	<u>369,117</u>
April 30, 2006	<u>\$ 669,038</u>	<u>\$ 481,349</u>	<u>\$ 1,150,387</u>

(Continued)

Village of Northfield, Illinois

Statement of Cash Flows (Continued)

Enterprise Funds

Year Ended April 30, 2006

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 272,454	\$ 72,589	\$ 345,043
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	153,184	114,110	267,294
Changes in assets and liabilities			
Accounts receivable	(75,795)	(38,295)	(114,090)
Notes receivable	1,402	-	1,402
Accounts payable	(336)	3,117	2,781
Accrued payroll and compensated absences	25,038	25,326	50,364
Deposits	4,537	-	4,537
Total adjustments	108,030	104,258	212,288
Net cash provided by operating activities	\$ 380,484	\$ 176,847	\$ 557,331
Summary of noncash capital investing activities:			
Capital assets contributed by developers	\$ 103,646	\$ 1,382,877	\$ 1,486,523

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Fiduciary Net Assets  
Pension Trust Fund  
April 30, 2006

	Police Pension
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 117,877
Investments, at fair value:	
Vanguard 500 Index Fund Admiral	2,332,023
Vanguard Growth Index Fund Admiral	2,284,075
Vanguard Short Term Grade Fund Admiral	310,784
Vanguard IntermediateTerm Grade Fund Admiral	304,256
U.S. Treasury Notes	5,167,556
Total investments	<u>10,398,694</u>
Receivables:	
Contributions	227,377
Accrued interest	<u>108,628</u>
<b>Total assets</b>	<u><u>\$ 10,852,576</u></u>
<b>Net assets held in trust for pension benefits</b>	<u><u>\$ 10,852,576</u></u>

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Changes in Fiduciary Net Assets  
Pension Trust Fund  
Year Ended April 30, 2006

	Police Pension
<hr/>	
Additions	
Contributions	
Employer	\$ 397,731
Plan members	144,405
Total contributions	<u>542,136</u>
Investment income	
Net appreciation in fair value of investments	451,911
Interest	339,755
Total investment income	<u>791,666</u>
<b>Total additions</b>	<u>1,333,802</u>
Deductions	
Benefits	826,250
Administrative	12,908
Total deductions	<u>839,158</u>
<b>Change in net assets</b>	494,644
Net assets held in trust for pension benefits	
May 1, 2005	<u>10,357,932</u>
April 30, 2006	<u>\$ 10,852,576</u>

See Notes to Basic Financial Statements.

## Village of Northfield, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### Nature of Activities

The Village of Northfield, Illinois (Village) was incorporated in 1926. The Village is a non home-rule municipality under the 1970 Illinois Constitution. The Village Board is comprised of the president and six trustees and represents the legislative branch of the Village.

The financial statements of the Village of Northfield, Illinois have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

##### Financial Reporting Entity

Accounting principles generally accepted in the United States of America require the reporting entity to include (1) the primary government, (2) organizations for which the primary government is financially accountable for, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria there are no potential component units which should be included with the Village's financial statements nor is the Village considered to be a potential component unit of any other government.

##### Government-wide and Fund Financial Statements

**Government-wide Financial Statements:** The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the Village. Eliminations have been made to minimize the double counting of internal activities of the Village. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the Village's non-fiduciary assets and liabilities with the difference reported in three categories:

**Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net assets** consist of net assets that do not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government, public works etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

Fiduciary funds are excluded from the government-wide financial statements.

**Fund Financial Statements:** Separate financial statements are provided for governmental funds, proprietary funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has the following major governmental funds - General Fund and Capital/Equipment Replacement Fund. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The Village has the following major enterprise funds - Water Fund and Sewerage Fund.

The Village administers the following major governmental funds:

**General Fund** - This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Village and accounted for in the general fund include general services, public works and public safety.

**Capital / Equipment Replacement Fund**- This capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital assets (other than those financed by proprietary and trust funds) and the purchase of equipment.

The Village administers the following major proprietary (enterprise) funds:

**Water Fund** - Accounts for the provision of water 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, and billing and collection.

**Sewerage Fund** - Accounts for the provision of sewer 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, and billing and collection.

Additionally, the Village administers a fiduciary (pension trust) fund for assets held by the Village in a fiduciary capacity on behalf of certain public safety employees.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus and Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary (enterprise) fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Cash Equivalents**

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

## Village of Northfield, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Investments

Investments are carried at fair value.

The Village, in accordance with Illinois law, is restricted to investing funds in specific types of investment instruments. The following are the types of permitted instruments:

- Bonds, Notes, Certificates of Indebtedness, Treasury Bills or other securities and/or obligations guaranteed by the United States Agencies.
- Interest-bearing savings accounts, certificates of deposit and time deposits insured by the Federal Deposit Insurance Corporation or fully collateralized (not to exceed 10% of the deposits of the financial institution).
- Short-term discount obligations of the Federal National Mortgage Association (not to exceed 10% of the portfolio).
- The Illinois Funds Investment Pool and the Illinois Metropolitan Investment Fund (limited to 75% of the portfolio or \$10,000,000).
- Repurchase agreements where there is a master repurchase agreement, collateral held by a third party in U.S. treasury securities, marked to market.
- Money market mutual funds restricted to the above investments.

The Pension Trust Funds are permitted to invest in U.S. government instruments and, after pension board approval, in the following instruments:

- Interest-bearing bonds of the State of Illinois and bonds or tax anticipation warrants of any county, township or municipal corporation of the State of Illinois.
- Investments in credit unions insured by the National Credit Union Administration.
- Savings accounts or certificates of deposit of banks insured by the Federal Deposit Insurance Corporation where insured or fully collateralized (limited to 10% of the deposits of the institution).
- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, real estate, or money market instruments.
- Certain equities, subject to limitations.

In addition, the Police Pension Fund may purchase other investments pursuant to State statutes.

## Village of Northfield, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Interfund Receivables/Payables

The Village has the following types of transactions between funds:

**Loans and Advances**—amounts provided with a requirement for repayment. In the fund financial statements, interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds. Any residual balances outstanding between the governmental activities and business-type activities are reported as internal balances in the government-wide statement of net assets.

**Services provided and used**—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund balance sheets or fund statements of net assets.

**Reimbursements**—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers**—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after nonoperating revenues and expenses.

##### Notes Receivable

The Village entered into an intergovernmental agreement with the Sunset Ridge School District No. 29 (School District) and Northfield Park District (Park District) whereby the Village would contribute up to \$1,500,000 to the cost of the design, engineering and construction of a community center. Under the terms of the agreement, the community center would be jointly owned by the School District and Park District.

Additionally, under the terms of the agreement, the Park District has issued to the Village a series of installment contract certificates in an amount equal to \$250,000, payable over twenty years in an annual amount of \$8,333 years 1 – 19, with an additional balloon payment of \$91,667 in the twentieth year. The School District has issued to the Village a series of installment contract certificates in an amount equal to \$500,000, payable over twenty years in an annual amount of \$25,000. As of April 30, 2006, the balances receivable on these loans were \$175,000 and \$300,000, respectively. These are interest-free notes.

##### Capital Assets

Capital assets which include land and improvements, buildings, water distribution and production facilities, furniture and fixtures, vehicles, machinery and equipment and general infrastructure consisting of sanitary sewers and streets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as non-infrastructure assets with an initial individual cost of more than \$5,000, infrastructure assets with an individual cost of \$10,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

Village of Northfield, Illinois

Notes to Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value at the date of donation. Infrastructure assets acquired prior to May 1, 2004 are not capitalized as allowed for "Level 3" governments by GASB Statement No. 34.

Interest incurred during the construction phase of proprietary fund assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Land Improvements	20 years
Buildings	45 years
Water and sewer infrastructure	75 years
Machinery and equipment	10 - 20 years
Infrastructure	10 - 75 years

**Deferred Revenue**

The Village defers revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**Compensated Absences**

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is typically used to liquidate these liabilities.

Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Debt service funds are specifically established to account for and service the long-term obligations for the governmental funds debt. Enterprise funds individually account for and service the applicable debt that benefits those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed with available financial resources is reported as a fund liability of a governmental fund.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated for a specific purpose.

**Accounting Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

## Village of Northfield, Illinois

### Notes to Basic Financial Statements

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#### Note 2. Stewardship, Compliance and Accountability

##### Budgetary Information

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

1. 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.
2. A public budget hearing is conducted.
3. The budget is legally enacted through passage of an ordinance.
4. 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. 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, there was one budget amendment.

#### Note 3. Property Taxes

Property taxes attach as an enforceable lien on January 1 of each levy year on property values assessed as of the same date. Taxes are levied by December of the levy year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on the following March 1, and September 1. The County collects such taxes and remits them periodically. In the governmental fund financial statements, the 2005 levy has been recorded as revenue to the extent it was collected during the year, or within 60 days after year-end. All other amounts are deferred. In the government wide financial statement, the entire 2005 levy is reported as revenue.

#### Note 4. Cash and Investments

As of April 30, 2006, the Village adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*.

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

Certificates of deposit, which have been presented as bank deposits in this note, are classified as investments for financial reporting purposes.

Village of Northfield, Illinois

Notes to Basic Financial Statements

Note 4. Cash and Investments (Continued)

(a) Deposits

*Custodial Credit Risk – Deposits.* Custodial credit risk 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, collateral must be at 110% of the excess and is held by a third party custodian. As of April 30, 2006, the Village was not exposed to custodial credit risk because all deposits were covered by FDIC insurance or sufficiently collateralized.

(b) Investments

As of April 30, 2006, the Village had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		Less than One Year	1 - 5 Years	6 - 10 Years
U.S. Treasuries	\$ 5,167,556	\$ 1,153,147	\$ 3,065,369	\$ 949,040
U.S. Government Agencies	2,470,010	2,470,010	-	-
Mutual Bond Funds	615,040	-	310,784	304,256
Illinois Funds Investment Pool	1,357,633	1,357,633	-	-
	<u>\$ 9,610,239</u>	<u>\$ 4,980,790</u>	<u>\$ 3,376,153</u>	<u>\$ 1,253,296</u>

The Illinois Funds are shown as maturing in less than one year because the weighted average maturity of the pool is less than one year.

*Interest Rate Risk.* The Village's investment policy limits maturities on investments to 10 years or less.

The Illinois Funds Investment Pool is not registered with the SEC. This pool is sponsored by the Treasurer of the State of Illinois in accordance with State law. The fair value of the positions in the pool is the same as the value of the pool shares.

*Credit Risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Village's policy to not allow investments in commercial paper. As of April 30, 2006, the Village's investments in Illinois Funds were rated AAA by Standard & Poor's. The Village's investments in U.S. Government Agencies were rated AAA by Standard & Poor's, and Aaa by Moody's Investor Services. The Village's bond mutual funds were rated Aa3 by Moody's Investor Services.

*Concentration of Credit Risk.* The Village's investment policy requires diversified investments to eliminate the risk of loss resulting in over concentration in a specific issuer or class of securities. As of April 30, 2006, more than 5 percent of the Village's investments are in the Federal Home Loan Bank. These investments are 10.98 percent of the Village's total investments.

The Village (Police Pension Fund) has equity mutual fund investments totaling \$4,616,098 as of April 30, 2006, which are not included in the investments above.

Village of Northfield, Illinois

Notes to Basic Financial Statements

Note 5. Capital Assets

A summary of changes in the capital assets for governmental activities of the Village for the year ended April 30, 2006 is as follows:

	Balance May 1, 2005	Additions	Deletions	Balance April 30, 2006
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,703,898	\$ -	\$ -	\$ 2,703,898
Construction in progress	2,208,146	-	2,208,146	-
Total capital assets not being depreciated	4,912,044	-	2,208,146	2,703,898
Capital assets being depreciated:				
Land improvements	49,206	70,134	-	119,340
Buildings	7,345,662	62,835	-	7,408,497
Machinery and equipment	3,793,139	798,014	435,108	4,156,045
Total capital assets being depreciated	11,188,007	930,983	435,108	11,683,882
Less accumulated depreciation for:				
Land improvements	1,120	2,289	-	3,409
Buildings	1,187,038	177,170	-	1,364,208
Machinery and equipment	2,433,236	326,162	427,601	2,331,797
Total accumulated depreciation	3,621,394	505,621	427,601	3,699,414
Total capital assets being depreciated, net	7,566,613	425,362	7,507	7,984,468
Governmental activities				
Capital assets, net	\$ 12,478,657	\$ 425,362	\$ 2,215,653	\$ 10,688,366

Village of Northfield, Illinois

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

A summary of changes in the capital assets for business-type activities of the Village for the year ended April 30, 2006 is as follows:

	Balance May 1, 2005	Additions	Deletions	Balance April 30, 2006
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Construction in progress	181,649	-	125,052	56,597
Total capital assets not being depreciated	481,649	-	125,052	356,597
Capital assets being depreciated:				
Machinery and equipment	233,293	-	-	233,293
Water and sewer infrastructure	12,109,395	1,906,062	-	14,015,457
Total capital assets being depreciated	12,342,688	1,906,062	-	14,248,750
Less accumulated depreciation for:				
Machinery and equipment	123,986	12,798	-	136,784
Water and sewer infrastructure	2,965,792	254,496	-	3,220,288
Total accumulated depreciation	3,089,778	267,294	-	3,357,072
Total capital assets being depreciated, net	9,252,910	1,638,768	-	10,891,678
Business-type activities capital assets, net	\$ 9,734,559	\$ 1,638,768	\$ 125,052	\$ 11,248,275

Village of Northfield, Illinois

Notes to Basic Financial Statements

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**Note 5. Capital Assets (Continued)**

Depreciation was charged to functions/programs as follows:

Governmental activities:

General government	\$	59,328
Public works		152,194
Building/community development		6,030
Police department		146,726
Fire/rescue		141,343
		<hr/>
Total depreciation expense - governmental activities	\$	<u><u>505,621</u></u>

Business-type activities:

Water	\$	153,184
Sewerage		114,110
		<hr/>
Total depreciation expense - business-type activities	\$	<u><u>267,294</u></u>

**Note 6. Long-Term Obligations**

The following is a summary of long-term obligation activity for the Village associated with governmental activities for the year ended April 30, 2006:

	Balance May 1, 2005	Additions	Reductions	Balance April 30, 2006	Due within one year
Special service area bonds	\$ 1,885,000	\$ -	\$ -	\$ 1,885,000	\$ 75,000
Compensated absences	712,159	693,074	712,159	693,074	238,276
	<hr/>			<hr/>	
	\$ 2,597,159	\$ 693,074	\$ 712,159	\$ 2,578,074	\$ 313,276

The following is a summary of long-term obligation activity for the Village associated with business-type activities for the year ended April 30, 2006:

	Balance May 1, 2005	Additions	Reductions	Balance April 30, 2006	Due within one year
Compensated absences	\$ 95,276	\$ 136,697	\$ 95,276	\$ 136,697	\$ 44,417
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## Village of Northfield, Illinois

### Notes to Basic Financial Statements

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#### Note 6. Long-Term Obligations (Continued)

In fiscal year 2005, the Village issued \$1,885,000 special service area number 04-1 special tax bonds, series 2004. Principal is due in annual installments of \$75,000 beginning December 1, 2006, interest at 4.0% to 5.2% through maturity on December 1, 2022. As of April 30, 2006, \$1,885,000 principal was outstanding on these bonds. The Village intends to retire these bonds with annual property tax proceeds from the special service area.

Payments due on the general obligation bonds through maturity are as follows:

Fiscal Year Ending April 30	Principal	Interest	Total
2007	\$ 75,000	\$ 84,530	\$ 159,530
2008	75,000	82,018	157,018
2009	75,000	79,205	154,205
2010	85,000	76,018	161,018
2011	90,000	72,065	162,065
2012 - 2016	530,000	289,190	819,190
2017 - 2021	650,000	163,223	813,223
2022 - 2023	305,000	21,775	326,775
Total	<u>\$ 1,885,000</u>	<u>\$ 868,024</u>	<u>\$ 2,753,024</u>

The Village's legal debt limitation of \$43,179,905 is based on 8.625% of the 2004 equalized assessed valuation of \$500,636,584.

#### Note 7. Employee Retirement Plans

Substantially all Village employees are covered under one of the following employee retirement plans:

##### (a) Illinois Municipal Retirement Fund

###### *Plan Description*

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

The Village does not issue stand-alone financial reports for its participation in IMRF. However, IMRF issues a publicly available report that includes financial statements and required supplementary information for the plan as a whole. The report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Village of Northfield, Illinois

Notes to Basic Financial Statements

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**Note 7. Employee Retirement Plans (continued)**

**(a) Illinois Municipal Retirement Fund (Continued)**

*Funding Policy*

Participating employees are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the benefits of its own employees in the System, using the actuarial basis specified by state statute (entry age normal); for calendar 2005 the rate was 10.33%.

*Annual Pension Cost and Net Pension Obligation*

At December 31, 2005, the Village's annual pension cost of \$333,264 was equal to the Village's required and actual contributions. The required contributions were determined as part of the December 31, 2003, actuarial valuation. For a description of the significant actuarial assumptions, see Note 7(c).

**(b) Police Pension**

*Plan Description*

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial report.

At April 30, 2006 the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not Yet Receiving Them	18
Current Employees	
Vested	11
Nonvested	<u>10</u>
Total	<u><u>39</u></u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension is increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

Village of Northfield, Illinois

Notes to Basic Financial Statements

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Note 7. Employee Retirement Plans

(b) Police Pension

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977, is increased annually, following the first anniversary date of retirement and is paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

*Funding Policy*

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 as actuarially determined by an enrolled actuary. By the year 2020 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded. Actuarial valuations are performed annually.

*Annual Pension Cost, Net Pension Obligation and Reserves*

For fiscal year 2006, the Village's annual pension cost of \$397,731 was equal to the Village's required and actual contributions. For a description of the significant actuarial assumptions, see Note 7(c).

Annual Required Contribution (ARC)	\$ 397,731
Interest on the NPO	-
Adjustment to the ARC	-
	<hr/>
Annual Pension Cost	397,731
FY 2006 Contribution	(397,731)
	<hr/>
Increase in NPO	-
NPO at May 1, 2005	-
	<hr/>
NPO at April 30, 2006	\$ -
	<hr/> <hr/>

There was no net pension obligation (NPO) at April 30, 2006.

*Reserves and Concentration of Investments*

There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions. The plan held no investments that represent 5% or more of plan net assets.

Village of Northfield, Illinois

Notes to Basic Financial Statements

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Note 7. Employee Retirement Plans

(b) Police Pension

*Summary of Significant Accounting Policies and Plan Asset Matters*

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed primarily from investment earnings.

Investments are reported at fair value.

(c) *Significant Actuarial Assumptions*

The information presented in the notes and the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	December 31, 2005	May 1, 2005
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Method Used to Determine Actuarial Value of Investments	Five-Year Smoothed Market Value	Market Value
Amortization Method/Period	Level Percentage Of Projected Payroll-Closed Basis – 27years	Level Percentage Of Projected Payroll-Closed Basis – 28 years
Significant Actuarial Assumptions		
(a) Rate of Return on Investment of Present and Future Assets	7.50% compounded annually	7.25% compounded annually
(b) Projected Salary Increases - Attributable to Inflation	4.00% compounded annually	4.25% compounded annually

Village of Northfield, Illinois

Notes to Basic Financial Statements

Note 7. Employee Retirement Plans (Continued)

	Illinois Municipal Retirement	Police Pension
(c) Additional Projected Salary Increases - Attributable to Seniority/Merit	0.4 – 11.6%	(Note – separate information for (b and c) not available)
(d) Postretirement Benefit Increases	3.00%	3.00% compounded annually

(d) Trend Information

	Calendar/Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual Pension Cost	2003/04	\$ 219,151	\$ 353,299
	2004/05	284,764	370,257
	2005/06	333,264	397,731
Percent Contributed	2003/04	100.00%	100.00%
	2004/05	100.00	100.00
	2005/06	100.00	100.00
Net Pension Obligation	2003/04	\$ -	\$ -
	2004/05	-	-
	2005/06	-	-

Village of Northfield, Illinois

Notes to Basic Financial Statements

Note 8. Other Financial Disclosures

Interfund debt as of April 30, 2006 is as follows:

Fund	Due From	Due To
Major Governmental, General Fund, Nonmajor Governmental Fund	\$ -	\$ 192,480
Nonmajor Governmental Fund: General Fund	192,480	-
	\$ 192,480	\$ 192,480

Interfund debt reflects operating loans which are expected to be repaid in the following fiscal year.

Transfers for the year ended April 30, 2006 are as follows:

Fund	Transfers In	Transfers Out
General Capital/Equipment Replacement	\$ -	\$ 945,500
Capital/Equipment Replacement General	945,500	-
Water	21,600	-
Sewerage	21,200	-
	988,300	-
Water Capital/Equipment Replacement	-	21,600
Sewerage Capital/Equipment Replacement	-	21,200
Totals	\$ 988,300	\$ 988,300

Interfund transfers are to assist with payment of debt and cover expenses incurred in the general and equipment replacement fund for work related to other funds.

## Village of Northfield, Illinois

### Notes to Basic Financial Statements

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#### Note 9. Risk Management

##### *(a) Self-insurance*

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

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois, which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Prior to January 1, 2004 each member assumed the first \$1,000 of each occurrence and after January 1, 2004 assumed the first \$2,500 of each occurrence. IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial annual contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

There has been no significant reduction in coverage in any program from the prior year. For all programs, settlement amounts have not exceeded insurance coverage for the current or three prior years.

##### *(b) North Suburban Employee's Benefit Cooperative*

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of municipalities created to finance and administer health and life insurance benefits for its members. Each municipality appoints one representative to serve on the Board of Directors. The Board determines the general governing policies which include approval of the annual budget.

#### Note 10. Commitments and Contingent Liabilities

##### *Contractual Commitments*

As of year-end, the Village had entered into various contracts for infrastructure construction and repairs totaling approximately \$2,200,000. As of year-end, approximately \$856,000 remains unexpended. No future financing is required.

Notes to Basic Financial Statements

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**Note 11. Pronouncements Issued But Not Yet Adopted**

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 43, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*. This Statement establishes uniform financial reporting standards for other post employment benefit plans (OPEB plans) and supersedes existing guidance. This Statement will become effective for the year ended April 30, 2009.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information. This Statement will become effective for the year ended April 30, 2010.

Statement No. 46, *Net Assets Restricted by Legislation, an Amendment of GASB Statement No. 34*, clarifies the definition of "legally enforceable enabling legislation" as established in GASB Statement No. 34, and requires the government to separately disclose the portion of net assets that is restricted by enabling legislation. This Statement will become effective for the year ended April 30, 2007.

Statement No. 47, *Accounting for Termination Benefits*, establishes accounting standards for voluntary and involuntary termination benefits, including termination benefits provided through a defined benefit other post employment benefit plan (OPEB). For those termination benefits provided through a defined benefit OPEB plan, this Statement must be implemented concurrently with Statement No. 45. For all other termination benefits, this Statement will become effective for the year ended April 30, 2007.

Management has not yet determined the impact these Statements will have on the financial position and results of operations of the Village.

Required Supplementary Information

Village of Northfield, Illinois

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 Year Ended April 30, 2006

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Property taxes	\$ 3,052,000	\$ 3,052,000	\$ 2,962,589	\$ (89,411)
Other taxes				
Replacement	36,000	36,000	57,485	21,485
Income	394,000	394,000	429,146	35,146
Sales	1,730,000	1,730,000	1,954,123	224,123
Utility	1,240,000	1,240,000	1,244,246	4,246
Licenses, permits, and fees	732,000	732,000	923,270	191,270
Services	276,300	276,300	289,117	12,817
Fines and forfeitures	155,000	155,000	100,106	(54,894)
911 surcharge	213,000	213,000	205,666	(7,334)
Investment income	139,000	139,000	160,298	21,298
Miscellaneous	77,500	77,500	79,117	1,617
<b>Total revenues</b>	<b>8,044,800</b>	<b>8,044,800</b>	<b>8,405,163</b>	<b>360,363</b>
<b>Expenditures</b>				
<b>Current</b>				
General administration	1,292,700	1,292,700	1,284,381	8,319
Public works	907,600	907,600	919,049	(11,449)
Building/community development	837,700	837,700	832,218	5,482
Police department	3,675,900	3,675,900	3,667,137	8,763
Fire/rescue	1,280,100	1,300,100	1,308,878	(8,778)
<b>Total expenditures</b>	<b>7,994,000</b>	<b>8,014,000</b>	<b>8,011,663</b>	<b>2,337</b>
Excess of revenues over expenditures	50,800	30,800	393,500	362,700
Other financing uses				
Transfer out	(945,500)	(945,500)	(945,500)	-
<b>Net change in fund balance</b>	<b>\$ (894,700)</b>	<b>\$ (914,700)</b>	<b>(552,000)</b>	<b>\$ 362,700</b>
Fund balance				
May 1, 2005			5,525,074	
April 30, 2006			<u>\$ 4,973,074</u>	

Village of Northfield, Illinois

Required Supplementary Information  
Schedule of Funding Progress

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ 7,766,869	\$ 9,023,670	\$ 1,256,801	86.07 %	\$ 3,226,176	38.96 %
12/31/2004	6,897,193	8,311,336	1,414,143	82.99	2,908,723	48.62
12/31/2003	6,886,762	7,762,050	875,288	88.72	2,753,151	31.79
12/31/2002	6,215,788	6,761,952	546,164	91.92	2,606,949	20.95
12/31/2001	6,071,696	5,910,276	(161,420)	102.73	2,554,627	(6.32)
12/31/2000	5,362,773	5,156,747	(206,026)	104.00	2,424,047	(8.50)

Police Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll ((b-a)/c)
04/30/2006	\$ 10,357,932	\$ 14,993,309	\$ 4,635,377	69.08 %	\$ 1,393,291	332.69 %
04/30/2005	10,274,073	14,435,358	4,161,285	71.17	1,440,634	288.85
04/30/2004	9,802,020	13,852,318	4,050,298	70.76	1,356,240	298.64
04/30/2003	9,712,154	13,170,349	3,458,195	73.74	1,256,402	275.25
04/30/2002	9,929,765	12,525,405	2,595,640	79.28	1,053,858	246.30
04/30/2001	10,155,995	11,917,929	1,761,934	85.22	1,104,095	159.58

Village of Northfield, Illinois

Required Supplementary Information  
Schedule of Employer Contributions

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	
Calendar Year			
2000	\$ 209,438	100.00	%
2001	197,984	100.00	
2002	199,953	100.00	
2003	219,151	100.00	
2004	284,764	100.00	
2005	333,264	100.00	

Police Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	
Fiscal Year			
2001	\$ 187,041	100.00	%
2002	244,037	100.00	
2003	310,269	100.00	
2004	353,299	100.00	
2005	370,257	100.00	
2006	397,731	100.00	

## Supplementary Information

**Nonmajor Governmental Funds**

Village of Northfield, Illinois

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 April 30, 2006

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Bond and Interest Fund	Special Service Area Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 479,240	\$ 215,005	\$ 166,951	\$ 861,196
Receivables				
Property taxes	-	30,589	-	30,589
Motor fuel tax allotments	12,713	-	-	12,713
Intergovernmental reimbursement	137,885	-	-	137,885
Due from other funds	192,480	-	-	192,480
	<hr/>			
<b>Total assets</b>	<b>\$ 822,318</b>	<b>\$ 245,594</b>	<b>\$ 166,951</b>	<b>\$ 1,234,863</b>
<hr/>				
<b>Liabilities</b>				
Accounts payable	\$ 218,761	\$ -	\$ 64,857	\$ 283,618
Deferred property taxes	-	29,597	-	29,597
<b>Total liabilities</b>	<b>218,761</b>	<b>29,597</b>	<b>64,857</b>	<b>313,215</b>
<hr/>				
<b>Fund balances</b>				
Reserved for debt service	-	215,997	-	215,997
Unreserved	603,557	-	102,094	705,651
<b>Total fund balances</b>	<b>603,557</b>	<b>215,997</b>	<b>102,094</b>	<b>921,648</b>
<hr/>				
<b>Total liabilities and fund balances</b>	<b>\$ 822,318</b>	<b>\$ 245,594</b>	<b>\$ 166,951</b>	<b>\$ 1,234,863</b>
<hr/>				

Village of Northfield, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended April 30, 2006

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Bond and Interest Fund	Special Service Area Fund	
<b>Revenues</b>				
Property taxes	\$ -	\$ 88,285	\$ -	\$ 88,285
Intergovernmental				
Motor fuel tax allotments	163,527	-	-	163,527
Reimbursements	210,631	-	-	210,631
Interest	19,418	7,486	8,022	34,926
<b>Total revenues</b>	<b>393,576</b>	<b>95,771</b>	<b>8,022</b>	<b>497,369</b>
<b>Expenditures</b>				
Debt service				
Interest and fees	-	84,530	-	84,530
Capital outlay	272,513	-	49,032	321,545
<b>Total expenditures</b>	<b>272,513</b>	<b>84,530</b>	<b>49,032</b>	<b>406,075</b>
<b>Net change in fund balances</b>	<b>121,063</b>	<b>11,241</b>	<b>(41,010)</b>	<b>91,294</b>
<b>Fund balances</b>				
May 1, 2005	482,494	204,756	143,104	830,354
April 30, 2006	\$ 603,557	\$ 215,997	\$ 102,094	\$ 921,648

Village Of Northfield, Illinois

Nonmajor Governmental Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Motor Fuel Tax Fund  
 Year Ended April 30, 2006

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Intergovernmental:				
Motor fuel tax allotments	\$ 157,000	\$ 157,000	\$ 163,527	\$ 6,527
Reimbursements	64,000	64,000	210,631	146,631
Interest	6,200	6,200	19,418	13,218
<b>Total revenues</b>	<u>227,200</u>	<u>227,200</u>	<u>393,576</u>	<u>166,376</u>
<b>Expenditures</b>				
Capital outlay	<u>266,400</u>	<u>275,000</u>	<u>272,513</u>	<u>2,487</u>
<b>Net change in fund balance</b>	<u>\$ (39,200)</u>	<u>\$ (47,800)</u>	<u>121,063</u>	<u>\$ 168,863</u>
<b>Fund balance</b>				
May 1, 2005			<u>482,494</u>	
April 30, 2006			<u>\$ 603,557</u>	

Village of Northfield, Illinois

Nonmajor Governmental Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Bond and Interest Fund  
 Year Ended April 30, 2006

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Property tax	\$ 84,300	\$ 88,285	\$ 3,985
Interest	4,500	7,486	2,986
<b>Total revenues</b>	88,800	95,771	6,971
<b>Expenditures</b>			
Debt service			
Interest and fees	84,530	84,530	-
	84,530	84,530	-
<b>Net change in fund balance</b>	\$ 4,270	11,241	\$ 6,971
<b>Fund balance</b>			
May 1, 2005		204,756	
April 30, 2006		\$ 215,997	

Village of Northfield, Illinois

Nonmajor Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Special Service Area Fund  
 Year Ended April 30, 2006

	Original and Final Budget	Actual	Variance
<hr/>			
Revenues			
Interest	\$ 3,400	\$ 8,022	\$ 4,622
Expenditures			
Capital outlay	<u>60,000</u>	49,032	<u>10,968</u>
<b>Net change in fund balance</b>	<u><u>\$ (56,600)</u></u>	(41,010)	<u><u>\$ 15,590</u></u>
Fund balance			
May 1, 2005		<u>143,104</u>	
April 30, 2006		<u><u>\$ 102,094</u></u>	

**Major Capital Projects Fund**

Village of Northfield, Illinois

Major Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Capital / Equipment Replacement Fund  
 Year Ended April 30, 2006

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental			
Grants	\$ 18,500	\$ 41,694	\$ 23,194
Interest	23,200	86,497	63,297
Miscellaneous	41,300	11,628	(29,672)
<b>Total revenues</b>	<u>83,000</u>	<u>139,819</u>	<u>56,819</u>
<b>Expenditures</b>			
Current			
General administration	221,100	142,331	78,769
Public works	249,600	228,698	20,902
Building/community development	164,000	73,679	90,321
Police department	755,000	770,444	(15,444)
Fire/rescue	239,000	92,826	146,174
<b>Total expenditures</b>	<u>1,628,700</u>	<u>1,307,978</u>	<u>320,722</u>
Excess (deficiency) of revenues over expenditures	(1,545,700)	(1,168,159)	377,541
<b>Other financing sources</b>			
Transfer in	973,300	988,300	15,000
<b>Net change in fund balance</b>	<u>\$ (572,400)</u>	<u>(179,859)</u>	<u>\$ 392,541</u>
<b>Fund balance</b>			
May 1, 2005		<u>2,704,803</u>	
April 30, 2006		<u>\$ 2,524,944</u>	

Enterprise Funds

Village of Northfield, Illinois

Major Enterprise Fund  
 Schedule of Revenues, Expenditures and Changes an Net Assets -  
 Budget and Actual - Water Fund  
 Year Ended April 30, 2006

	Original Budget	Final Budget	Actual	Variance
Operating revenues				
Sale of water	\$ 1,275,300	\$ 1,275,300	\$ 1,425,784	\$ 150,484
Miscellaneous	63,800	63,800	88,518	24,718
<b>Total operating revenues</b>	<b>1,339,100</b>	<b>1,339,100</b>	<b>1,514,302</b>	<b>175,202</b>
Operating expenses				
Salaries and benefits	363,700	363,700	368,854	(5,154)
Water purchases	576,500	630,000	586,182	43,818
Repair and maintenance	133,300	133,300	133,628	(328)
Depreciation	169,400	169,400	153,184	16,216
<b>Total operating expenses</b>	<b>1,242,900</b>	<b>1,296,400</b>	<b>1,241,848</b>	<b>54,552</b>
<b>Operating income</b>	<b>96,200</b>	<b>42,700</b>	<b>272,454</b>	<b>229,754</b>
Nonoperating income				
Interest income	9,700	9,700	22,988	13,288
Income before contributions and transfers	105,900	52,400	295,442	243,042
Contributions of capital assets by developers	25,000	25,000	103,646	78,646
Transfers out	(21,600)	(21,600)	(21,600)	-
<b>Change in net assets</b>	<b>\$ 109,300</b>	<b>\$ 55,800</b>	<b>377,488</b>	<b>\$ 321,688</b>
Net assets				
May 1, 2005			<u>6,408,999</u>	
April 30, 2006			<u>\$ 6,786,487</u>	

Village of Northfield, Illinois

Major Enterprise Fund  
 Schedule of Revenues, Expenditures and Changes in Net Assets -  
 Budget and Actual - Sewerage Fund  
 Year Ended April 30, 2006

	Original Budget	Final Budget	Actual	Variance
Operating revenues				
Sewerage usage fees	\$ 508,700	\$ 508,700	\$ 581,562	\$ 72,862
Miscellaneous	8,800	8,800	11,177	2,377
<b>Total operating revenues</b>	<u>517,500</u>	<u>517,500</u>	<u>592,739</u>	<u>75,239</u>
Operating expenses				
Salaries and benefits	356,700	356,700	359,785	(3,085)
Repair and maintenance	42,200	47,200	46,255	945
Depreciation	117,000	117,000	114,110	2,890
<b>Total operating expenses</b>	<u>515,900</u>	<u>520,900</u>	<u>520,150</u>	<u>750</u>
<b>Operating income (loss)</b>	1,600	(3,400)	72,589	75,989
Nonoperating income				
Interest income	14,300	14,300	22,481	8,181
Income before contributions and transfers	15,900	10,900	95,070	84,170
Contributions of capital assets by developers	-	-	1,382,877	1,382,877
Transfers out	(21,200)	(21,200)	(21,200)	-
<b>Change in net assets</b>	<u>\$ (5,300)</u>	<u>\$ (10,300)</u>	1,456,747	<u>\$ 1,467,047</u>
Net assets				
May 1, 2005			<u>4,320,878</u>	
April 30, 2006			<u>\$ 5,777,625</u>	

Statistical Section

Village of Northfield, Illinois

Assessed Valuation Rates, Extensions, and Collections  
Last Ten Levy Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Assessed valuation	\$ 500,636,584	\$ 390,296,340	\$ 383,195,883	\$ 361,521,321	\$ 305,539,779	\$ 310,670,908	\$ 299,953,690	\$ 290,781,996	\$ 285,875,941	\$ 271,915,025
Tax rates										
General Fund (1)										
Corporate	0.1785	0.1864	0.1963	0.2077	0.2332	0.2019	0.2104	0.2183	0.2372	0.2235
Streets and bridges	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0051
Street lighting	0.0000	0.0000	0.0039	0.0041	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Fire protection	0.0720	0.1281	0.1253	0.1245	0.1500	0.1271	0.1126	0.1162	0.1224	0.1140
Police protection	0.1029	0.1409	0.1253	0.1245	0.1500	0.1384	0.1417	0.1462	0.1417	0.1342
Social security	0.0566	0.0359	0.0365	0.0553	0.0589	0.0821	0.0817	0.0808	0.0787	0.0772
Crossing guards	0.0021	0.0026	0.0026	0.0028	0.0000	0.0000	0.0000	0.0000	0.0035	0.0037
Liability insurance	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0559
Auditing	0.0033	0.0041	0.0039	0.0041	0.0046	0.0045	0.0000	0.0052	0.0049	0.0051
Illinois Municipal Retirement Fund	0.0411	0.0256	0.0261	0.0277	0.0262	0.0447	0.0533	0.0550	0.0542	0.0541
Refuse and recycling	0.0346	0.0430	0.0418	0.0429	0.0605	0.0579	0.0600	0.0619	0.0577	0.0588
Subtotal	0.4911	0.5666	0.5617	0.5936	0.6834	0.6566	0.6597	0.6836	0.7003	0.7316
Police Pension Fund	0.0762	0.0905	0.0810	0.0675	0.0612	0.0494	0.0547	0.0528	0.0485	0.0358
Total	0.5673	0.6571	0.6427	0.6611	0.7446	0.7060	0.7144	0.7364	0.7488	0.7674
Tax extension										
General Fund	\$ 2,473,359	\$ 2,214,851	\$ 2,153,681	\$ 2,145,619	\$ 2,089,230	\$ 2,039,924	\$ 1,980,472	\$ 1,989,523	\$ 2,002,698	\$ 1,991,095
Police Pension Fund	370,257	353,299	310,269	244,037	187,041	153,413	164,197	153,540	138,523	97,212
Total	\$ 2,843,616	\$ 2,568,150	\$ 2,463,950	\$ 2,389,656	\$ 2,276,271	\$ 2,193,337	\$ 2,144,669	\$ 2,143,063	\$ 2,141,221	\$ 2,088,307
Gross tax collections (2)	\$ 2,751,731	\$ 2,550,487	\$ 2,442,897	\$ 2,376,349	\$ 2,273,435	\$ 2,188,920	\$ 2,124,958	\$ 2,038,637	\$ 2,015,754	\$ 1,946,649
Percent to total	96.77%	99.31%	99.15%	99.44%	99.88%	99.80%	99.08%	95.13%	94.14%	93.22%

(1) The General Fund also receives one-half of a road and bridge tax levied by Northfield Township upon property within the limits of both the Village and the Township. Amounts received for road and bridge taxes are not included in the above numbers.

(2) Collections include interest and penalties on late tax payments.

Village of Northfield, Illinois

Computation of Legal Debt Margin  
April 30, 2006

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Assessed valuation - 2004 tax year*	\$ 500,636,584
Statutory debt limitation (8.625% of assessed valuation)	43,179,905
Debt applicable to the limit	<u>-</u>
Legal debt margin	<u><u>\$ 43,179,905</u></u>

\* Most recent available