

# Village of Northfield, Illinois



Comprehensive Annual Financial Report  
Year Ended April 30, 2007

# Village of Northfield, Illinois

Comprehensive Annual Financial Report  
Year Ended April 30, 2007

Issued by the Financial Department  
Steven C. Noble  
Finance Director

Josephine Jaeger  
Assistant Finance Director

## Introductory Section

# Village of Northfield, Illinois

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### Introductory Section

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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

#### Trustees Elect

John N. Chapin, Jr.

Joan Frazier

Fred Teichert

#### Clerk

Stacy Alberts Sigman

#### Village Attorney

Everette M. Hill, Jr.

#### Treasurer

Steven C. Noble

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#### Village Manager

Stacy Alberts Sigman

#### Finance Director

Steven C. Noble

#### Assistant Finance Director

Josephine Jaeger



October 18, 2007

The Honorable Village President  
Members of the Board of Trustees and Village Manager  
Village of Northfield  
Northfield, Illinois 60093

The Comprehensive Annual Financial Report (CAFR) of the Village of Northfield, Illinois, (the Village) for the fiscal year ended April 30, 2007, is hereby submitted as mandated by local ordinances and state statutes. These ordinances and statutes require that the Village issue annually a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the Village of Northfield. Management of the Village is responsible for the accuracy and fairness of the presentation of the financial statements and other information as presented herein. The data presented in this report is believed to be accurate in all material respects, and all statements and disclosures necessary for the reader to obtain a thorough understanding of the Village's financial activities have been included. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient, reliable information for the preparation of the Village of Northfield's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Village's 2007 CAFR reflects the third year of implementing the Governmental Accounting Standards Board's (GASB) Statement 34 principles. GASB Statement 34 provides expanded reporting which includes Government - Wide Financial Statements, Management's Discussion and Analysis, and infrastructure reporting. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by McGladrey & Pullen LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of Northfield for the fiscal year ended April 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the Village's financial statements for the fiscal year ended April 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **Profile of the Village of Northfield**

The Village of Northfield is an established residential community with above average wealth and housing values. Among the Village's advantages are its outstanding schools and other public facilities, its proximity to Lake Michigan and downtown Chicago, recreational opportunities, and a relaxed small town atmosphere. A wide range of housing is available, from condominium and town home developments to family neighborhoods and multi-acre estates. Chicago Magazine placed the Village in the top four of its 2003 "Great Places to Live."

Policy making and legislative authority are vested in the Village Board, which consists of the President and six trustees. The Village Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Village manager. The Village's manager is responsible for carrying out the policies and ordinances of the Village Board, for overseeing the day-to-day operations of the Village, and for appointing the heads of the Village's departments. The Board is elected on a non-partisan basis. Board members are elected to four-year staggered terms with three Board members elected every two years. The President is elected to a four-year term. The President and Village Trustees are elected at large.

The Village provides a full range of services including police protection, the construction and maintenance of streets and other infrastructure, community development, general services administration and the operating of the water and sanitary sewer facilities.

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit their budget requests to the Village Manager and Budget Officer in January of each year. The Village Manager and staff use these requests as the starting point for developing a proposed budget which will match anticipated revenues. The Village Manager then presents the Proposed Budget to the Village Board in February or March of each year. The Village Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than April 30<sup>th</sup> of each year; the close of the Village's previous fiscal year.

### **Major Initiatives**

The Village staff, following specific goals of the Village Board and the Village Manager, has been involved in a variety of projects throughout the year; projects which reflect the Village's commitment to ensuring that its citizens are provided cost effective and quality services.

Examples of some of these projects are as follows:

Northfield's potable water supply is piped from Lake Michigan and the Village of Winnetka to the east, through two 12" water mains that pass under the Skokie Lagoons and the Edens Expressway. These mains need to be replaced. They are 80 and 60 years old and have already had several small ruptures. If a major rupture were to occur, it would result in the loss of water service to the community. The Village Board has taken steps to replace these old mains by appropriating funds to design their replacement as well as approving the issuance of \$3,500,000 in bonds to fund the project's construction. These bonds will finance this project as well as an emergency feeder main from the Village of Glencoe and a supervisory control and data acquisition (SCADA) system. The bonds will be repaid over a 20-year period from water revenues. Construction is due to start in 2007-08

The Village is actively engaged in developing a plan to encourage redevelopment of the Village Center commercial district. The area enjoys a selection of retail boutiques, service providers, and restaurants. The Village is exploring opportunities to strengthen the competitive ability of these businesses to thrive despite "big-box" development in neighboring communities. Northfield recognizes that increasing the number of upscale specialty shops, expanding the dining opportunities, and creating an improved pedestrian experience will induce high-income area residents and workers to make the Village Center district a preferred shopping/dining and service destination for the Chicago's North Shore suburbs.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village operates.

### **Local Economy**

The Village's experience in the local economy continues to be better than that of the State and Country as indicated by unemployment rates of 2.6%, 4.5% and 4.7% respectively. The statewide economy, however, has impacted Village finances. A major revenue source, state shared income tax, had experienced reductions in per capita distributions from levels achieved in 2000 and is finally returning to the 2000 level. In addition, the state has been slow in distributing the allocations on a timely basis.

The state shared sales tax comprises the largest percentage of revenue generated for the Village of Northfield outside of property taxes. That being said, the Village is sensitive in protecting and promoting its retail tax base. The major "industry" in the Village is automobile sales by its two car dealers. Auto related sales account for over 50% of the Village sales tax base.

### **Debt Administration**

As of April 30, 2007, the Village had one outstanding debt issue. In 2004, the Village issued \$1,285,000 Series 2004A Tax Exempt, and \$600,000 Series 2004B Taxable Special Service Area Bonds. The bonds were issued to extend sanitary sewer service and road resurfacing to the Longmeadow Special Service Area. The Bonds are payable solely from property taxes levied against all property in the area and under current state statutes, the bonds do not count against the Village's legal debt limit.

### **Long-Term Financial Planning**

Infrastructure-related projects and Village Center redevelopment represent some of the major initiatives over the next three to five years. The Village's Capital Improvement Plan identifies almost \$12.0 million in water, sewer and roadway projects over the next five years. These improvements will be financed on a "pay as you go" basis.

### **Cash Management**

Cash temporarily idle during the year was invested in certificates of deposit, and the Illinois State Treasurer's pool (Illinois Funds). The maturities of the investments range from being immediately accessible (Illinois Funds), up to two years (Certificates of Deposit). Investment income includes market appreciation in the fair value of investments.

The Police Pension Fund is permitted to invest in equities as well as fixed income bonds with longer maturities. Yields from these assets for the year ended April 30, 2007, were 9.14%.

### **Risk Management**

The Village continues to participate in a public entity risk pool to protect against casualty losses. The Intergovernmental Risk Management Agency (IRMA) insures first party property losses, third party liability claims, worker's compensation claims and Public Official Liability claims. In addition, various control techniques, including employee accident prevention training, have been implemented during the year to minimize losses.

The Village continues with a self-insurance model for administering its health care program. The North Suburban Employee Benefit Cooperative is a pooled insurance cooperative with eight suburban municipal members. The cooperative strives to contain costs and provide greater oversight over Village benefits by employing a hired plan administrator/benefits consultant and works through a third party administrator to manage claims.

### **Pension Benefits**

The Village sponsors a single-employer defined benefit pension plan for its police officers. Each year, an independent actuary engaged by the Village and the pension plan calculates the amount of the annual contribution that the Village must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Village fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the Village's conservative funding policy,

the Village has succeeded, as of April 30, 2007, in funding 65.1% of the actuarial accrued liabilities. The actuarial valuation for the year ended April 30, 2007 determined that the net contribution due from the Village is \$511,566. The remaining unfunded amount is being systematically funded over 26 years as part of the annual required contribution calculated by the actuary.

The Village also provides pension benefits for its non-public safety employees. These benefits are provided through a statewide plan managed by the Illinois Municipal Retirement Plan (IMRF). The Village has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to IMRF.

Additional information on the Village's pension arrangements can be found in Note #7 in the financial statements.

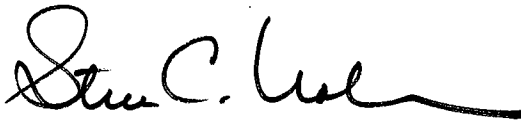
### **Awards & Acknowledgments**

The Village intends to submit this Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) for consideration of its Certificate of Achievement for Excellence in Financial Reporting. The 2007 CAFR represents the Village's initial request for this prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized CAFR. A Certificate of Achievement is valid for a period of one year only. We believe that the 2007 CAFR meets the Certificate of Achievement Program requirements as well as both generally accepted accounting principles and applicable legal requirements and we are submitting the report to the GFOA to determine its eligibility for the award.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation especially to Josephine Jaeger, Assistant Finance Director, and all other members of the department who assisted and contributed to the preparation of this report.

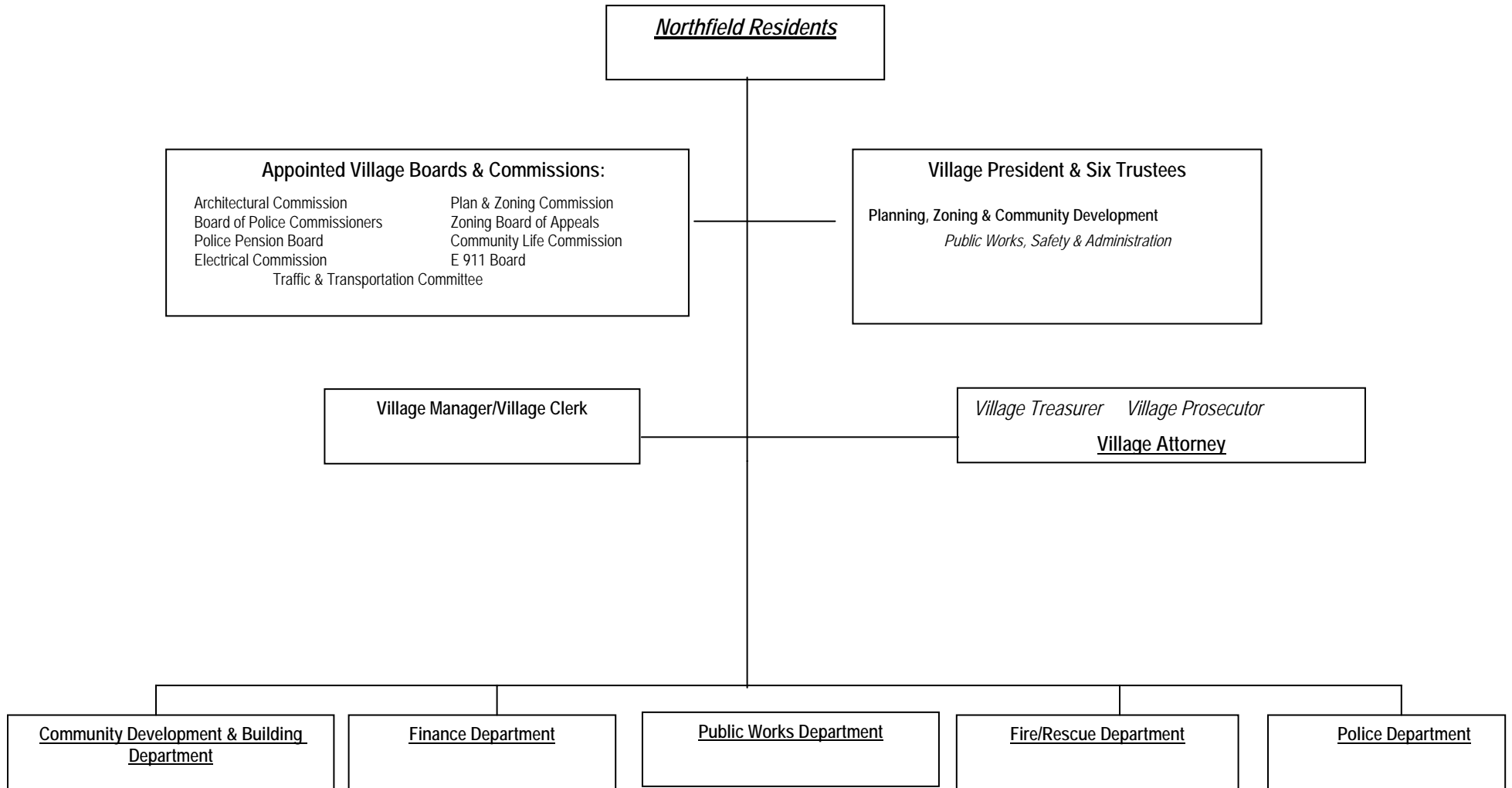
In closing, I would like to thank the Village President, Board of Trustees and Village Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Northfield's Finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven C. Noble", with a long horizontal flourish extending to the right.

Steven C. Noble  
Finance Director

# 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, 2007, 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, 2007, 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  
October 18, 2007

## VILLAGE OF NORTHFIELD, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

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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, 2007 by \$32,300,000 (net assets).
- The Village's total net assets increased by \$1,313,000 or 4.2% during the fiscal year ending April 30, 2007. Governmental net assets increased by \$556,000 and business-type activities increased by \$757,000.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$8,864,000, an increase of \$444,000 as compared with the prior year.
- At the end of the current fiscal year, unreserved fund balance in the General Fund was \$4,402,000 or 53% of total General Fund expenditures.
- The Village's only debt is \$1,810,000 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.

## VILLAGE OF NORTHFIELD, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2007

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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 six 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 four non-major governmental funds, Motor Fuel Tax, Foreign Fire Insurance Fund, 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 55-56 of this report.

## VILLAGE OF NORTHFIELD, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2007

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**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 55-60 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, 2007 net assets for the Village of Northfield exceeded liabilities by \$32.3 million. The following table reflects the condensed statement of net assets:

Table 1  
 Statement of Net Assets  
 As of April 30, 2007 and 2006  
 (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 12,334	\$ 11,773	\$ 1,662	\$ 1,554	\$ 13,996	\$ 13,327
Capital assets	10,458	10,688	11,894	11,248	22,352	21,936
<b>Total assets</b>	<b>\$ 22,792</b>	<b>\$ 22,461</b>	<b>\$ 13,556</b>	<b>\$ 12,802</b>	<b>\$ 36,348</b>	<b>\$ 35,263</b>
Long-term liabilities	2,166	2,250	80	92	2,246	2,342
Other liabilities	1,636	1,776	154	146	1,790	1,922
<b>Total liabilities</b>	<b>\$ 3,802</b>	<b>\$ 4,026</b>	<b>\$ 234</b>	<b>\$ 238</b>	<b>\$ 4,036</b>	<b>\$ 4,264</b>
Net Assets:						
Invested in capital						
assets, net of debt	\$ 8,660	\$ 8,818	\$ 11,894	\$ 11,248	\$ 20,554	\$ 20,066
Restricted	883	849	-	-	883	849
Unrestricted	9,447	8,768	1,427	1,316	10,874	10,084
<b>Total net assets</b>	<b>\$ 18,990</b>	<b>\$ 18,435</b>	<b>\$ 13,321</b>	<b>\$ 12,564</b>	<b>\$ 32,311</b>	<b>\$ 30,999</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 \$13.3 million and the net assets of governmental activities total \$19.0 million.

The largest portion (64%) 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.

VILLAGE OF NORTHFIELD, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

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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 \$883,000 of restricted net assets, \$71,000 is restricted for fire/rescue purposes and \$812,000 for roadways. Unrestricted net assets of \$10.9 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 FY2006-07 fiscal year are reflected in the following table:

VILLAGE OF NORTHFIELD, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

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

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program Revenues						
Charges for Service	\$ 1,308	\$ 1,312	\$ 1,815	\$ 2,007	\$ 3,123	\$ 3,319
Operating Grants and Contributions	190	416	-	-	190	416
Capital Grants and Contributions	181	-	710	1,486	891	1,486
General Revenue						
Property	3,377	3,075	-	-	3,377	3,075
Other	3,744	3,686	-	-	3,744	3,686
911 surcharge	211	206	-	-	211	206
Interest	418	282	68	45	486	327
Miscellaneous	162	91	(43)	100	119	191
<b>Total Revenue</b>	<b>9,591</b>	<b>9,068</b>	<b>2,550</b>	<b>3,638</b>	<b>12,141</b>	<b>12,706</b>
<b>Expenses</b>						
Governmental Activities						
General Government	1,526	1,456	-	-	1,526	1,456
Public Works	1,094	3,318	-	-	1,094	3,318
Building/Community Development	840	910	-	-	840	910
Police Department	3,955	4,263	-	-	3,955	4,263
Fire/Rescue	1,511	1,493	-	-	1,511	1,493
Interest	110	84	-	-	110	84
Business Type						
Water	-	-	1,214	1,241	1,214	1,241
Sewerage	-	-	579	520	579	520
<b>Total Expenses</b>	<b>9,036</b>	<b>11,524</b>	<b>1,793</b>	<b>1,761</b>	<b>10,829</b>	<b>13,285</b>
Transfers In (Out)		43		(43)	-	-
<b>Change in Net Assets</b>	<b>555</b>	<b>(2,413)</b>	<b>757</b>	<b>1,834</b>	<b>1,312</b>	<b>(579)</b>
Net assets - beginning	18,435	20,848	12,564	10,730	30,999	31,578
<b>Net assets - ending</b>	<b>\$ 18,990</b>	<b>\$ 18,435</b>	<b>\$ 13,321</b>	<b>\$ 12,564</b>	<b>\$ 32,311</b>	<b>\$ 30,999</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:

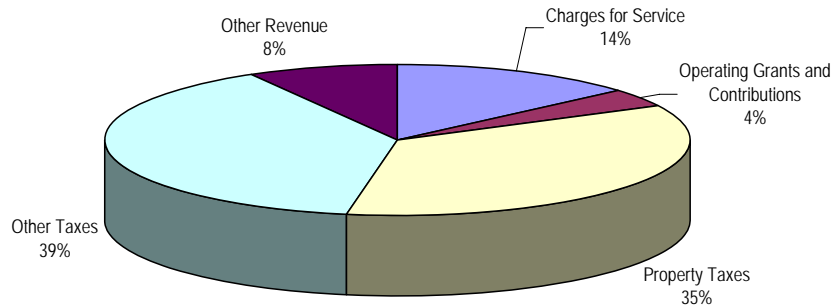
- *Introduction of New Programs* – within the functional expense categories (Public Safety, Public Works, General Administration, etc.) individual programs may be added or deleted to meet changing community needs.
- *Increase in Authorized Personnel* – changes in service demand may cause the Village 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:

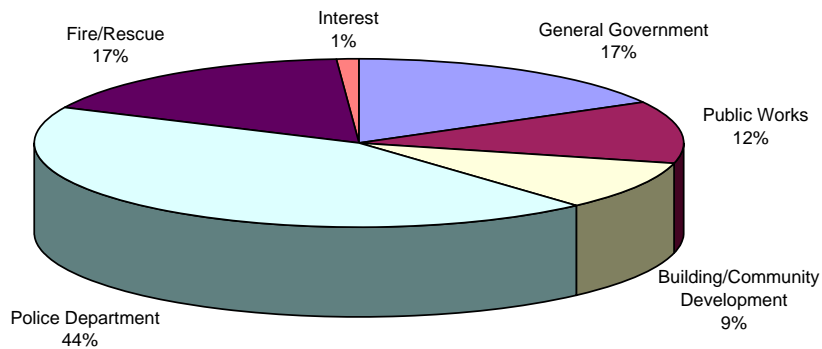
2006-07 Governmental Activities  
Revenues by Source



For the fiscal year ended April 30, 2007, revenues from all governmental activities totaled \$9.6 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 39% of total governmental activity revenue. Within this category, state-shared sales tax, which reflects economic activity in the Village, totaled \$1.8 million, almost 10% less than the prior year. Utility, State income and replacement taxes together accounted for the other \$1.9 million. Property taxes accounted for \$3.4 million or 35% 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:

**2006-07 Governmental Activities  
Expenses by Function**



The Village's total expenses for governmental activities for the year ended April 30, 2007 were \$9.0 million. The largest share of total governmental expenses is attributable to public safety, including Police and Fire/Rescue, at 60% or \$5.5 million followed by General Government at 17% 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, 2007, revenues from business-type activities totaled \$1.8 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, 2007, 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.

VILLAGE OF NORTHFIELD, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

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*FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS*

**GOVERNMENTAL FUNDS**

At April 30, 2007 the governmental funds presented on the balance sheet on page 21 reported a combined fund balance of \$8.9 million as follows:

<u>Major Governmental Funds</u>	
General Fund.....	\$ 5.0 million
Capital/Equipment Replacement Fund...	\$ 2.8 million
 <u>Non-Major Governmental Funds</u>	
Motor Fuel Tax Fund.....	\$ 0.8 million
Debt Service Fund.....	\$ 0.2 million
Foreign Fire Insurance Fund	\$ 0.1 million
Special Service Area Fund	<u>\$ 0.0 million</u>
 Total.....	 <u>\$ 8.9 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, 2007 no budget adjustments were made.

The table that follows reflects the revenues and expenditures in the General Fund for the current and prior year.

VILLAGE OF NORTHFIELD, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

General Fund Summary (in thousands)

General Fund	(In thousands of dollars)		Percent Of Total	FY 2005-06	Dollar Change	Percent Change
	FY 2006-07					
Revenues:						
Property Taxes	\$ 3,041.7	35.2%	\$ 2,962.6	\$ 79.1	2.7%	
Sales Taxes	1,751.7	20.3%	1,954.1	(202.4)	(10.4)%	
Utility Taxes	1,361.3	15.8%	1,244.2	117.1	9.4%	
State Income Taxes	565.8	6.6%	429.1	136.7	31.9%	
Licenses and Permits	867.0	10.0%	923.3	(56.3)	(6.1)%	
Services	330.8	3.8%	289.1	41.7	14.4%	
911 Surcharge	211.0	2.4%	205.7	5.3	2.6%	
Other	500.2	5.8%	397.1	103.1	26.0%	
<b>Total</b>	<b>\$ 8,629.5</b>	<b>100.0%</b>	<b>\$ 8,405.2</b>	<b>\$ 224.3</b>	<b>2.7%</b>	
Expenditures:						
General Administration	\$ 1,391.7	16.8%	\$ 1,284.4	\$ 107.3	8.4%	
Public Works	902.6	10.9%	919.1	(16.5)	(1.8)%	
Bldg/Community Development	852.0	10.3%	832.2	19.8	2.4%	
Police	3,770.1	45.5%	3,667.1	103.0	2.8%	
Fire/Rescue	1,362.4	16.5%	1,308.9	53.5	4.1%	
<b>Total</b>	<b>\$ 8,278.8</b>	<b>100.0%</b>	<b>\$ 8,011.7</b>	<b>\$ 267.1</b>	<b>3.3%</b>	
Excess (Deficiency) of						
Revenues over Expenditures	350.7		393.5	(42.8)	(0.1)	
Transfers in						
Transfers out	349.8		945.5	(595.7)	N/A	
Excess(Deficiency)Revenues						
over Expenditures & Transfers	\$ 0.9		\$ (552.0)	\$ 552.9	N/A	

Including transfers, the General Fund ended the fiscal year with an \$885 surplus. Excluding transfers, revenues exceeded expenditures by \$350,660. The General Fund transferred \$349,775 to the Capital/Equipment Replacement Fund to provide funding for those FY2006-07 capital projects that were not budgeted in the Water, Sanitary Sewer or Motor Fuel Tax Funds. The FY2006-07 General Fund operating surplus of \$350,660 compared with the operating surplus of \$393,500 in FY2005-06 is the result of consistent, widespread growth in revenues in 2006-07 (2.7%) and a modest increase (3.3%) in expenditures.

The largest dollar increase in General Fund revenue is attributable to state income taxes, which grew \$136,700 or 31.9% over the prior year. Utility taxes rose \$117,100 or 9.4% over the prior year. Interest income, which is included in other income rose \$61,300 or 38.2%. Sales tax receipts actually decreased \$202,400 or 10.4% over the prior year. Licenses, permits and fees declined \$56,300 or 6.1% and reflect the general slowdown in residential building activity in the Village.

General Fund expenditures for FY2005-06 increased 3.3% or \$267,100 over the prior year.

VILLAGE OF NORTHFIELD, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

**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 \$490.0 million in FY2006-07 were derived primarily from transfers from other funds. The \$2.8 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 \$1.09 per 100 cubic foot and water is sold to all municipal customers at the rate of \$3.23 per 100 cubic foot. The sanitary sewer rate is \$1.25 per 100 cubic foot of water consumed.

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

	FY2006-07	FY2005-06	Dollar Change	Percent Change
<b>Revenues:</b>				
Water sales	\$ 1,244.3	\$ 1,425.8	\$ (181.5)	(12.7)%
Other	64.9	88.5	(23.6)	(26.7)%
<b>Total</b>	<b>1,309.2</b>	<b>1,514.3</b>	<b>(205.1)</b>	<b>(13.5)%</b>
<b>Expenses:</b>				
Personnel	427.4	368.9	58.5	15.9%
Water purchases	531.1	586.2	(55.1)	(9.4)%
Depreciation	161.1	153.2	7.9	5.2%
Other	94.5	133.6	(39.1)	(29.3)%
<b>Total</b>	<b>1,214.1</b>	<b>1,241.9</b>	<b>(27.8)</b>	<b>(2.2)%</b>
Operating Income (loss)	95.1	272.4	(177.3)	65.1%
Investment Income (Expense)	42.5	23.0	(3.3)	(59.7)%
<b>Net Income (loss)</b>	<b>\$ 137.6</b>	<b>\$ 295.4</b>	<b>\$ (157.8)</b>	<b>(53.4)%</b>

**Water Fund Summary (in thousands)**

Net income of \$137,600 in the Water Fund for FY2006-07 is \$157,800 less than the net income for the prior year, reflecting a 13.5% decrease in revenues and a 2.2% decrease in expenses. The increase in net income includes a 3.6% rate increase that went into effect on May 1, 2006 and a 17% decrease in the gallons of water billed from the prior year.

VILLAGE OF NORTHFIELD, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

Sewerage Fund Summary (in thousands)

	FY2006-07	FY2005-06	Dollar Change	Percent Change
Revenues:				
Sewer Fees	\$ 503.4	\$ 581.6	\$ (78.2)	(13.4)%
Other	2.3	11.2	(8.9)	(79.5)%
<b>Total</b>	<b>505.7</b>	<b>592.8</b>	<b>(87.1)</b>	<b>(14.7)%</b>
Expenses:				
Personnel	426.5	359.8	66.7	18.5%
Depreciation	124.1	114.1	10.0	8.8%
Other	28.6	46.3	(17.7)	(38.2)%
<b>Total</b>	<b>579.2</b>	<b>520.2</b>	<b>59.0</b>	<b>11.3%</b>
Operating Income (loss)	(73.5)	72.6	(146.1)	(201.2)%
Investment Income (expense)	25.7	22.5	3.2	14.2%
<b>Net Income (loss)</b>	<b>\$ (47.8)</b>	<b>\$ 95.1</b>	<b>\$ (142.9)</b>	<b>-150.3%</b>

Net income in the Sanitary Sewer Fund decreased \$142,900 compared with the prior year. Total revenues, including investment income, decreased \$83,900 or 13.6% attributable primarily to decreased water sales.

The 11.3% increase in expenses includes additional depreciation expense associated with the dedication of new sanitary sewers 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 2006-07, the Village had a combined total of capital assets net of accumulated depreciation of \$22.4 million invested in a broad range of capital assets, of which \$10.5 million was related to governmental activities and \$11.9 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 increase for the year (including additions, deletions and depreciation) of \$416,000. 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.

VILLAGE OF NORTHFIELD, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 2,704	\$ 2,704	\$ 300	\$ 300	\$ 3,004	\$ 3,004
Construction in progress	-	-	125	57	125	57
Land improvements	289	116	-	-	289	116
Buildings	5,866	6,044	-	-	5,866	6,044
Machinery and equipment	1,599	1,824	84	96	1,683	1,920
Water and Sewer Infrastructure	-	-	11,385	10,795	11,385	10,795
<b>Total</b>	<b>\$ 10,458</b>	<b>\$ 10,688</b>	<b>\$ 11,894</b>	<b>\$ 11,248</b>	<b>\$ 22,352</b>	<b>\$ 21,936</b>

**LONG -TERM DEBT**

As of April 30, 2007, the Village had outstanding debt of \$1,810,000 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, 2007, the Village's legal debt limit was \$46,115,361. 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 Village economy continues to hold firm. 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 has experienced 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, 2007

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current			
Cash and cash equivalents	\$ 874,964	\$ 129,565	\$ 1,004,529
Investments	7,738,951	1,012,925	8,751,876
Receivables			
Property taxes	1,893,824	-	1,893,824
Water and sewer customers	-	499,061	499,061
Other taxes	800,302	-	800,302
Notes receivable	25,000	-	25,000
Motor fuel tax	13,606	-	13,606
Intergovernmental reimbursement	161,082	-	161,082
Interest	6,475	-	6,475
Miscellaneous	68,635	-	68,635
Prepaid items	239,077	19,961	259,038
Total current assets	<u>11,821,916</u>	<u>1,661,512</u>	<u>13,483,428</u>
Noncurrent			
Notes receivable	416,667	-	416,667
Bond issuance costs	95,039	-	95,039
Capital assets not being depreciated	2,703,898	425,403	3,129,301
Capital assets being depreciated, net of accumulation depreciation	7,754,287	11,469,017	19,223,304
Total noncurrent assets	<u>10,969,891</u>	<u>11,894,420</u>	<u>22,864,311</u>
<b>Total assets</b>	<u>\$ 22,791,807</u>	<u>\$ 13,555,932</u>	<u>\$ 36,347,739</u>

(Continued)

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Net Assets - Continued  
April 30, 2007

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current			
Accounts payable	\$ 380,909	\$ 51,041	\$ 431,950
Accrued payroll	121,896	14,522	136,418
Accrued interest	34,174	-	34,174
Contributions payable	253,237	-	253,237
Compensated absences	231,761	54,654	286,415
Deposits and other liabilities	538,796	33,821	572,617
Special service area bonds	75,000	-	75,000
Total current liabilities	1,635,773	154,038	1,789,811
Noncurrent			
Compensated absences	442,364	80,432	522,796
Special service area bonds, net of unamortized discount of \$11,784	1,723,216	-	1,723,216
Total noncurrent liabilities	2,165,580	80,432	2,246,012
<b>Total liabilities</b>	3,801,353	234,470	4,035,823
<b>Net Assets</b>			
Invested in capital assets, net of related debt	8,659,969	11,894,420	20,554,389
Restricted for streets and bridges	812,032	-	812,032
Restricted for fire/rescue	71,275	-	71,275
Unrestricted	9,447,178	1,427,042	10,874,220
Total net assets	18,990,454	13,321,462	32,311,916
<b>Total liabilities and net assets</b>	\$ 22,791,807	\$ 13,555,932	\$ 36,347,739

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Activities  
Year Ended April 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,525,913	\$ 502,201	\$ 21,178	\$ -
Public works	1,094,146	4,320	168,738	181,355
Building/community development	839,685	490,877	-	-
Police department	3,954,545	199,363	-	-
Fire/rescue	1,510,859	110,841	-	-
Interest and fees	110,190	-	-	-
Total governmental activities	<u>9,035,338</u>	<u>1,307,602</u>	<u>189,916</u>	<u>181,355</u>
Business-type activities				
Water	1,214,114	1,309,253	-	398,075
Sewerage	579,295	505,737	-	312,275
Total business-type activities	<u>1,793,409</u>	<u>1,814,990</u>	<u>-</u>	<u>710,350</u>
Total	<u>\$ 10,828,747</u>	<u>\$ 3,122,592</u>	<u>\$ 189,916</u>	<u>\$ 891,705</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, 2006

  April 30, 2007

See Notes to Basic Financial Statements.

Net (Expense), Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,002,534)	\$ -	\$ (1,002,534)
(739,733)	-	(739,733)
(348,808)	-	(348,808)
(3,755,182)	-	(3,755,182)
(1,400,018)	-	(1,400,018)
(110,190)	-	(110,190)
<u>(7,356,465)</u>	<u>-</u>	<u>(7,356,465)</u>
-	493,214	493,214
-	238,717	238,717
<u>-</u>	<u>731,931</u>	<u>731,931</u>
<u>(7,356,465)</u>	<u>731,931</u>	<u>(6,624,534)</u>
3,376,653	-	3,376,653
62,356	-	62,356
492,456	-	492,456
1,825,050	-	1,825,050
1,363,840	-	1,363,840
210,936	-	210,936
418,487	68,219	486,706
119,551	-	119,551
42,800	(42,800)	-
<u>7,912,129</u>	<u>25,419</u>	<u>7,937,548</u>
555,664	757,350	1,313,014
<u>18,434,790</u>	<u>12,564,112</u>	<u>30,998,902</u>
<u>\$ 18,990,454</u>	<u>\$ 13,321,462</u>	<u>\$ 32,311,916</u>

Village of Northfield, Illinois

Balance Sheet  
 Governmental Funds  
 April 30, 2007

	General Fund	Capital / Equipment Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 11,532	\$ 187,392	\$ 676,040	\$ 874,964
Investments	5,128,754	2,097,010	513,187	7,738,951
Receivables:				
Property taxes	1,767,615	-	126,209	1,893,824
Other taxes	800,302	-	-	800,302
Current portion of notes receivable	25,000	-	-	25,000
Noncurrent portion of notes receivable	416,667	-	-	416,667
Motor fuel taxes	-	-	13,606	13,606
Intergovernmental reimbursement	-	23,197	137,885	161,082
Interest	6,475	-	-	6,475
Miscellaneous	68,635	-	-	68,635
Due from other funds	-	388,066	-	388,066
Prepaid items	154,919	84,158	-	239,077
<b>Total assets</b>	<b>\$ 8,379,899</b>	<b>\$ 2,779,823</b>	<b>\$ 1,466,927</b>	<b>\$ 12,626,649</b>
<b>Liabilities</b>				
Accounts payable	\$ 150,482	\$ 10,693	\$ 219,734	\$ 380,909
Accrued payroll	121,896	-	-	121,896
Contributions payable	253,237	-	-	253,237
Deferred revenue:				
Property tax	1,745,355	-	126,209	1,871,564
Other	208,108	-	-	208,108
Deposits and other liabilities	538,796	-	-	538,796
Due to other funds	388,066	-	-	388,066
<b>Total liabilities</b>	<b>3,405,940</b>	<b>10,693</b>	<b>345,943</b>	<b>3,762,576</b>
<b>Fund balances</b>				
Reserved				
Long-term receivables	416,667	-	-	416,667
Prepaid items	154,919	84,158	-	239,077
Debt service	-	-	237,677	237,677
Unreserved, reported in				
General fund	4,402,373	-	-	4,402,373
Special revenue funds	-	-	883,307	883,307
Capital projects funds	-	2,684,972	-	2,684,972
<b>Total fund balances</b>	<b>4,973,959</b>	<b>2,769,130</b>	<b>1,120,984</b>	<b>8,864,073</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,379,899</b>	<b>\$ 2,779,823</b>	<b>\$ 1,466,927</b>	<b>\$ 12,626,649</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, 2007

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Total fund balances - governmental funds	\$	8,864,073
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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.		10,458,185
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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	\$	1,871,564	
Sales tax		145,000	
Local tax		6,700	
Utility tax		52,000	
Wireless 911		4,408	2,079,672

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.		95,039
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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		(1,810,000)
Unamortized discount on bonds		11,784
Accrued interest		(34,174)
Compensated absences		(674,125)

Net assets of governmental activities	\$	18,990,454
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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, 2007

	General Fund	Capital / Equipment Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 3,041,732	\$ -	\$ 64,280	\$ 3,106,012
Other taxes	3,741,194	-	-	3,741,194
Licenses, permits, and fees	867,044	-	-	867,044
Intergovernmental	-	-	189,916	189,916
Charges for services	330,755	-	-	330,755
911 Surcharge	210,936	-	-	210,936
Fines and forfeitures	109,803	-	-	109,803
Interest	221,615	139,113	57,759	418,487
Miscellaneous	106,376	13,175	-	119,551
<b>Total revenues</b>	<b>8,629,455</b>	<b>152,288</b>	<b>311,955</b>	<b>9,093,698</b>
<b>Expenditures</b>				
Current				
General administration	1,391,704	117,267	-	1,508,971
Public works	902,584	9,223	-	911,807
Building/community development	851,978	9,803	-	861,781
Police department	3,770,099	52,500	-	3,822,599
Fire/rescue	1,362,430	56,809	8,164	1,427,403
Debt service				
Principal	-	-	75,000	75,000
Interest and fees	-	-	84,530	84,530
<b>Total expenditures</b>	<b>8,278,795</b>	<b>245,602</b>	<b>167,694</b>	<b>8,692,091</b>
Excess (deficiency) of revenues over expenditures	350,660	(93,314)	144,261	401,607
Other financing sources (uses)				
Transfer in	-	337,500	160,636	498,136
Transfer (out)	(349,775)	-	(105,561)	(455,336)
<b>Total other financing sources (uses)</b>	<b>(349,775)</b>	<b>337,500</b>	<b>55,075</b>	<b>42,800</b>
<b>Net change in fund balances</b>	<b>885</b>	<b>244,186</b>	<b>199,336</b>	<b>444,407</b>
Fund balances				
May 1, 2006	4,973,074	2,524,944	921,648	8,419,666
April 30, 2007	\$ 4,973,959	\$ 2,769,130	\$ 1,120,984	\$ 8,864,073

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, 2007

Net change in fund balances—total governmental funds	\$	444,407
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlays	\$	116,233
Depreciation expense		(523,174)
		(406,941)
<p>Losses on disposals of capital assets are not reported in the governmental funds, while losses are recorded as an expense in the governmental activities</p>		
		(4,595)
<p>Contributions of capital assets are reported as revenues in the governmental activities and are not reported in the funds</p>		
		181,355
<p>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.</p>		
		273,148
<p>Principal repayments on long-term obligations are expenditures in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.</p>		
		75,000
<p>Amortization of bond issuance costs and discounts are reported as expenses in the governmental activities, but are not reported in the governmental funds</p>		
		(26,706)
<p>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:</p>		
Decrease in accrued interest		1,047
Decrease in compensated absences		18,949
		20,996
Change in net assets of governmental activities	\$	555,664

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Net Assets  
Enterprise Funds  
April 30, 2007

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
<b>Assets</b>			
Current			
Cash and cash equivalents	\$ 129,565	\$ -	\$ 129,565
Investments	506,514	506,411	1,012,925
Receivables, water and sewer accounts	339,332	159,729	499,061
Due from other funds	169,519	-	169,519
Prepaid items	9,991	9,970	19,961
Total current assets	1,154,921	676,110	1,831,031
Noncurrent			
Capital assets not being depreciated	425,403	-	425,403
Capital assets being depreciated, net of accumulated depreciation	5,878,765	5,590,252	11,469,017
Total noncurrent assets	6,304,168	5,590,252	11,894,420
<b>Total assets</b>	\$ 7,459,089	\$ 6,266,362	\$ 13,725,451
<b>Liabilities</b>			
Current			
Accounts payable	\$ 50,009	\$ 1,032	\$ 51,041
Accrued payroll	7,296	7,226	14,522
Compensated absences	27,316	27,338	54,654
Deposits	33,821	-	33,821
Due to other funds	-	169,519	169,519
Total current liabilities	118,442	205,115	323,557
Noncurrent			
Compensated absences	40,099	40,333	80,432
<b>Total liabilities</b>	158,541	245,448	403,989
<b>Net Assets</b>			
Invested in capital assets, net of related debt	6,304,168	5,590,252	11,894,420
Unrestricted	996,380	430,662	1,427,042
<b>Total net assets</b>	7,300,548	6,020,914	13,321,462
<b>Total liabilities and net assets</b>	\$ 7,459,089	\$ 6,266,362	\$ 13,725,451

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, 2007

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
Operating revenues			
Sale of water	\$ 1,244,342	\$ -	\$ 1,244,342
Sewerage usage fees	-	503,427	503,427
Miscellaneous	64,911	2,310	67,221
<b>Total operating revenues</b>	<b>1,309,253</b>	<b>505,737</b>	<b>1,814,990</b>
Operating expenses			
Operations	1,052,964	455,152	1,508,116
Depreciation	161,150	124,143	285,293
<b>Total operating expenses</b>	<b>1,214,114</b>	<b>579,295</b>	<b>1,793,409</b>
<b>Operating income (loss)</b>	<b>95,139</b>	<b>(73,558)</b>	<b>21,581</b>
Nonoperating income			
Interest income	42,447	25,772	68,219
<b>Income (loss) before contributions and transfers</b>	<b>137,586</b>	<b>(47,786)</b>	<b>89,800</b>
Contributions of capital assets by developers	398,075	312,275	710,350
Transfers out	(21,600)	(21,200)	(42,800)
<b>Change in net assets</b>	<b>514,061</b>	<b>243,289</b>	<b>757,350</b>
Net assets			
May 1, 2006	6,786,487	5,777,625	12,564,112
April 30, 2007	\$ 7,300,548	\$ 6,020,914	\$ 13,321,462

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Cash Flows  
Enterprise Funds  
Year Ended April 30, 2007

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
Cash flows from operating activities			
Cash received for services	\$ 1,250,098	\$ 469,517	\$ 1,719,615
Payments to employees	(426,584)	(425,599)	(852,183)
Payments to suppliers	(638,997)	(40,663)	(679,660)
Net cash provided by operating activities	<u>184,517</u>	<u>3,255</u>	<u>187,772</u>
Cash flows from capital and related financing activities			
Additions to property and equipment	<u>(68,804)</u>	<u>(152,284)</u>	<u>(221,088)</u>
Cash flows from noncapital and related financing activities			
Loans to other funds	(169,519)	-	(169,519)
Loans from other funds	-	169,519	169,519
Transfers out	(21,600)	(21,200)	(42,800)
Net cash flows from noncapital and related financing activities	<u>(191,119)</u>	<u>148,319</u>	<u>(42,800)</u>
Cash flows from investing activities			
Purchase of investments	(506,514)	(506,411)	(1,012,925)
Interest received	42,447	25,772	68,219
Net cash flows from investing activities	<u>(464,067)</u>	<u>(480,639)</u>	<u>(944,706)</u>
Net decrease in cash and cash equivalents	(539,473)	(481,349)	(1,020,822)
Cash and cash equivalents			
May 1, 2006	<u>669,038</u>	<u>481,349</u>	<u>1,150,387</u>
April 30, 2007	<u>\$ 129,565</u>	<u>\$ -</u>	<u>\$ 129,565</u>

(Continued)

Village of Northfield, Illinois

Statement of Cash Flows (Continued)

Enterprise Funds

Year Ended April 30, 2007

	Business-Type Activities		
	Water Fund	Sewerage Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 95,139	\$ (73,558)	\$ 21,581
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	161,150	124,143	285,293
Changes in assets and liabilities			
Accounts receivable	(59,155)	(36,220)	(95,375)
Prepaid items	(9,991)	(9,970)	(19,961)
Accounts payable	(2,218)	(2,085)	(4,303)
Accrued payroll and compensated absences	771	945	1,716
Deposits	(1,179)	-	(1,179)
Total adjustments	89,378	76,813	166,191
Net cash provided by operating activities	\$ 184,517	\$ 3,255	\$ 187,772
Summary of noncash capital financing activities:			
Capital assets contributed by developers	\$ 398,075	\$ 312,275	\$ 710,350

See Notes to Basic Financial Statements.

Village of Northfield, Illinois

Statement of Fiduciary Net Assets  
Pension Trust Fund  
April 30, 2007

	Police Pension
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 114,722
Investments, at fair value:	
Vanguard 500 Index Fund Admiral	3,932,120
Vanguard Growth Index Fund Admiral	1,145,309
U.S. Treasury Notes	5,961,219
Total investments	<u>11,038,648</u>
Receivables:	
Contributions	253,237
Accrued interest	<u>124,964</u>
<b>Total assets</b>	<u><u>\$ 11,531,571</u></u>
<b>Net assets held in trust for pension benefits</b>	<u><u>\$ 11,531,571</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, 2007

	Police Pension
<hr/>	
Additions	
Contributions	
Employer	\$ 453,442
Plan members	152,560
Total contributions	<u>606,002</u>
Investment income	
Net appreciation in fair value of investments	592,382
Interest	386,174
Total investment income	<u>978,556</u>
<b>Total additions</b>	<u>1,584,558</u>
Deductions	
Benefits	884,197
Administrative	21,366
<b>Total deductions</b>	<u>905,563</u>
<b>Change in net assets</b>	678,995
Net assets held in trust for pension benefits	
May 1, 2006	<u>10,852,576</u>
April 30, 2007	<u><u>\$ 11,531,571</u></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, 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 generally have been made to minimize the double counting of internal activities of the Village; however, interfund services provided and used are not eliminated in the process of consolidation. 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 (sworn police officers) for retirement annuity payments.

**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.

**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. Eliminations are not performed for these transactions in the government-wide financial statements.

**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, 2007, the balances receivable on these loans were \$166,667 and \$275,000, respectively. These are interest-free notes.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items/expenditures.

## Village of Northfield, Illinois

### Notes to Basic Financial Statements

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

##### 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.

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.

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

**Compensated Absences (Continued)**

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.

**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 2006 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 2006 levy is reported as revenue.

#### **Note 4. Cash and Investments**

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, 2007, 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, 2007, 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	\$ 5,961,219	\$ 400,281	\$ 4,010,250	\$ 1,550,688
Illinois Funds Investment Pool	597,852	597,852	-	-
	<u>\$ 6,559,071</u>	<u>\$ 998,133</u>	<u>\$ 4,010,250</u>	<u>\$ 1,550,688</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, 2007, the Village's investments in Illinois Funds were rated AAA by Standard & Poor's.

*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.

The Village (Police Pension Fund) has equity mutual fund investments totaling \$5,087,214 as of April 30, 2007, 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, 2007 is as follows:

	Balance May 1, 2006	Additions	Deletions	Balance April 30, 2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,703,898	\$ -	\$ -	\$ 2,703,898
Total capital assets not being depreciated	2,703,898	-	-	2,703,898
Capital assets being depreciated:				
Land improvements	119,340	181,355	-	300,695
Buildings	7,408,497	-	-	7,408,497
Machinery and equipment	4,156,045	116,233	131,816	4,140,462
Total capital assets being depreciated	11,683,882	297,588	131,816	11,849,654
Less accumulated depreciation for:				
Land improvements	3,409	8,252	-	11,661
Buildings	1,364,208	178,319	-	1,542,527
Machinery and equipment	2,331,797	336,603	127,221	2,541,179
Total accumulated depreciation	3,699,414	523,174	127,221	4,095,367
Total capital assets being depreciated, net	7,984,468	(225,586)	4,595	7,754,287
Governmental activities				
Capital assets, net	\$ 10,688,366	\$ (225,586)	\$ 4,595	\$ 10,458,185

Village of Northfield, Illinois

Notes to Basic Financial Statements

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**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, 2007 is as follows:

	Balance May 1, 2006	Additions	Deletions	Balance April 30, 2007
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Construction in progress	56,597	68,806	-	125,403
Total capital assets not being depreciated	356,597	68,806	-	425,403
Capital assets being depreciated:				
Machinery and equipment	233,293	-	-	233,293
Water and sewer infrastructure	14,015,457	862,632	146,830	14,731,259
Total capital assets being depreciated	14,248,750	862,632	146,830	14,964,552
Less accumulated depreciation for:				
Machinery and equipment	136,784	12,798	-	149,582
Water and sewer infrastructure	3,220,288	272,495	146,830	3,345,953
Total accumulated depreciation	3,357,072	285,293	146,830	3,495,535
Total capital assets being depreciated, net	10,891,678	577,339	-	11,469,017
Business-type activities capital assets, net	\$ 11,248,275	\$ 646,145	\$ -	\$ 11,894,420

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	\$	60,635
Public works		153,197
Building/community development		7,576
Police department		174,029
Fire/rescue		<u>127,737</u>
Total depreciation expense - governmental activities	<u>\$</u>	<u>523,174</u>

Business-type activities:

Water	\$	161,150
Sewerage		<u>124,143</u>
Total depreciation expense - business-type activities	<u>\$</u>	<u>285,293</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, 2007:

	Balance May 1, 2006	Additions	Reductions	Balance April 30, 2007	Due within one year
Special service area bonds	\$ 1,885,000	\$ -	\$ 75,000	\$ 1,810,000	\$ 75,000
Compensated absences	693,074	674,125	693,074	674,125	231,761
	<u>\$ 2,578,074</u>	<u>\$ 674,125</u>	<u>\$ 693,074</u>	<u>\$ 2,484,125</u>	<u>\$ 306,761</u>

The following is a summary of long-term obligation activity for the Village associated with business-type activities for the year ended April 30, 2007:

	Balance May 1, 2006	Additions	Reductions	Balance April 30, 2007	Due within one year
Compensated absences	\$ 136,697	\$ 135,086	\$ 136,697	\$ 135,086	\$ 54,654

## 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 for the construction of a sanitary sewer in the Longmeadow area. 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, 2007, \$1,810,000 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
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	100,000	67,700	167,700
2013 - 2017	550,000	265,193	815,193
2018 - 2022	680,000	133,932	813,932
2023	155,000	7,364	162,364
Total	<u>\$ 1,810,000</u>	<u>\$ 783,495</u>	<u>\$ 2,593,495</u>

The Village's legal debt limitation of \$46,115,361 is based on 8.625% of the 2005 equalized assessed valuation of \$534,670,848.

#### 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 2006 the rate was 11.38%.

*Annual Pension Cost and Net Pension Obligation*

At December 31, 2006, the Village's annual pension cost of \$412,234 was equal to the Village's required and actual contributions. The required contributions were determined as part of the December 31, 2004, 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, 2007 the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not Yet Receiving Them	20
Current Employees	
Vested	9
Nonvested	11
Total	<u><u>40</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 2007, the Village's annual pension cost of \$453,442 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)	\$ 453,442
Interest on the NPO	-
Adjustment to the ARC	-
	<hr/>
Annual Pension Cost	453,442
FY 2007 Contribution	(453,442)
	<hr/>
Increase in NPO	-
NPO at May 1, 2006	-
	<hr/>
NPO at April 30, 2007	\$ -
	<hr/> <hr/>

There was no net pension obligation (NPO) at April 30, 2007.

*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, 2006	May 1, 2006
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 – 26 years	Level Percentage Of Projected Payroll-Closed Basis – 27 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

	Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual Pension Cost	2005	\$ 284,764	\$ 370,257
	2006	333,264	397,731
	2007	412,234	453,442
Percent Contributed	2005	100.00%	100.00%
	2006	100.00	100.00
	2007	100.00	100.00
Net Pension Obligation	2005	\$ -	\$ -
	2006	-	-
	2007	-	-

Village of Northfield, Illinois

Notes to Basic Financial Statements

**Note 8. Other Financial Disclosures**

Interfund debt as of April 30, 2007 is as follows:

Fund	Due From	Due To
Major Governmental:		
General Fund:		
Capital/Replacement Equipment Fund	\$ -	\$ 388,066
Capital/Replacement Equipment Fund:		
General Fund	388,066	-
Major Enterprise:		
Water Fund:		
Sewerage Fund	169,519	-
Sewerage Fund:		
Water Fund:	-	169,519
	\$ 557,585	\$ 557,585

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

Transfers for the year ended April 30, 2007 are as follows:

Fund	Transfers In	Transfers Out
General		
Capital/Equipment Replacement	\$ -	\$ 294,700
Nonmajor governmental funds	-	55,075
	-	349,775
Capital/Equipment Replacement		
General	294,700	-
Water	21,600	-
Sewerage	21,200	-
	337,500	-
Nonmajor governmental funds		
General	55,075	-
Special Service Area	105,561	-
Bond and Interest	-	105,561
	160,636	105,561
Water		
Capital/Equipment Replacement	-	21,600
Sewerage		
Capital/Equipment Replacement	-	21,200
Totals	\$ 498,136	\$ 498,136

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 \$535,462. As of year-end, approximately \$427,035 remains unexpended. No future financing is required.

## Village of Northfield, Illinois

### 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:

GASB 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.

GASB 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.

GASB Statement No. 48, *Sales and Pledging of Receivables and Intra-Entity Transfers of Assets and Future Revenues*, will be effective for the Village beginning with its year ending April 30, 2008. This Statement will establish criteria that governments will use to ascertain whether proceeds received should be reported as revenue or as a liability.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, will be effective for the Village beginning with its year ending April 30, 2009. This statement addresses accounting and financial reporting for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessment and cleanups.

GASB Statement No. 50, *Pension Disclosures – an amendment to GASB Statements No. 25 and No. 27*, will be effective for the Village beginning with its year ending April 30, 2009. This statement more closely aligns the financial reporting requirements for pensions with those for other post employment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. All existing authoritative guidance for capital assets should be applied to these intangible assets, as applicable. The Village is required to implement this Statement for the year ending April 30, 2011.

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

#### Note 12. Subsequent Event

On October 10, 2007, the Village issued \$3.5 million in general obligation alternate revenue source bonds. Annual principal installments on the debt range from \$115,000 to \$250,000 and interest rates range from 3.9% to 4.0%, through final maturity in December 2027.

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, 2007

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 3,178,000	\$ 3,041,732	\$ (136,268)
Other taxes			
Replacement	52,000	62,356	10,356
Income	438,000	565,769	127,769
Sales	1,820,000	1,751,737	(68,263)
Utility	1,240,000	1,361,332	121,332
Licenses, permits, and fees	804,500	867,044	62,544
Services	307,020	330,755	23,735
Fines and forfeitures	125,000	109,803	(15,197)
911 surcharge	213,000	210,936	(2,064)
Investment income	158,000	221,615	63,615
Miscellaneous	85,000	106,376	21,376
<b>Total revenues</b>	<u>8,420,520</u>	<u>8,629,455</u>	<u>208,935</u>
Expenditures			
Current			
General administration	1,338,070	1,391,704	(53,634)
Public works	872,200	902,584	(30,384)
Building/community development	882,450	851,978	30,472
Police department	3,878,250	3,770,099	108,151
Fire/rescue	1,361,750	1,362,430	(680)
<b>Total expenditures</b>	<u>8,332,720</u>	<u>8,278,795</u>	<u>53,925</u>
Excess of revenues over expenditures	87,800	350,660	262,860
Other financing uses			
Transfer out	(294,700)	(349,775)	(55,075)
<b>Net change in fund balance</b>	<u>\$ (206,900)</u>	885	<u>\$ 207,785</u>
Fund balance			
May 1, 2006		<u>4,973,074</u>	
April 30, 2007		<u>\$ 4,973,959</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)
12/31/2006	\$ 8,403,605	\$ 10,542,917	\$ 2,139,312	79.71 %	\$ 3,622,441	59.06 %
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)

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$9,002,714. On a market basis, the funded ratio would be 85.39%.

\* Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

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)
04/30/2007	\$ 10,852,576	\$ 16,112,140	\$ 5,259,564	67.36 %	\$ 1,566,149	335.83 %
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

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			
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	
2006	412,234	100.00	

Police Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	
Fiscal Year			
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	
2007	453,442	100.00	

**Note to Required Supplementary Information**

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**Note 1. Budgetary Basis of Accounting**

The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

## Supplementary Information

**Nonmajor Governmental Funds**

Village of Northfield, Illinois

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 April 30, 2007

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Foreign Fire Insurance Tax Fund	Bond and Interest Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 365,565	\$ 72,798	\$ 237,677	\$ 676,040
Investments	513,187	-	-	513,187
Receivables				
Property taxes	-	-	126,209	126,209
Motor fuel tax allotments	13,606	-	-	13,606
Intergovernmental reimbursement	137,885	-	-	137,885
<b>Total assets</b>	<b>\$ 1,030,243</b>	<b>\$ 72,798</b>	<b>\$ 363,886</b>	<b>\$ 1,466,927</b>
<b>Liabilities</b>				
Accounts payable	\$ 218,211	\$ 1,523	\$ -	\$ 219,734
Deferred property taxes	-	-	126,209	126,209
<b>Total liabilities</b>	<b>218,211</b>	<b>1,523</b>	<b>126,209</b>	<b>345,943</b>
<b>Fund balances</b>				
Reserved for debt service	-	-	237,677	237,677
Unreserved	812,032	71,275	-	883,307
<b>Total fund balances</b>	<b>812,032</b>	<b>71,275</b>	<b>237,677</b>	<b>1,120,984</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,030,243</b>	<b>\$ 72,798</b>	<b>\$ 363,886</b>	<b>\$ 1,466,927</b>

Village of Northfield, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended April 30, 2007

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Foreign Fire Insurance Tax Fund	Bond and Interest Fund	Special Service Area Fund	
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 64,280	\$ -	\$ 64,280
Intergovernmental					
Motor fuel tax allotments	168,738	-	-	-	168,738
Foreign fire insurance tax		21,178	-	-	21,178
Interest	39,737	3,186	11,369	3,467	57,759
<b>Total revenues</b>	<b>208,475</b>	<b>24,364</b>	<b>75,649</b>	<b>3,467</b>	<b>311,955</b>
<b>Expenditures</b>					
Current					
Fire/rescue	-	8,164	-	-	8,164
Debt service					
Principal	-	-	75,000	-	75,000
Interest and fees	-	-	84,530	-	84,530
<b>Total expenditures</b>	<b>-</b>	<b>8,164</b>	<b>159,530</b>	<b>-</b>	<b>167,694</b>
Excess (deficiency) of revenues over expenditures	208,475	16,200	(83,881)	3,467	144,261
<b>Other financing sources (uses)</b>					
Transfer in	-	55,075	105,561	-	160,636
Transfer out	-	-	-	(105,561)	(105,561)
	-	55,075	105,561	(105,561)	55,075
<b>Net change in fund balances</b>	<b>208,475</b>	<b>71,275</b>	<b>21,680</b>	<b>(102,094)</b>	<b>199,336</b>
<b>Fund balances</b>					
May 1, 2006	603,557	-	215,997	102,094	921,648
April 30, 2007	\$ 812,032	\$ 71,275	\$ 237,677	\$ -	\$ 1,120,984

Village of Northfield, Illinois

Nonmajor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Motor Fuel Tax Fund  
 Year Ended April 30, 2007

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental:			
Motor fuel tax allotments	\$ 158,120	\$ 168,738	\$ 10,618
Reimbursements	138,200	-	(138,200)
Interest	33,800	39,737	5,937
<b>Total revenues</b>	<u>330,120</u>	<u>208,475</u>	<u>(121,645)</u>
<b>Expenditures</b>			
Capital outlay	<u>203,000</u>	-	<u>203,000</u>
<b>Net change in fund balance</b>	<u><u>\$ 127,120</u></u>	<u>208,475</u>	<u><u>\$ 81,355</u></u>
<b>Fund balance</b>			
May 1, 2006		<u>603,557</u>	
April 30, 2007		<u><u>\$ 812,032</u></u>	

Village of Northfield, Illinois

Nonmajor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Foreign Fire Insurance Tax Fund  
 Year Ended April 30, 2007

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental:			
Foreign fire insurance tax	\$ 19,000	\$ 21,178	\$ 2,178
Interest	1,100	3,186	2,086
<b>Total revenues</b>	<u>20,100</u>	<u>24,364</u>	<u>4,264</u>
<b>Expenditures</b>			
Fire/rescue	<u>13,000</u>	<u>8,164</u>	<u>4,836</u>
Excess of revenues over expenditures	7,100	16,200	(572)
<b>Other financing sources</b>			
Transfer in	<u>-</u>	<u>55,075</u>	<u>55,075</u>
<b>Net change in fund balance</b>	<u><u>\$ 7,100</u></u>	<u>71,275</u>	<u><u>\$ (55,647)</u></u>
<b>Fund balance</b>			
May 1, 2006		<u>-</u>	
April 30, 2007		<u><u>\$ 71,275</u></u>	

Village of Northfield, Illinois

Nonmajor Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Bond and Interest Fund  
 Year Ended April 30, 2007

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Property taxes	\$ 159,550	\$ 64,280	\$ (95,270)
Interest	8,900	11,369	2,469
<b>Total revenues</b>	<u>168,450</u>	<u>75,649</u>	<u>(92,801)</u>
<b>Expenditures</b>			
Debt service			
Principal	75,000	75,000	-
Interest and fees	84,530	84,530	-
	<u>159,530</u>	<u>159,530</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	8,920	(83,881)	(92,801)
<b>Other financing sources</b>			
Transfer in	78,000	105,561	27,561
<b>Net change in fund balance</b>	<u>\$ 86,920</u>	21,680	<u>\$ (65,240)</u>
<b>Fund balance</b>			
May 1, 2006		<u>215,997</u>	
April 30, 2007		<u>\$ 237,677</u>	

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, 2007

	Original and Final Budget	Actual	Variance
<hr/>			
Revenues			
Interest	\$ 1,000	\$ 3,467	\$ 2,467
Expenditures			
Capital outlay	-	-	-
<hr/>			
Excess of revenues over expenditures	1,000	3,467	2,467
Other financing uses			
Transfer out	(78,000)	(105,561)	(27,561)
<hr/>			
<b>Net change in fund balance</b>	<u><u>\$ (77,000)</u></u>	(102,094)	<u><u>\$ (25,094)</u></u>
Fund balance			
May 1, 2006		<u>102,094</u>	
April 30, 2007		<u><u>\$ -</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, 2007

	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Intergovernmental, grants	\$ 124,000	\$ -	\$ (124,000)
Interest	85,900	139,113	53,213
Miscellaneous	44,800	13,175	(31,625)
<b>Total revenues</b>	254,700	152,288	(102,412)
<b>Expenditures</b>			
Current			
General administration	166,730	117,267	49,463
Public works	335,000	9,223	325,777
Building/community development	165,000	9,803	155,197
Police department	96,700	52,500	44,200
Fire/rescue	263,000	56,809	206,191
<b>Total expenditures</b>	1,026,430	245,602	780,828
Excess (deficiency) of revenues over expenditures	(771,730)	(93,314)	678,416
<b>Other financing sources</b>			
Transfer in	337,500	337,500	-
<b>Net change in fund balance</b>	\$ (434,230)	244,186	\$ 678,416
<b>Fund balance</b>			
May 1, 2006		2,524,944	
April 30, 2007		\$ 2,769,130	

Enterprise Funds

Village of Northfield, Illinois

Major Enterprise Fund  
 Schedule of Revenues, Expenses and Changes an Net Assets -  
 Budget and Actual - Water Fund  
 Year Ended April 30, 2007

	Original and Final Budget	Actual	Variance
<hr/>			
Operating revenues			
Sale of water	\$ 1,299,300	\$ 1,244,342	\$ (54,958)
Miscellaneous	74,000	64,911	(9,089)
<b>Total operating revenues</b>	<u>1,373,300</u>	<u>1,309,253</u>	<u>(64,047)</u>
Operating expenses			
Salaries and benefits	424,900	427,355	(2,455)
Water purchases	541,630	531,100	10,530
Repair and maintenance	136,430	94,509	41,921
Depreciation	176,000	161,150	14,850
<b>Total operating expenses</b>	<u>1,278,960</u>	<u>1,214,114</u>	<u>64,846</u>
<b>Operating income</b>	94,340	95,139	799
Nonoperating income			
Interest income	24,900	42,447	17,547
<b>Income before contributions and transfers</b>	119,240	137,586	18,346
Contributions of capital assets by developers	-	398,075	398,075
Transfers out	(21,600)	(21,600)	-
<b>Change in net assets</b>	<u>\$ 97,640</u>	514,061	<u>\$ 416,421</u>
Net assets			
May 1, 2006		<u>6,786,487</u>	
April 30, 2007		<u>\$ 7,300,548</u>	

Village of Northfield, Illinois

Major Enterprise Fund  
 Schedule of Revenues, Expenses and Changes in Net Assets -  
 Budget and Actual - Sewerage Fund  
 Year Ended April 30, 2007

	Original and Final Budget	Actual	Variance
<hr/>			
Operating revenues			
Sewerage usage fees	\$ 508,700	\$ 503,427	\$ (5,273)
Miscellaneous	9,000	2,310	(6,690)
<b>Total operating revenues</b>	<u>517,700</u>	<u>505,737</u>	<u>(11,963)</u>
Operating expenses			
Salaries and benefits	416,700	426,544	(9,844)
Repair and maintenance	43,800	28,608	15,192
Depreciation	128,500	124,143	4,357
<b>Total operating expenses</b>	<u>589,000</u>	<u>579,295</u>	<u>9,705</u>
<b>Operating income (loss)</b>	(71,300)	(73,558)	(2,258)
Nonoperating income			
Interest income	21,500	25,772	4,272
<hr/>			
<b>Income (loss) before contributions and transfers</b>	(49,800)	(47,786)	2,014
Contributions of capital assets by developers	-	312,275	312,275
Transfers out	(21,200)	(21,200)	-
<hr/>			
<b>Change in net assets</b>	<u>\$ (71,000)</u>	<u>243,289</u>	<u>\$ 314,289</u>
Net assets			
May 1, 2006		<u>5,777,625</u>	
April 30, 2007		<u>\$ 6,020,914</u>	

Statistical Section

# Statistical Section

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	64 - 69
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the Village's ability to generate its property and sales taxes.	70 - 75
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	76 - 79
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place and to help make comparisons over time and with other governments.	80 - 81
<b>Operating Information</b> These schedules contain information about the Village's operations and resources to help the reader understand how the Village's financial information relates to the services the Village provides and the activities it performs.	82 - 84
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The Village implemented Statement 34 in 2005; schedules presenting government-wide information include information beginning in that year.	

Village of Northfield Illinois

Net Assets by Component  
Last Three Fiscal Years

	Fiscal Year		
	2005	2006	2007
<b>Governmental Activities</b>			
Invested in Capital Assets Net of Related Debt	\$ 10,611,333	\$ 8,818,096	\$ 8,659,969
Restricted	687,250	849,151	883,307
Unrestricted	9,549,176	8,767,543	9,447,178
<b>Total Governmental Activities</b>	<b>\$ 20,847,759</b>	<b>\$ 18,434,790</b>	<b>\$ 18,990,454</b>
<b>Business-type Activities</b>			
Invested in Capital Assets Net of Related Debt	\$ 9,734,559	\$ 11,248,275	\$ 11,894,420
Restricted	-	-	-
Unrestricted	995,318	1,315,837	1,427,042
<b>Total Business-type Activities</b>	<b>\$ 10,729,877</b>	<b>\$ 12,564,112</b>	<b>\$ 13,321,462</b>
<b>Primary Government</b>			
Invested in Capital Assets Net of Related Debt	\$ 20,345,892	\$ 20,066,371	\$ 20,554,389
Restricted	687,250	849,151	883,307
Unrestricted	10,544,494	10,083,380	10,874,220
<b>Total Primary Government</b>	<b>\$ 31,577,636</b>	<b>\$ 30,998,902</b>	<b>\$ 32,311,916</b>

Data Source

Audited Financial Statements

Village of Northfield Illinois

Change in Net Assets  
Last Three Fiscal Years

	Fiscal Year		
	2005	2006	2007
<b>Expenses</b>			
Governmental Activities			
General Government	\$ 1,357,792	\$ 1,455,998	\$ 1,525,913
Public Works	655,719	3,317,593	1,094,146
Building/Community Development	846,643	909,900	839,685
Police Department	3,687,851	4,262,607	3,954,545
Fire/rescue	1,536,181	1,493,000	1,510,859
Interest and fees	90,743	84,531	110,190
Total Governmental Activities Expenses	8,174,929	11,523,629	9,035,338
Business-type Activities			
Water	1,128,212	1,241,848	1,214,114
Sewerage	476,108	520,150	579,295
Total Business-type Activities Expenses	1,604,320	1,761,998	1,793,409
Total Primary Government Expenses	\$ 9,779,249	\$ 13,285,627	\$ 10,828,747
<b>Program Revenues</b>			
Governmental Activities			
Charges for Services			
General Government	\$ 531,516	\$ 486,770	\$ 502,201
Public Works	2,800	2,880	4,320
Building/Community Development	426,130	583,518	490,877
Police Department	207,273	139,805	199,363
Fire/Rescue	71,556	99,521	110,841
Operating Grants and Contributions	399,752	415,852	189,916
Capital Grants and Contributions	-	-	181,355
Total Governmental Activities Program Revenues	1,639,027	1,728,346	1,678,873
Business-type Activities			
Charges for Services			
Water	1,279,882	1,425,784	1,309,253
Sewerage	487,712	581,562	505,737
Capital Grants and Contributions	-	1,486,523	710,350
Total Business-type Activities Program Revenues	1,767,594	3,493,869	2,525,340
Total Primary Government Program Revenues	\$ 3,406,621	\$ 5,222,215	\$ 4,204,213

(Continued)

Village of Northfield Illinois

Change in Net Assets (Continued)  
Last Three Fiscal Years

	Fiscal Year		
	2005	2006	2007
Net (Expense) Revenue			
Governmental Activities	\$ (6,535,902)	\$ (9,795,283)	\$ (7,356,465)
Business-type Activities	163,274	1,731,871	731,931
Total Primary Government Net (Expense) Revenue	\$ (6,372,628)	\$ (8,063,412)	\$ (6,624,534)
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities			
Taxes			
Property	\$ 2,752,719	\$ 3,074,796	\$ 3,376,653
Sales	1,741,946	1,954,123	1,825,050
Income and Use	428,704	429,146	492,456
Utility	1,410,563	1,451,498	1,363,840
Other	-	57,485	273,292
Investment Earnings	189,227	281,721	418,487
Miscellaneous	133,330	90,745	119,551
Transfers	8,463,349	42,800	42,800
Total Governmental Activities	15,119,838	7,382,314	7,912,129
Business-type Activities			
Investment Earnings	22,820	45,469	68,219
Miscellaneous	-	99,695	-
Transfers	(8,463,349)	(42,800)	(42,800)
Total Business-type Activities	(8,440,529)	102,364	25,419
Total Primary Government	\$ 6,679,309	\$ 7,484,678	\$ 7,937,548
<b>Change in Net Assets</b>			
Governmental Activities	\$ 8,583,936	\$ (2,412,969)	\$ 555,664
Business-type Activities	(8,277,255)	1,834,235	757,350
Total Primary Government Change in Net Assets	\$ 306,681	\$ (578,734)	\$ 1,313,014

Data Source

Audited Financial Statements

Village of Northfield, Illinois

Fund Balances of Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 571,586
Unreserved	4,537,784	4,220,483	4,009,862	4,461,091	4,441,661	4,366,438	5,384,882	5,525,074	4,973,074	4,402,373
Total General Fund	<u>\$ 4,537,784</u>	<u>\$ 4,220,483</u>	<u>\$ 4,009,862</u>	<u>\$ 4,461,091</u>	<u>\$ 4,441,661</u>	<u>\$ 4,366,438</u>	<u>\$ 5,384,882</u>	<u>\$ 5,525,074</u>	<u>\$ 4,973,074</u>	<u>\$ 4,973,959</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	204,756	215,997	321,835
Unreserved, reported in										
Special Revenue Funds	1,010,353	734,392	356,297	335,106	301,822	445,416	762,645	482,494	603,557	883,307
Capital Project Funds	1,415,493	1,596,794	1,446,163	1,336,181	1,985,007	2,079,717	2,200,592	2,847,907	2,627,038	2,684,972
Total All Other Governmental Funds	<u>\$ 2,425,846</u>	<u>\$ 2,331,186</u>	<u>\$ 1,802,460</u>	<u>\$ 1,671,287</u>	<u>\$ 2,286,829</u>	<u>\$ 2,525,133</u>	<u>\$ 2,963,237</u>	<u>\$ 3,535,157</u>	<u>\$ 3,446,592</u>	<u>\$ 3,890,114</u>

Data Source

Audited Financial Statements

Village of Northfield, Illinois

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 4,819,318	\$ 4,967,023	\$ 5,527,456	\$ 5,872,252	\$ 5,807,689	\$ 5,983,522	\$ 6,169,982	\$ 5,960,445	\$ 6,735,874	\$ 6,847,206
Licenses and Permits	242,390	391,709	311,054	402,397	459,923	518,427	940,015	765,479	923,270	867,044
Intergovernmental	454,828	228,300	177,800	220,100	238,000	359,701	592,485	728,452	415,852	189,916
Fines and Forfeitures	234,555	158,495	140,364	140,222	99,643	154,064	137,092	160,933	100,106	109,803
Charges for Services	135,664	152,787	136,738	129,280	171,595	169,858	154,033	484,721	494,783	541,691
Investment Income	568,957	401,350	297,050	579,944	369,487	292,299	170,053	189,227	281,721	418,487
Miscellaneous	18,239	13,224	9,242	3,955	67,978	23,101	6,343	133,330	90,745	119,551
<b>Total Revenues</b>	<b>6,473,951</b>	<b>6,312,888</b>	<b>6,599,704</b>	<b>7,348,150</b>	<b>7,214,315</b>	<b>7,500,972</b>	<b>8,170,003</b>	<b>8,422,587</b>	<b>9,042,351</b>	<b>9,093,698</b>
<b>Expenditures</b>										
General administration	1,153,253	1,200,087	1,682,712	1,745,221	1,686,246	1,705,242	1,852,713	1,304,654	1,426,712	1,508,971
Public works	917,159	1,007,292	1,234,052	936,980	964,981	813,161	850,251	918,587	1,147,747	911,807
Building/community development								855,748	905,897	861,781
Police department	2,798,129	2,874,970	3,570,648	3,660,713	3,943,711	4,218,189	4,373,635	3,671,998	4,437,581	3,822,599
Fire/rescue								1517924	1401704	1427403
Culture and Recreation	25,132	31,600	-	-	-	-	-	-	-	-
Capital Outlay	510,752	697,990	851,639	684,691	572,509	623,699	335,275	1,872,732	321,545	-
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	75,000
Interest and fees	-	-	-	-	-	-	-	46,022	84,530	84,530
Other Charges	950,926	935,821	-	-	-	-	-	152,059	-	-
<b>Total Expenditures</b>	<b>6,355,351</b>	<b>6,747,760</b>	<b>7,339,051</b>	<b>7,027,605</b>	<b>7,167,447</b>	<b>7,360,291</b>	<b>7,411,874</b>	<b>10,339,724</b>	<b>9,725,716</b>	<b>8,692,091</b>
Excess of Revenues over (under)										
Expenditures	118,600	(434,872)	(739,347)	320,545	46,868	140,681	758,129	(1,917,137)	(683,365)	401,607

(Continued)

Village of Northfield, Illinois

Changes in Fund Balances of Governmental Funds (Continued)

Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 296,932	\$ 586,600	\$ 460,000	\$ 231,000	\$ 317,150	\$ 236,000	\$ 25,000	\$ 861,025	\$ 988,300	\$ 498,136
Transfers Out	(678,951)	(586,600)	(460,000)	(231,000)	(317,150)	(236,000)	(25,000)	(99,100)	(945,500)	(455,336)
Bonds Issued	-	-	-	-	-	-	-	1,885,000	-	-
Discount on Bonds Issued	-	-	-	-	-	-	-	(17,676)	-	-
Sale of Capital Assets	10,776	22,911	-	-	548,755	22,400	32,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(371,243)</b>	<b>22,911</b>	<b>-</b>	<b>-</b>	<b>548,755</b>	<b>22,400</b>	<b>32,000</b>	<b>2,629,249</b>	<b>42,800</b>	<b>42,800</b>
<b>Net Change in Fund Balances</b>	<b>\$ (252,643)</b>	<b>\$ (411,961)</b>	<b>\$ (739,347)</b>	<b>\$ 320,545</b>	<b>\$ 595,623</b>	<b>\$ 163,081</b>	<b>\$ 790,129</b>	<b>\$ 712,112</b>	<b>\$ (640,565)</b>	<b>\$ 444,407</b>
<b>Debt Service as a Percentage of</b>										
<b>Noncapital Expenditures</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.54%	0.90%	1.84%

Data Source

Audited Financial Statements

Note: The previous years before implementing GASB34 were not prepared on a basis consistent with the new presentation and thus are omitted.

Village of Northfield, Illinois

Assessed Value and Actual Value of Taxable Property  
Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Other Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
1997	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
1998	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-
2001	242,254,261	96,308,438	22,883,858	74,764	361,521,321	0.6610	1,084,563,963	33.333%
2002	260,022,182	98,318,239	24,770,153	85,309	383,195,883	0.6430	1,149,587,649	33.333%
2003	257,767,320	104,255,563	28,182,708	90,749	390,296,340	0.6580	1,170,889,020	33.333%
2004	336,744,426	132,937,472	30,854,817	99,869	500,636,584	0.5680	1,501,909,752	33.333%
2005	362,297,706	139,515,159	32,760,790	95,193	534,668,848	0.5540	1,604,006,544	33.333%
2006	*	*	*	*	536,589,859	0.5776	1,609,769,577	33.333%

\* Detailed information not available.

Data Source

Office of the County Clerks and Township Assessors

Note : Property is assessed at 33 1/3 % of actual value; property tax rates are per \$100 of assessed valuation.

Property is assessed on a Triennial basis.

The 2006 assessed value and tax rate is an estimate from the County Clerk.

Village of Northfield, Illinois

Property Tax Rates - Direct and Overlapping Governments  
Last Ten Levy Years

	Levy Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
Village Direct Rates										
General Corporate	0.7370	0.7150	0.7060	0.7450	0.6610	0.6430	0.6580	0.5680	0.5540	0.5776
Overlapping Rates										
School District #29	2.060	2.080	2.031	2.647	2.585	2.524	2.563	2.155	2.100	
School District #37	2.7660	2.6350	2.6020	2.7320	2.4200	2.2900	2.3620	1.9910	1.9340	
New Trier Twsp. H.S. #203	1.9670	1.8710	1.8450	1.9360	1.6110	1.9350	1.7990	1.6210	1.5770	
Winnetka Library	0.2180	0.1990	0.1940	0.1980	0.1650	0.1570	0.1600	0.1310	0.1290	
Northfield Park District	0.1620	0.1640	0.1610	0.1690	0.1510	0.1480	0.1710	0.1680	0.3850	
Winnetka Park District	0.4450	0.3700	0.3660	0.3860	0.3230	0.3100	0.3710	0.3070	0.3020	
Oakton CC District #535	0.2160	0.2050	0.2030	0.2130	0.1860	0.1790	0.1860	0.1610	0.1580	
General Assit- New Trier	0.0030	0.0030	0.0030	0.0020	0.0020	0.0020	0.0030	0.0020	0.0020	
General Assit- Northfield	0.0090	0.0000	0.0000	0.0000	0.0000	0.0020	0.0100	0.0060	0.0080	
Northfield Township	0.0220	0.0200	0.0190	0.0210	0.0140	0.0150	0.0090	0.0120	0.0110	
New Trier Township	0.0570	0.0540	0.0540	0.0560	0.0440	0.0430	0.0450	0.0370	0.0370	
North Shore Mosq Abatement	0.011	0.011	0.011	0.011	0.010	0.009	0.009	0.008	0.0080	
Metropolitan Sanitary District	0.451	0.444	0.419	0.415	0.401	.371	0.361	0.347	0.3150	
Road & Bridge- Northfield	0.041	0.039	0.038	0.041	0.036	0.035	0.037	0.033	0.0330	
Consolidated Elections	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.0140	
Suburban TB Sanitarium	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.0050	
Cook County Forest Preserve	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.0600	
Cook County & Health Facility	0.919	0.911	0.854	0.824	0.746	0.690	0.630	0.593	0.533	

Data Source

Office of the County Clerk

\*2006 rates are not yet available. Village 2006 rate is an estimate provided by the County Clerk.

Village of Northfield, Illinois

Principal Property Taxpayers  
Current Year

Taxpayer	2007		Percentage of Total Village Taxable Assessed Valuation
	Taxable Assessed Value	Rank	
Kraft Foods	\$ 58,663,367	1	10.97%
College of American Pathologists	9,708,577	2	1.82%
Composite Corporation	9,219,047	3	1.72%
Imperial Realty Co	7,103,195	4	1.33%
Stephan Co	5,459,345	5	1.02%
191 Waukegan Rd LLC	5,181,946	6	0.97%
Dominick's	4,062,861	7	0.76%
M E Fields, inc	3,797,884	8	0.71%
Sunset Ridge Country Club	3,039,763	9	0.57%
Northfield Silverstein	2,774,431	10	0.52%
	<u>\$ 109,010,416</u>		<u>20.39%</u>

Information for prior periods is not available.

Data Source

Office of the County Clerk

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

\* Taxes payable in 2006 represents taxable property in 2005 and is the most recent information available.

Village of Northfield, Illinois

Property Tax Levies and Collections  
Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year after the Levy	
		Amount	Percentage of Levy
1997	\$ 2,143,063	\$ 2,038,637	95.13%
1998	2,144,669	2,124,958	99.08%
1999	2,193,337	2,188,920	99.80%
2000	2,276,271	2,273,435	99.88%
2001	2,389,656	2,376,349	99.44%
2002	2,463,950	2,442,897	99.15%
2003	2,568,150	2,550,487	99.31%
2004	2,843,616	2,751,731	96.77%
2005	2,962,077	2,943,411	99.37%
2006	3,182,942	1,420,561	44.63%

Data Source

Office of the County Clerk

Note: Property is assessed at 33 1/3 % of actual value.

Property is assessed on the following basis:

Collections for prior tax years are immaterial.

Village of Northfield, Illinois

Sales Tax Base and Number of Principal Payers

Taxable Sales by Category

Last Ten Calendar Years

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Merchandise	\$ 466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	38,864	40,747	41,285	39,824	37,251	35,895	31,759	28,865	32,726	34,390
Drinking and Eating Places	9,476	8,006	8,249	7,061	5,412	6,940	6,024	6,858	6,066	4,184
Apparel	4,376	4,186	4,631	5,014	4,917	5,221	4,913	5,097	5,788	5,631
Furniture & H.H. & Radio	3,598	4,162	4,065	4,180	3,639	2,256	2,379	2,526	3,050	2,837
Lumber, Building, Hardware	4,930	3,707	4,462	6,666	6,957	6,150	6,844	6,670	6,383	5,830
Automobile and Filling Stations	61,385	57,965	69,627	75,842	84,494	87,229	89,152	84,081	98,946	96,730
Drugs and Miscellaneous Retail	6,342	8,665	12,727	15,035	15,179	15,737	16,252	17,306	20,747	22,859
Agriculture and All Others	9,390	13,560	14,902	15,714	13,428	9,960	11,768	11,070	13,435	14,600
Manufacturers	873	517	240	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 139,701</b>	<b>\$ 141,513</b>	<b>\$ 160,188</b>	<b>\$ 169,337</b>	<b>\$ 171,277</b>	<b>\$ 169,387</b>	<b>\$ 169,091</b>	<b>\$ 162,474</b>	<b>\$ 187,140</b>	<b>\$ 187,061</b>
Total Number of Payers	N/A	N/A	345	308	309	N/A	287	296	320	347
Village direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

Note: Blank categories have less than 4 taxpayers, therefore no data is shown to protect the confidentiality of individual taxpayers; totals include censored data.

N/A = Not available

Village of Northfield, Illinois

Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

Fiscal Year	Village Direct Rate	State Rate
1998	1.00%	6.25%
1999	1.00%	6.25%
2000	1.00%	6.25%
2001	1.00%	6.25%
2002	1.00%	6.25%
2003	1.00%	6.25%
2004	1.00%	6.25%
2005	1.00%	6.25%
2006	1.00%	6.25%
2007	1.00%	6.25%

Data Source

Village and County Records

Village of Northfield, Illinois

Ratios of Outstanding Debt by Type  
Last Three Fiscal Years

Fiscal Year Ended	Governmental Activities		Ratio of Total Outstanding Debt To Equalized Assessed Valuation*	Total Outstanding Debt Per Capita**
	General Obligation Bonds	Total Primary Government		
2005*	\$ 1,885,000	\$ 1,885,000	0.35%	\$ 339.76
2006	1,885,000	1,885,000	0.35%	329.20 *
2007	1,810,000	1,810,000	0.34%	316.10 *

\*estimated EAV

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

\*2005 was the first year that the Village had outstanding debt.

\*\* See the Schedule of Demographic and Economic Statistics for equalized assessed valuation of property and population data. Personal income information is not available.

Village of Northfield, Illinois

Ratios of General Bonded Debt Outstanding  
Last Three Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property**	Per Capita
2005*	\$ 1,885,000	\$ 204,756	\$ 1,680,244	0.18%	\$ 302.86
2006	1,885,000	215,004	1,669,996	0.20%	291.65
2007	1,810,000	237,677	1,572,323	0.19%	274.59

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

\*2005 was the first year that the Village had outstanding debt.

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

Village of Northfield, Illinois

Direct and Overlapping Governmental Activities Debt  
As of April 30, 2007

Governmental unit	Gross Debt	Percentage Debt Applicable to the Village of Northfield*	Village of Northfield Share of Debt
Sunset Ridge School District No 29	\$ 2,126,451	82.60%	\$ 1,756,449
Avo School District No 37	2,522,972	27.50%	693,817
Community Cons School District No 34	34,300,000	1.00%	343,000
New Trier High School District No 203	20,014,000	11.00%	2,201,540
Northfield Township High School No 225	85,384,478	0.30%	256,153
Cook County incl. Forest Preserve District	3,130,980,000	0.40%	12,523,920
Metropolitan Water Reclamation District	1,521,282,085	0.40%	6,085,128
Winnetka Park District	4,575,000	7.20%	329,400
Glenview Park District	22,725,000	0.80%	181,800
Subtotal, overlapping debt	<u>4,823,909,986</u>		<u>24,371,208</u>
Village of Northfield direct debt	<u>1,810,000</u>	100.00%	1,810,000
Total direct and overlapping debt	<u><u>\$ 4,825,719,986</u></u>		<u><u>\$ 26,181,208</u></u>

\* Determined by ratio of assessed valuation of property subject to taxation in the Village of Northfield to valuation of property subject to taxation in overlapping unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Northfield. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Village of Northfield, Illinois

Computation of Legal Debt Margin  
April 30, 2007

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Assessed valuation - 2005 tax year*	\$ 534,670,848
Statutory debt limitation (8.625% of assessed valuation)	46,115,361
Debt applicable to the limit	<u>-</u>
Legal debt margin	<u><u>\$ 46,115,361</u></u>

\* Most recent available

Village of Northfield, Illinois

Demographic and Economic Information  
Last Ten Fiscal Years

Fiscal Year	Population		Equalized Assessed Value (EAV)		Per Capita EAV	Unemployment Rate
1998	5,256 (A)	\$	299,953,690	\$	57,069	N/A
1999	5,256 (A)		310,670,908		59,108	N/A
2000	5,389 (A)		305,539,779		56,697	N/A
2001	5,389 (A)		361,521,321		67,085	N/A
2002	5,389 (A)		383,195,883		71,107	N/A
2003	5,389 (A)		390,296,340		72,425	N/A
2004	5,548 (A)		500,636,584		90,237	N/A
2005	5,548 (A)		534,670,848		96,372	N/A
2006	5,726 (A)		536,589,859		93,711	2.6%
2007	5,726 (A)		537,000,000	(E)	93,783	N/A

(A) Actual

(E) Estimate

Note: Personal Income data not available

N/A = Not available

Village of Northfield, Illinois

Principal Employers

Current Year

Employer	2007		
	Employees	Rank	% of Total Village Population
Kraft Foods	2022	1	35.31%
American College of Pathologists	450	2	7.86%
Stephen	339	3	5.92%
New Trier West High School	230	4	4.02%
Field BMW	108	5	1.89%
Sunset Ridge County Club	70	6	1.22%
Village of Northfield	57	7	1.00%
Northview Bank	49	8	0.86%
Christian Heritage Academy	35	9	0.61%
Dominick's	18	10	0.31%

Information for prior periods is not available.

Data Source

Illinois Services Directory and a selective telephone survey.

Village of Northfield, Illinois

Full-Time Equivalent Employees  
Last Ten Fiscal Years

Function/Program	Full-Time-Equivalent Employees as of April 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Administration	8	8	8	7	7	7	7	7	7	7
Community Development	6	6	6	6	6	6	6	6	6	6
Public Safety										
Police										
Officers	20	20	18	21	21	21	21	21	20	20
Civilians	8	8	8	9	9	9	9	9	9	9
Public Works										
Public Works Administration	3	3	3	3	3	2	2	3	3	3
Streets Department	4.5	4.5	4.5	4.5	4.5	4	4	4.5	4.5	4.5
Parks	0	0	0	0	0	0	0	0	0	0
Vehicle Maintenance	2	2	2	2	2	2	2	2	2	2
Water										
Water and Sewer	4.5	4.5	4.5	4.5	4.5	4	4	4.5	4.5	4.5
<b>Total</b>	<b>56</b>	<b>56</b>	<b>54</b>	<b>57</b>	<b>57</b>	<b>55</b>	<b>55</b>	<b>57</b>	<b>56</b>	<b>56</b>

Data Source

Village Finance Department

Note: Valuing Pool employees full-time-equivalence considered immaterial because most employees are part-time and all employees are seasonal for no more than three months.

Village of Northfield, Illinois

Operating Indicators  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Community Development										
Building permits issued	-	-	88	118	122	137	124	140	139	100
Construction Value (\$000)*	\$ -	\$ -	\$ 20,831	\$ 24,804	\$ 30,752	\$ 23,696	\$ 27,061	\$ 27,954	\$ 30,661	\$ 21,300
Public Safety										
Police										
Physical arrests	-	-	-	-	226	308	315	272	207	253
Parking violations	-	-	-	-	567	732	1,022	997	1,192	1,883
Traffic violations	-	-	-	-	2,652	3,956	3,355	3,402	2,169	2,885
Public Works										
Streets										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Water										
New Connections (tap-ons)	-	-	-	-	21	42	-	14	5	5
Average daily consumption*	964	999	890	920	1,030	1,040	930	1,160	1,000	1,000
Peak daily consumption**	-	2,300	1,900	2,000	2,250	2,100	1,800	2,440	2,000	2,000

\* (calendar year)

\*\* (thousands of gallons)

Village of Northfield, Illinois

Capital Asset Statistics

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	10	10	10	10	10	10	10	10
Public Works										
Streets										
Streets (miles)	-	-	-	40.2	40.2	42.1	42.1	42.1	42.1	42.1
Streetlights	-	-	-	-	-	-	-	88	88	88
Water										
Water mains (miles)	40.3	40.6	40.8	44.4	44.8	45.0	45.0	45.0	45.0	45.0
Fire hydrants	-	-	-	545	545	548	551	554	554	554
Storage capacity*	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Wastewater										
Sanitary sewers (miles)	-	-	-	28.3	29.6	30.4	31.9	32.2	32.2	32.2

Data Source

Various Village departments

\* (thousands of gallons)