

**VILLAGE OF NORTHFIELD, ILLINOIS**



# **NORTHFIELD**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2008**

**VILLAGE OF NORTHFIELD, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED APRIL 30, 2008**

Issued by the Finance Department

Steven C. Noble  
Finance Director

Josephine Jaeger  
Assistance Finance Director

**VILLAGE OF NORTHFIELD, ILLINOIS**

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Northfield including: List of Principal Officials, Organizational Chart, Certificate of Achievement for Excellence in Financial Reporting and Letter of Transmittal.

**VILLAGE OF NORTHFIELD, ILLINOIS**

**List of Principal Officials**

**April 30, 2008**

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**PRESIDENT**

John L. Birkinbine, Jr.

**BOARD OF TRUSTEES**

John N. Chapin, Jr.  
Joan Frazier  
Ted Greene

Frank J. Charhut  
Terry J. Gottlieb  
Fred Teichert

**CLERK**

Stacy Alberts Sigman

**VILLAGE ATTORNEY**

Everett M. Hill Jr.

**TREASURER**

Steven C. Noble

**VILLAGE MANAGER**

Stacy Alberts Sigman

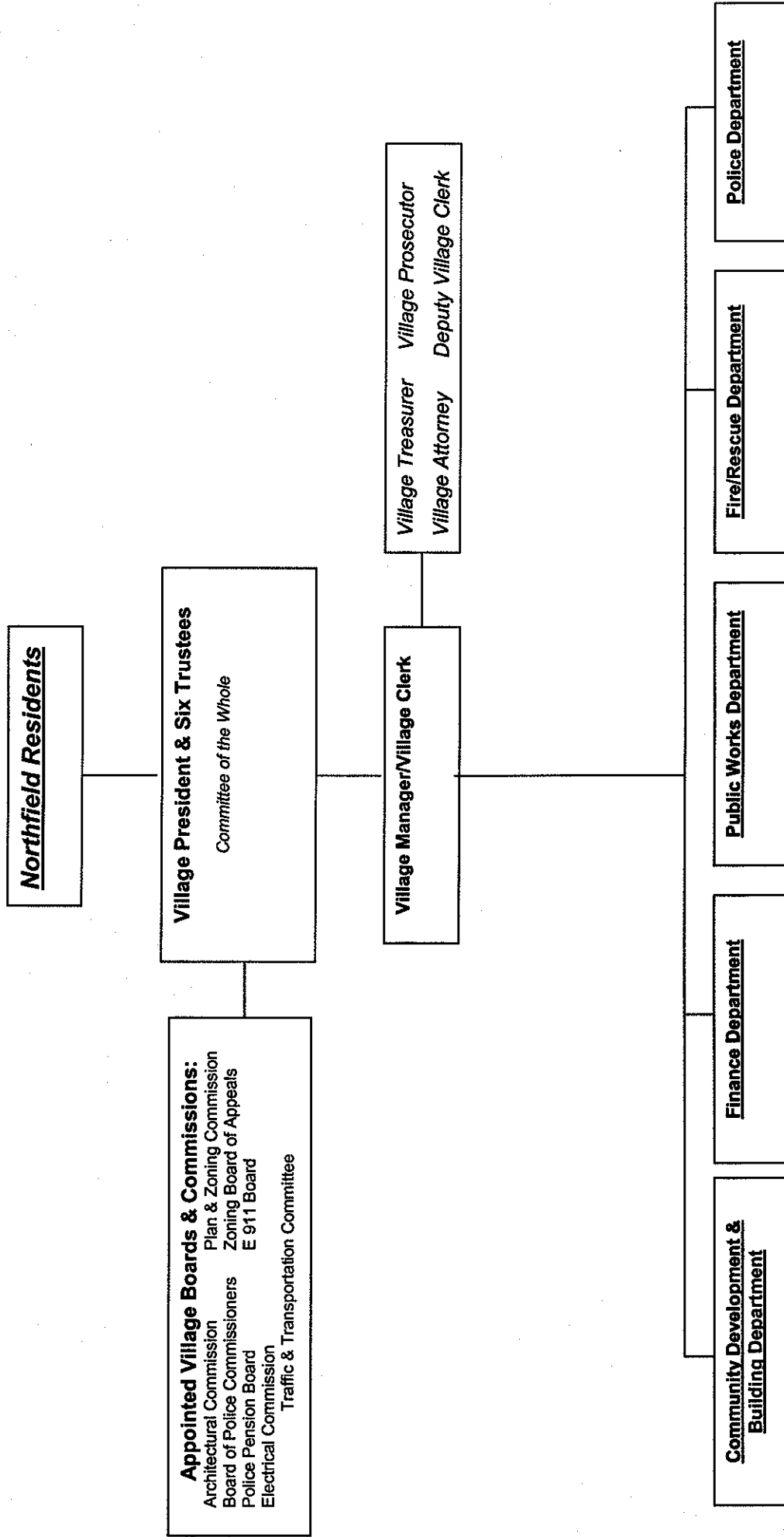
**FINANCE DIRECTOR**

Steven C. Noble

**ASSISTANT FINANCE DIRECTOR**

Josephine Jaeger

**Village of Northfield Organizational Chart**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Northfield  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
April 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

August 7, 2008

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, 2008, 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 2008 CAFR reflects the fourth 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 Lauterbach & Amen, 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, 2008, 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, 2008, 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 and fire protection, constructing and maintaining streets and other infrastructure, community development, general services administration, and operating 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 that will match anticipated revenues. The Village Manager then presents the Proposed Budget to the Village Board in February 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 issuing \$3,500,000 in bonds to construct a single 24" main. 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 complete in fall 2008

Following nearly 18 months of planning efforts by a ten-person appointed Task Force, the Village Board adopted the Village Center Redevelopment Plan in April 2008. The Plan is intended to encourage the redevelopment of the Village Center district as the commercial and civic core of the community. Already home to an attractive niche of boutique retailers, service providers and dining options, the Village wishes to build upon this well-established foundation and create a hub of commercial activity that serves the consumer needs of both Northfield and the surrounding North Shore suburbs. The Plan signifies to the development community that Northfield is primed for private investment and active redevelopment. Northfield recognizes the value of both Class A office space and attractive housing options for area residents and believes these uses will help attract and support the upscale specialty shops, restaurants and services sought for the district. While the Plan may take many years to realize, it is hoped that key redevelopment parcels will set the tone and establish the expectations for the development industry in the next year or two.

#### **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 3.1%, 5.0% and 4.6% respectively. The Village has high income and housing values. At the 2000 census, the Village's median family income was 228% of the national median income; 212% of the county median income, and 205% of the state median income. The Village's median home value was 214% greater than the statewide median value and 260% greater than the county median value. In addition, a large percentage of the Village's workforce represents leaders of business and professional services with over 51% categorized as "Management, Professional, and Related Occupations" according to the 2000 census.

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, 2008, the Village had two outstanding debt issues. In 2004, the Village issued \$1,285,000 Series 2004A Tax Exempt, and \$600,000 Series 2004B Taxable Special Service Area Bonds. The Village issued the bonds 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. In 2007, the Village issued \$3.5 million in general obligation alternate revenue bonds to finance improvements to the Village's water system. The bonds are payable solely from water revenues and do not count against the Village's legal debt limit as long as a property tax is not levied to retire the debt.

### **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 \$8.6 million in water, sewer and roadway projects over the next five years. The Village's intention is to pay for these improvements 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.

### **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, the Village has succeeded as of April 30, 2008, in funding 65.9% of the actuarial accrued liabilities. The actuarial valuation for the year ended April 30, 2008, determined that the net contribution due from the Village is \$511,566. The remaining unfunded

amount is being systematically funded over 25 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 4 in the financial statements.

### **Awards & Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Northfield for its comprehensive annual financial report for the fiscal year ended April 30, 2007. This was the first year that the Village achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the 2008 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting the report to the GFOA to determine its eligibility for another certificate.

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

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

## **INDEPENDENT AUDITORS' REPORT**

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

## **INDEPENDENT AUDITORS' REPORT**

August 7, 2008

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the Village of Northfield, Illinois as of and for the year ended April 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Northfield, Illinois' management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, respective financial position of the governmental activities, the business-type activities, the aggregate remaining fund information of the Village of Northfield, Illinois as of April 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund schedules, as well as the information listed as supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Northfield, Illinois. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

Village of Northfield, Illinois

August 7, 2008

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The Management's Discussion and Analysis and the other required supplementary information listed in the accompanying table of contents are 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 primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

The introductory and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

A handwritten signature in cursive script that reads "Lauterbach & Amen LLP".

LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## VILLAGE OF NORTHFIELD, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

---

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, 2008 by \$30,824,626 (net assets).
- The Village's total net assets increased by \$626,183 or 2.0% during the fiscal year ending April 30, 2008 as compared to restated beginning net assets. Governmental net assets increased by \$701,909 and business-type activities decreased by \$75,726.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$9,555,181, an increase of \$694,307 as compared with the prior year.
- At the end of the current fiscal year, unreserved fund balance in the General Fund was \$4,785,386 or 57.0% of total General Fund expenditures.
- The Village has two outstanding debt issues: \$1,810,000 in special service area general obligation bonds that will be repaid with property taxes solely paid by residents within the special service area, and \$3,500,000 in general obligation alternate revenue bonds that will be paid from water system revenues.

#### 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.

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

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

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

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate fiscal accountability. All of the Village's funds can be divided into three categories: governmental funds, enterprise funds and fiduciary funds.

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

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

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Equipment Replacement Fund, and Debt Service Fund, which are considered major governmental funds. Data pertaining to the other two non-major governmental funds, the Motor Fuel Tax Fund and Foreign Fire Insurance Fund is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 71 - 72 of this report.

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

**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 27 - 30 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 31 - 32 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 33 - 63 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 64 - 68 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 69 - 78 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, 2008 net assets for the Village of Northfield exceeded liabilities by \$30.8 million. The following table reflects the condensed statement of net assets:

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 13,015,520	12,333,622	3,707,289	1,661,512	16,722,809	13,995,134
Capital Assets	10,280,334	10,458,185	13,785,455	11,894,420	24,065,789	22,352,605
Total Assets	<u>23,295,854</u>	<u>22,791,807</u>	<u>17,492,744</u>	<u>13,555,932</u>	<u>40,788,598</u>	<u>36,347,739</u>
Long-Term Debt Outstanding	2,233,698	2,165,580	3,496,926	80,432	5,730,624	2,246,012
Other Liabilities	3,483,266	3,507,337	750,082	154,038	4,233,348	3,661,375
Total Liabilities	<u>5,716,964</u>	<u>5,672,917</u>	<u>4,247,008</u>	<u>234,470</u>	<u>9,963,972</u>	<u>5,907,387</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Debt	8,545,334	8,553,146	12,038,509	11,894,420	20,583,843	20,447,566
Restricted	1,307,945	883,307	-	-	1,307,945	883,307
Unrestricted (Deficit)	7,725,611	7,440,528	1,207,227	1,427,042	8,932,838	8,867,570
<b>Total Net Assets</b>	<u><u>17,578,890</u></u>	<u><u>16,876,981</u></u>	<u><u>13,245,736</u></u>	<u><u>13,321,462</u></u>	<u><u>30,824,626</u></u>	<u><u>30,198,443</u></u>

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 \$17.6 million.

The largest portion (66.8%) 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

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 \$1.3 million of restricted net assets, \$74,000 is restricted for fire/rescue purposes, \$968,000 for roadways, and \$266,000 for debt service. Unrestricted net assets of \$7.7 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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

**Changes in Net Assets**

The Village's total revenues and expenses for governmental and business-type activities for the FY2007-08 fiscal year are reflected in the following table:

	Changes in Net Assets					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2008	2007
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,266,973	1,307,602	1,983,641	1,814,990	3,250,614	3,122,592
Operating Grants/Contributions	225,150	189,916	-	-	225,150	189,916
Capital Grants/Contributions	187,387	181,355	-	710,350	187,387	891,705
General Revenues						
Property Taxes	3,315,287	3,376,653	-	-	3,315,287	3,376,653
Replacement Taxes	71,340	62,356	-	-	71,340	62,356
State Income Taxes	539,483	492,456	-	-	539,483	492,456
State Sales Taxes	1,960,602	1,825,050	-	-	1,960,602	1,825,050
Utility Taxes	1,389,673	1,363,840	-	-	1,389,673	1,363,840
Other Taxes	200,867	-	-	-	200,867	-
911 Surcharge	215,332	210,936	-	-	215,332	210,936
Other General Revenues	561,093	538,038	130,135	68,219	691,228	606,257
<b>Total Revenues</b>	<b>9,933,187</b>	<b>9,548,202</b>	<b>2,113,776</b>	<b>2,593,559</b>	<b>12,046,963</b>	<b>12,141,761</b>
<b>Expenses:</b>						
General Government	1,107,158	1,525,913	-	-	1,107,158	1,525,913
Public Works	1,190,043	1,094,146	-	-	1,190,043	1,094,146
Building/Community Development	1,067,986	839,685	-	-	1,067,986	839,685
Police Department	4,177,585	3,954,545	-	-	4,177,585	3,954,545
Fire/Rescue	1,548,789	1,510,859	-	-	1,548,789	1,510,859
Emergency Management	111,871	-	-	-	111,871	-
Interest on Long-Term Debt	80,846	110,190	-	-	80,846	110,190
Water	-	-	1,449,975	1,214,114	1,449,975	1,214,114
Sewerage	-	-	686,527	579,295	686,527	579,295
<b>Total Expenses</b>	<b>9,284,278</b>	<b>9,035,338</b>	<b>2,136,502</b>	<b>1,793,409</b>	<b>11,420,780</b>	<b>10,828,747</b>
<b>Change in Net Assets Before Transfers</b>	<b>648,909</b>	<b>512,864</b>	<b>(22,726)</b>	<b>800,150</b>	<b>626,183</b>	<b>1,313,014</b>
<b>Transfers</b>	<b>53,000</b>	<b>42,800</b>	<b>(53,000)</b>	<b>(42,800)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>701,909</b>	<b>555,664</b>	<b>(75,726)</b>	<b>757,350</b>	<b>626,183</b>	<b>1,313,014</b>
<b>Net Assets-Beginning as Restated</b>	<b>16,876,981</b>	<b>16,321,317</b>	<b>13,321,462</b>	<b>12,564,112</b>	<b>30,198,443</b>	<b>28,885,429</b>
<b>Net Assets-Ending</b>	<b>17,578,890</b>	<b>16,876,981</b>	<b>13,245,736</b>	<b>13,321,462</b>	<b>30,824,626</b>	<b>30,198,443</b>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

### 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.

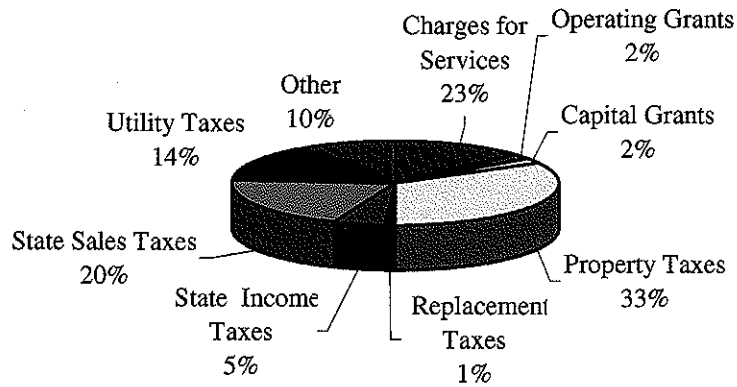
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Current Year Impacts

Governmental Activities

Revenues:

FY 2007-08 Governmental Activities  
Revenues by Source



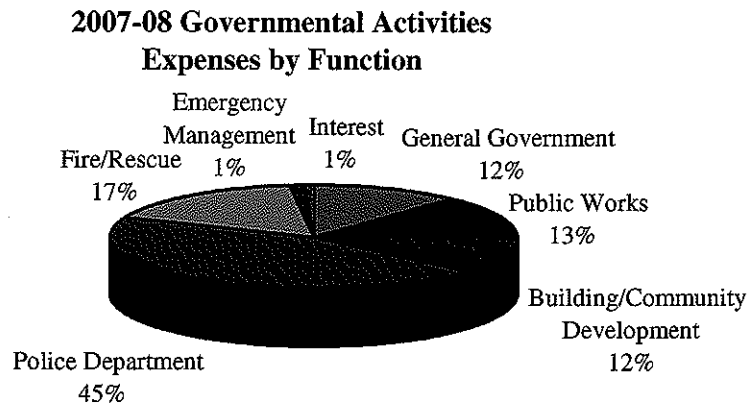
For the fiscal year ended April 30, 2008, revenues from all governmental activities totaled \$10.0 million. During the fiscal year, taxes other than property taxes continued to be the Village's largest source of revenue at \$4.2 million or 42% of total governmental activity revenue. Within this category, state-shared sales tax, which reflects economic activity in the Village, totaled \$1.9 million, almost 7% more than the prior year. Utility, State income and replacement taxes together accounted for the other \$2.0 million. Property taxes accounted for \$3.3 million or 33% 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

### Current Year Impacts – Continued

#### Governmental Activities – Continued

##### Expenses:



The Village's total expenses for governmental activities for the year ended April 30, 2008 were \$9.3 million. The largest share of total governmental expenses is attributable to public safety, including Police and Fire/Rescue, at 62% or \$5.7 million followed by Public Works at 13% or \$1.2 million and General Government at 12% or \$1.1 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, 2008, revenues from business-type activities totaled \$2.1 million. 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, 2008, expenses from business-type activities totaled \$2.1 million. Expenses include personnel services, commodities, contractual services, depreciation and the purchase of water from the Village of Winnetka.

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

### Governmental Funds

At April 30, 2008 the governmental funds presented on the balance sheet on pages 21 - 22 reported a combined fund balance of \$9.6 million as follows:

#### Major Governmental Funds

General Fund.....	\$ 5.4 million
Debt Service.....	\$ 0.3 million
Equipment Replacement Fund.....	\$ 2.8 million

#### Non-Major Governmental Funds

Motor Fuel Tax Fund.....	\$ 0.9 million
Foreign Fire Insurance Fund.....	\$ 0.1 million
Total.....	<u>\$ 9.6 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, 2008, one budget amendment in the amount of \$165,000 was adopted to account for unexpected costs associated with the cleanup of a storm in August 2007, for additional costs for gasoline and oil in all departments, and for additional costs for road salt due to the severe and prolonged winter.

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

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS – Continued**

**Major Governmental Funds – Continued**

**General Fund Summary (in thousands)**

	FY2007-08	Percent Of Total	FY 2006-07	Dollar Change	Percent Change
<b>Revenues:</b>					
Property Taxes	\$ 3,107.7	33.9%	\$ 3,041.7	\$ 66.0	2.2%
Sales Taxes	1,870.0	20.4%	1,751.7	118.3	6.8%
Utility Taxes	1,441.7	15.7%	1,361.3	80.4	5.9%
State Income Taxes	539.5	5.9%	565.8	(26.3)	(4.6)%
Licenses and Permits	764.8	8.3%	867.0	(102.2)	(11.8)%
Services	386.2	4.2%	330.8	55.4	16.7%
911 Surcharge	211.1	2.3%	211.0	0.1	0.0%
Other	851.9	9.3%	500.2	351.7	70.3%
<b>Total</b>	<b>\$ 9,172.9</b>	<b>100.0%</b>	<b>\$ 8,629.5</b>	<b>\$ 543.4</b>	<b>6.3%</b>
<b>Expenditures:</b>					
General Administration	1,123.8	12.3%	1,391.7	\$ (267.9)	(19.2)%
Public Works	965.3	10.5%	902.6	62.7	6.9%
Bldg/Community Development	777.7	8.5%	852.0	(74.3)	(8.7)%
Police	4,022.9	43.9%	3,770.1	252.8	6.7%
Fire/Rescue	1,401.4	15.3%	1,362.4	39.0	2.9%
Emergency Management	111.9	1.2%		111.9	-
<b>Total</b>	<b>8,403.0</b>	<b>100.0%</b>	<b>\$ 8,278.8</b>	<b>124.2</b>	<b>1.5%</b>
<b>Excess (Deficiency) of</b>					
Revenues over Expenditures	\$ 769.9		350.7	419.2	119.5%
<b>Transfers in</b>					
Transfers out	\$ 340.7		349.8	(9.1)	N/A
<b>Excess(Deficiency)Revenues</b>					
<b>over Expenditures &amp; Transfers</b>	<b>\$ 429.2</b>		<b>\$ 0.9</b>	<b>428.3</b>	<b>N/A</b>

Including transfers, the General Fund ended the fiscal year with a \$429,000 surplus. Excluding transfers, revenues exceeded expenditures by \$769,900. The General Fund transferred \$340,700 to the Capital/Equipment Replacement Fund to provide funding for those FY2007-08 capital projects that were not budgeted in the Water, Sanitary Sewer or Motor Fuel Tax Funds. The FY2007-08 General Fund operating surplus of \$769,900 compared with the operating surplus of \$350,700 in FY2006-07 is the result of consistent, widespread growth in revenues in 2006-07 (6.3%) and a modest increase (1.5%) in expenditures.

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS – Continued

### Major Governmental Funds – Continued

The largest dollar increase in General Fund revenue is attributable to sales taxes, which grew \$118.3 or 6.8% over the prior year. Utility taxes rose \$80.4 or 5.9% over the prior year. Other income rose \$351,700 or 70.3% and includes a one time grant from FEMA for cleanup after an August 2007 storm. Licenses and Permits decreased \$102,200 or 11.8% and reflect the general slowdown in residential building activity in the Village. General Fund expenditures for FY2007-08 increased only 1.5% or \$124,200 over the prior year.

### 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 \$700,000 in FY2007-08 were derived primarily from transfers from other funds, grants, and interest income. 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 feet and water is sold to all municipal customers at the rate of \$3.23 per 100 cubic feet. The sanitary sewer rate is \$1.25 per 100 cubic feet of water consumed.

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

### Water Fund Summary (in thousands)

	FY2007-08	FY2006-07	Dollar Change	Percent Change
<b>Revenues:</b>				
Water sales	\$ 1,386.6	\$ 1,244.3	\$ 142.3	11.4%
Other	64.4	64.9	(0.5)	(0.8)%
<b>Total</b>	<b>\$ 1,451.0</b>	<b>\$ 1,309.2</b>	<b>\$ 141.8</b>	<b>10.8%</b>
<b>Expenses:</b>				
Personnel	\$ 422.1	\$ 427.4	\$ (5.3)	(1.2)%
Water purchases	568.5	531.1	37.4	7.0%
Depreciation	167.0	161.1	5.9	3.7%
Other	155.6	94.5	61.1	64.7%
<b>Total</b>	<b>\$ 1,313.2</b>	<b>\$ 1,214.1</b>	<b>\$ 99.1</b>	<b>8.2%</b>
Operating Income (loss)	137.8	95.1	42.7	44.9%
Investment Income (Expense)	(27.2)	42.5	(69.7)	(164.0)%
<b>Net Income (loss)</b>	<b>\$ 110.6</b>	<b>\$ 137.6</b>	<b>\$ (27.0)</b>	<b>(19.6)%</b>

Net income of \$110,600 in the Water Fund for FY2007-08 is \$27,000 less than the net income for the prior year, reflecting a 10.8% increase in revenues, a 8.2% increase in operating expenses. Also included this year is \$136,800 for principal and interest on a \$3.5 million bond issue from October 2007. The increase in revenue includes a 20.0% rate increase that went into effect on January 1, 2007 and a 13% increase in the gallons of water billed from the prior year.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS – Continued**

**Enterprise Funds – Continued**

**Sewerage Fund Summary (in thousands)**

	FY2007-08	FY2006-07	Dollar Change	Percent Change
<b>Revenues:</b>				
Sewer Fees	\$ 527.3	\$ 503.4	\$ 23.9	4.7%
Other	5.4	2.3	3.1	134.8%
<b>Total</b>	<b>\$ 532.7</b>	<b>\$ 505.7</b>	<b>\$ 27.0</b>	<b>5.3%</b>
<b>Expenses:</b>				
Personnel	\$ 423.4	\$ 426.5	\$ (3.1)	(0.7)%
Depreciation	130.3	124.1	6.2	5.0%
Other	132.8	28.6	104.2	364.3%
<b>Total</b>	<b>\$ 686.5</b>	<b>\$ 579.2</b>	<b>\$ 107.3</b>	<b>18.5%</b>
Operating Income (loss)	(153.8)	(73.5)	(80.3)	109.3%
Investment Income (expense)	20.5	25.7	(5.2)	(20.2)%
<b>Net Income (loss)</b>	<b>\$ (133.3)</b>	<b>\$ (47.8)</b>	<b>\$ (85.5)</b>	<b>178.9%</b>

Net income in the Sanitary Sewer Fund decreased \$47,800 compared with the prior year. Total revenues, including investment income, increased \$21,800 or 4.1% attributable primarily to increased water sales. The 18.5% increase in expenses includes additional depreciation expense and a renewed commitment to maintaining the sanitary sewer system by televising more lines.

**CAPITAL ASSETS**

At the end of the fiscal Year 2007-08, the Village had a combined total of capital assets net of accumulated depreciation of \$24.1 million invested in a broad range of capital assets, of which \$10.3 million was related to governmental activities and \$13.8 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 \$1.7 million. Information regarding the change in capital assets is included in the table below and in the Notes to the Financial Statements on pages 50 - 51.

## CAPITAL ASSETS – Continued

### Capital Assets Summary (in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 2,704	\$ 2,704	\$ 300	\$ 300	\$ 3,004	\$ 3,004
Construction in progress	-	-	1,872	125	1,872	125
Land improvements	301	289	-	-	301	289
Buildings	5,687	5,866	-	-	5,687	5,866
Machinery and equipment	1,588	1,599	87	84	1,675	1,683
Water and Sewer Infrastructure	-	-	11,526	11,385	11,526	11,385
<b>Total</b>	<b>\$ 10,280</b>	<b>\$ 10,458</b>	<b>\$ 13,785</b>	<b>\$ 11,894</b>	<b>\$ 24,065</b>	<b>\$ 22,352</b>

### LONG –TERM DEBT

As of April 30, 2008, the Village had outstanding debt of \$1,735,000 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. In addition, the Village had \$3.5 million in general obligation alternate revenue bonds outstanding payable from enterprise revenue.

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, 2008, the Village's legal debt limit was \$46,280,875. 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 53 - 56.

### 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**

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

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds
  - Fiduciary Funds

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

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Net Assets**  
**April 30, 2008**

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**See Following Page**

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Net Assets  
April 30, 2008**

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 9,329,565	3,358,510	12,688,075
Receivables - Net of Allowances	3,068,233	348,779	3,417,012
Prepays	184,388	-	184,388
Total Current Assets	12,582,186	3,707,289	16,289,475
Noncurrent Assets			
Notes Receivable	433,334	-	433,334
Capital Assets			
Nondepreciable Capital Assets	2,703,898	2,172,349	4,876,247
Depreciable Capital Assets	12,043,505	15,405,877	27,449,382
Accumulated Depreciation	(4,467,069)	(3,792,771)	(8,259,840)
Total Noncurrent Assets	10,713,668	13,785,455	24,499,123
Total Assets	23,295,854	17,492,744	40,788,598

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

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	711,606	531,165	1,242,771
Accrued Payroll	186,911	-	186,911
Deposits Payable	461,450	13,500	474,950
Interest Payable	33,002	57,679	90,681
Unearned/Deferred Revenues	1,871,873	4,757	1,876,630
Current Portion of Long-Term Debt	218,424	142,981	361,405
<b>Total Current Liabilities</b>	<b>3,483,266</b>	<b>750,082</b>	<b>4,233,348</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	573,698	111,926	685,624
Special Service Area General Obligation Bonds Payable	1,660,000	-	1,660,000
General Obligation Bonds Payable	-	3,385,000	3,385,000
<b>Total Noncurrent Liabilities</b>	<b>2,233,698</b>	<b>3,496,926</b>	<b>5,730,624</b>
<b>Total Liabilities</b>	<b>5,716,964</b>	<b>4,247,008</b>	<b>9,963,972</b>
<b>NET ASSETS</b>			
<b>Invested in Capital Assets -</b>			
Net of Related Debt	8,545,334	12,038,509	20,583,843
Restricted - Streets and Bridges	968,358	-	968,358
Restricted - Fire/Rescue	73,792	-	73,792
Restricted - Debt Service	265,795	-	265,795
Unrestricted	7,725,611	1,207,227	8,932,838
<b>Total Net Assets</b>	<b>17,578,890</b>	<b>13,245,736</b>	<b>30,824,626</b>

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

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Activities  
Year Ended April 30, 2008**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
<b>Governmental Activities</b>				
General Government	\$ 1,107,158	563,369	-	-
Public Works	1,190,043	6,470	-	-
Building/Community Development	1,067,986	360,494	112,136	187,387
Police Department	4,177,585	207,393	113,014	-
Fire/Rescue	1,548,789	129,247	-	-
Emergency Management	111,871	-	-	-
Interest on Long-Term Debt	80,846	-	-	-
<b>Total Governmental Activities</b>	<b>9,284,278</b>	<b>1,266,973</b>	<b>225,150</b>	<b>187,387</b>
<b>Business-Type Activities</b>				
Water	1,449,975	1,450,981	-	-
Sewerage	686,527	532,660	-	-
<b>Total Business-Type Activities</b>	<b>2,136,502</b>	<b>1,983,641</b>	<b>-</b>	<b>-</b>
	<b>11,420,780</b>	<b>3,250,614</b>	<b>225,150</b>	<b>187,387</b>

General Revenues  
 Taxes  
 Property Taxes  
 Replacement Taxes  
 State Income Taxes  
 State Sales Taxes  
 Utility Taxes  
 Other  
 911 Surcharge  
 Interest Income  
 Miscellaneous  
 Transfers - Internal Activity

Change in Net Assets

Net Assets - Beginning as Restated

Net Assets - Ending

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

Net Expense/Revenue		
Primary Governmental		
Governmental Activities	Business-Type Activities	Total
(543,789)	-	(543,789)
(1,183,573)	-	(1,183,573)
(407,969)	-	(407,969)
(3,857,178)	-	(3,857,178)
(1,419,542)	-	(1,419,542)
(111,871)	-	(111,871)
(80,846)	-	(80,846)
<u>(7,604,768)</u>	-	<u>(7,604,768)</u>
-	1,006	1,006
-	(153,867)	(153,867)
-	<u>(152,861)</u>	<u>(152,861)</u>
<u>(7,604,768)</u>	<u>(152,861)</u>	<u>(7,757,629)</u>
3,315,287	-	3,315,287
71,340	-	71,340
539,483	-	539,483
1,960,602	-	1,960,602
1,389,673	-	1,389,673
200,867	-	200,867
215,332	-	215,332
394,529	130,135	524,664
166,564	-	166,564
53,000	(53,000)	-
<u>8,306,677</u>	<u>77,135</u>	<u>8,383,812</u>
701,909	(75,726)	626,183
<u>16,876,981</u>	<u>13,321,462</u>	<u>30,198,443</u>
<u>17,578,890</u>	<u>13,245,736</u>	<u>30,824,626</u>

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

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Balance Sheet - Governmental Funds  
April 30, 2008**

	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 5,111,263
Receivables - Net of Allowances	
Property Taxes	1,814,364
Other Taxes	881,012
Accounts	25,643
Due from Other Governments	-
Prepays	184,388
Long-Term Notes Receivable	<u>433,334</u>
 Total Assets	 <u><u>8,450,004</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts Payable	84,670
Accrued Payroll	186,911
Deposits Payable	461,450
Due to Other Funds	295,728
Unearned/Deferred Revenues	<u>2,018,137</u>
Total Liabilities	<u>3,046,896</u>
<b>Fund Balances</b>	
Reserved - Prepays	184,388
Reserved - Notes Receivable	433,334
Reserved - Debt Service	-
Unreserved - General	4,785,386
Unreserved - Special Revenue Funds	-
Unreserved - Capital Projects	<u>-</u>
Total Fund Balances	<u>5,403,108</u>
 Total Liabilities and Fund Balances	 <u><u>8,450,004</u></u>

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

Debt Service	Capital Project Equipment Replacement	Nonmajor Governmental Funds	Total
298,797	2,796,609	1,122,896	9,329,565
79,036	-	-	1,893,400
-	-	-	881,012
-	-	-	25,643
-	117,475	150,703	268,178
-	-	-	184,388
-	-	-	433,334
<u>377,833</u>	<u>2,914,084</u>	<u>1,273,599</u>	<u>13,015,520</u>
-	99,759	231,449	415,878
-	-	-	186,911
-	-	-	461,450
-	-	-	295,728
79,036	-	-	2,097,173
<u>79,036</u>	<u>99,759</u>	<u>231,449</u>	<u>3,457,140</u>
-	-	-	184,388
-	-	-	433,334
298,797	-	-	298,797
-	-	-	4,785,386
-	-	1,042,150	1,042,150
-	2,814,325	-	2,814,325
<u>298,797</u>	<u>2,814,325</u>	<u>1,042,150</u>	<u>9,558,380</u>
<u>377,833</u>	<u>2,914,084</u>	<u>1,273,599</u>	<u>13,015,520</u>

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

**VILLAGE OF NORTHFIELD, ILLINOIS**

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

**April 30, 2008**

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**Total Governmental Fund Balances** **\$ 9,558,380**

Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial  
resources and therefore, are not reported in the funds. 10,280,334

Various Village tax revenues will be collected after year-end but are not available  
soon enough to pay for the current period's expenditures and therefore,  
are deferred in the funds

Sales Tax	155,000
Local Use Tax	6,700
Telecommunication Tax	55,000
Wireless 911	8,600

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

Compensated Absences Payable	(717,122)
General Obligation Bonds Payable	(1,735,000)
Accrued Interest Payable	<u>(33,002)</u>

**Net Assets of Governmental Activities** **17,578,890**

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended April 30, 2008**

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**See Following Page**

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended April 30, 2008**

	<u>General</u>
<b>Revenues</b>	
Property Taxes	\$ 3,107,680
Other Taxes	4,148,965
Licenses and Permits	764,779
Intergovernmental	113,014
Charges for Services	386,198
911 Surcharge	211,141
Fines and Forfeitures	115,995
Interest Income	219,972
Miscellaneous	105,135
Total Revenues	<u>9,172,879</u>
<b>Expenditures</b>	
Current	
General Government	1,123,856
Public Works	965,349
Building/Community Development	777,673
Police Department	4,022,915
Fire/Rescue	1,401,366
Emergency Management	111,871
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>8,403,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>769,849</u>
<b>Other Financing Sources (Uses)</b>	
Disposal of Capital Assets	-
Transfers In	-
Transfers Out	(340,700)
	<u>(340,700)</u>
Net Change in Fund Balances	429,149
Fund Balances - Beginning	<u>4,973,959</u>
Fund Balances - Ending	<u><u>5,403,108</u></u>

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

Debt Service	Capital Projects Equipment Replacement	Nonmajor Governmental Funds	Total
207,607	-	-	3,315,287
-	-	-	4,148,965
-	-	-	764,779
-	112,136	187,387	412,537
-	-	-	386,198
-	-	-	211,141
-	-	-	115,995
9,533	122,200	42,824	394,529
998	60,431	-	166,564
218,138	294,767	230,211	9,915,995
-	39,412	-	1,163,268
-	102,183	-	1,067,532
-	283,714	-	1,061,387
-	41,465	-	4,064,380
-	187,702	24,339	1,613,407
-	-	-	111,871
-	-	47,029	47,029
75,000	-	-	75,000
82,018	-	-	82,018
157,018	654,476	71,368	9,285,892
61,120	(359,709)	158,843	630,103
-	11,204	-	11,204
-	393,700	-	393,700
-	-	-	(340,700)
-	404,904	-	64,204
61,120	45,195	158,843	694,307
237,677	2,769,130	883,307	8,864,073
298,797	2,814,325	1,042,150	9,558,380

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

**VILLAGE OF NORTHFIELD, ILLINOIS**

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

**Year Ended April 30, 2008**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 694,307</b>
 Amounts reported for governmental activities in the Statement of Activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	279,487
Depreciation Expense	(457,338)
 Because various revenues will not be collected for several months after the Village's year-end, they are not considered available revenues and are deferred in governmental funds.	
	17,192
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Reduction of Compensated Absences Payable	92,089
Retirement of Debt	75,000
 Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	<u>1,172</u>
 <b>Changes in Net Assets of Governmental Activities</b>	 <b><u><u>701,909</u></u></b>

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

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Net Assets - Proprietary Funds**  
**April 30, 2008**

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**See Following Page**

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Net Assets - Proprietary Funds  
April 30, 2008**

	<u>Business-Type Activities - Enterprise</u>		
	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 2,978,446	380,064	3,358,510
Receivables - Net of Allowances Accounts	256,614	92,165	348,779
Total Current Assets	<u>3,235,060</u>	<u>472,229</u>	<u>3,707,289</u>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Nondepreciable Capital Assets	2,172,349	-	2,172,349
Depreciable Capital Assets	8,555,252	6,850,625	15,405,877
Accumulated Depreciation	<u>(2,414,326)</u>	<u>(1,378,445)</u>	<u>(3,792,771)</u>
Total Noncurrent Assets	<u>8,313,275</u>	<u>5,472,180</u>	<u>13,785,455</u>
Total Assets	<u>11,548,335</u>	<u>5,944,409</u>	<u>17,492,744</u>

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

	Business-Type Activities - Enterprise		
	Water	Sewerage	Total
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 518,398	12,767	531,165
Deposits Payable	13,500	-	13,500
Interest Payable	57,679	-	57,679
Unearned/Deferred Revenue	4,757	-	4,757
Compensated Absences Payable	13,962	14,019	27,981
General Obligation Bonds Payable	115,000	-	115,000
Total Current Liabilities	<u>723,296</u>	<u>26,786</u>	<u>750,082</u>
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	55,849	56,077	111,926
General Obligation Bonds Payable	3,385,000	-	3,385,000
Total Noncurrent Liabilities	<u>3,440,849</u>	<u>56,077</u>	<u>3,496,926</u>
Total Liabilities	<u>4,164,145</u>	<u>82,863</u>	<u>4,247,008</u>
<b>NET ASSETS</b>			
Invested in Capital Assets - Net of Related Debt	6,566,329	5,472,180	12,038,509
Unrestricted	<u>817,861</u>	<u>389,366</u>	<u>1,207,227</u>
Total Net Assets	<u>7,384,190</u>	<u>5,861,546</u>	<u>13,245,736</u>

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

**VILLAGE OF NORTHFIELD, ILLINOIS**

**Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds  
Year Ended April 30, 2008**

	Business-Type Activities - Enterprise		
	Water	Sewerage	Total
Operating Revenues			
Charges for Services	\$ 1,386,597	527,293	1,913,890
Miscellaneous	64,384	5,367	69,751
Total Operating Revenues	<u>1,450,981</u>	<u>532,660</u>	<u>1,983,641</u>
Operating Expenses			
Operations	1,146,191	556,267	1,702,458
Depreciation	166,976	130,260	297,236
Total Operating Expenses	<u>1,313,167</u>	<u>686,527</u>	<u>1,999,694</u>
Operating Income (Loss)	<u>137,814</u>	<u>(153,867)</u>	<u>(16,053)</u>
Nonoperating Revenues (Expenses)			
Interest Income	109,636	20,499	130,135
Interest an Fiscal Charges	(136,808)	-	(136,808)
	<u>(27,172)</u>	<u>20,499</u>	<u>(6,673)</u>
Income (Loss) Before Transfers	110,642	(133,368)	(22,726)
Transfers Out	<u>(27,000)</u>	<u>(26,000)</u>	<u>(53,000)</u>
Change in Net Assets	83,642	(159,368)	(75,726)
Net Assets - Beginning	<u>7,300,548</u>	<u>6,020,914</u>	<u>13,321,462</u>
Net Assets - Ending	<u><u>7,384,190</u></u>	<u><u>5,861,546</u></u>	<u><u>13,245,736</u></u>

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