

*In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under existing law if there is continuing compliance with the requirements of the Internal Revenue Code of 1986, interest on the Bonds will be excluded from the gross income of the owners thereof for Federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from Illinois income taxes. See "Tax Exemption," herein.*

## VILLAGE OF NORTHBROOK, ILLINOIS

### \$25,315,000 General Obligation Bonds, Series 2014A



**Dated:** Date of Delivery

**Due:** December 1, as shown below

The \$25,315,000 General Obligation Bonds, Series 2014A (the "Series 2014A Bonds") of the Village of Northbrook, Illinois (the "Village") will be fully registered and will be in the denomination of \$5,000 or any integral multiple thereof. Principal of and semi-annual interest on the Bonds is payable by Amalgamated Bank of Chicago N.A., Chicago Illinois, as registrar and paying agent (the "Bond Registrar" and "Agent"). Interest will be payable on June 1, 2015 and semiannually on each June 1 and December 1 thereafter. The Bonds will be in global book entry form, without coupons, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive certificates representing their interests in the Bonds unless the book-entry system is terminated. See "Book-Entry System" in Appendix B of this Official Statement.

The Series 2014A Bonds are subject to redemption prior to their maturity as described in this Official Statement.

The Bonds are general obligations of the Village of Northbrook. The full faith and credit of the Village are pledged to the payment of principal of and interest on the Bonds, and they will be payable from ad valorem taxes to be levied upon all taxable property in the Village, in addition to all other taxes, without limitation as to rate or amount.

#### Maturities, Principal Amounts, Interest Rates and Yields

INTEREST				INTEREST			
<u>DECEMBER 1</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>YIELD</u>	<u>DECEMBER 1</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>YIELD</u>
2015	\$ 325,000	3%	0.20%	2022	\$2,050,000	5%	1.92%
2016	355,000	3	0.40	2023	2,155,000	5	2.05
2017	1,635,000	5	0.71	2024	2,265,000	5	2.15
2018	1,710,000	4	0.97	2025	2,390,000	4	2.27*
2019	1,775,000	5	1.23	2026	2,485,000	4	2.37*
2020	1,870,000	5	1.48	2027	2,595,000	3	2.54*
2021	1,965,000	4	1.73	2028	1,740,000	3	2.63*

*The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. It is expected that the Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company on or about November 3, 2014.*

*The date of this Official Statement is October 14, 2014*

\* Priced at the stated yield to the December 1, 2024 call date.

No dealer, broker, salesman or other person has been authorized by the Village, the Village's Financial Advisor, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the Village, the Village's Financial Advisor, the Underwriter, or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the Village is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the Village or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, reports, or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein, and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Village's beliefs as well as assumptions made by and information currently available to the Village. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or expected.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

## SUMMARY STATEMENT

The following presents summary information regarding the terms of the Bonds. The information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement and the authorizing documents relating to the Bonds. Summary information should be read together with those more detailed descriptions.

*The 2014A Bonds.* The 2014A Bonds consist of the \$25,315,000 General Obligation Bonds, Series 2014A (the “Bonds” or “Series 2014A Bonds”).

*The Village.* The Village was incorporated in 1901. It is a “home rule unit” pursuant to Section 6 of Article VII of the 1970 Constitution of the State of Illinois.

*Form of Bonds.* Bonds will be issued in book-entry only form. The Bonds will be registered in the name of Cede & Co., as nominee of Depository Trust Company, New York, New York (“DTC”). Beneficial owners of the Bonds will not receive a certificate representing ownership interest.

*Interest on the Bonds.* The Bonds will pay interest semiannually on each June 1 and December 1, with the first interest payment date being June 1, 2015. Interest will be paid to DTC or its nominee as registered owner of the Bonds by Amalgamated Bank of Chicago, Bond Registrar and Paying Agent for the Bonds. Payments to participants of DTC and other nominees of beneficial owners of the Bonds will be made pursuant to DTC procedures.

*Record Date.* The 15<sup>th</sup> day of the calendar month next preceding the applicable interest payment date.

*Optional Redemption Provisions.* The Series 2014A Bonds due on or after December 1, 2025, are subject to redemption prior to their maturity at a price of par on or after December 1, 2024.

*Security for the Bonds.* The Bonds are general obligations of the Village. The full faith and credit of the Village are pledged to the payment of the principal of and interest on the Bonds.

*Tax Levy.* The Ordinance authorizing the Bonds levies a tax upon all taxable property in the Village, in addition to all other taxes, in an amount sufficient to pay the principal of and interest on the Bonds. The Village may abate such tax to the extent that other funds are lawfully available to pay principal of and interest on the Bonds.

*Purposes.* The Series 2014A Bonds are being issued to finance certain capital improvements, described herein, to refund certain maturities of outstanding general obligation bonds of the Village as described herein, and to pay the costs of issuance in connection with the issuance of the Series 2014A Bonds.

**VILLAGE OF NORTHBROOK**  
Cook County, Illinois  
1225 Cedar Lane  
Northbrook, Illinois 60062

**VILLAGE PRESIDENT**

Sandra E. Frum

**VILLAGE BOARD OF TRUSTEES**

James A. Karagianis  
A. C. Buehler, III  
Michael W. Scolaro

Todd A. Heller  
Kathryn L. Ciesla  
Robert P. Israel

**ADMINISTRATION**

Village Manager  
Village Clerk  
Deputy Village Manager/Chief Financial Officer  
Assistant Director of Finance  
Accounting Manager

Richard A. Nahrstadt  
Debra J. Ford  
Jeffrey L. Rowitz  
Elizabeth M. Garibaldi  
Iwona Petryszak

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Chicago, Illinois

Village Attorney  
Holland & Knight  
Chicago, Illinois

Financial Advisor  
William Blair & Company, LLC  
Chicago, Illinois



## TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	1
<b>PURPOSE OF THE ISSUE</b> .....	1
<b>SOURCES AND USES OF FUNDS</b> .....	2
<b>SECURITY FOR THE BONDS</b> .....	2
<b>DESCRIPTION OF THE BONDS</b> .....	2
<b>REDEMPTION PROVISIONS</b> .....	3
<b>THE PROJECTS</b> .....	4
<b>THE REFUNDING</b> .....	4
<b>THE VILLAGE OF NORTHBROOK</b> .....	5
GENERAL INFORMATION .....	5
GOVERNMENT OF THE VILLAGE .....	5
VILLAGE EMPLOYEES .....	6
PENSION FUND OBLIGATIONS .....	6
<b>VILLAGE FINANCES</b> .....	9
BUDGET PROCESS .....	9
INDEPENDENT AUDIT .....	10
FINANCIAL ACCOUNTING AND CONTROL PROCEDURES .....	10
<b>FISCAL YEAR 2014 PERFORMANCE</b> .....	13
FINANCIAL HIGHLIGHTS .....	13
GOVERNMENT-WIDE FINANCIAL ANALYSIS .....	14
GOVERNMENTAL ACTIVITIES .....	15
BUSINESS-TYPE ACTIVITIES .....	15
<b>FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS</b> .....	16
GOVERNMENTAL FUNDS .....	16
PROPRIETARY FUNDS .....	16
<b>GENERAL FUND BUDGETARY HIGHLIGHTS</b> .....	17
<b>CAPITAL ASSETS AND DEBT ADMINISTRATION</b> .....	17
CAPITAL ASSETS .....	17
DEBT ADMINISTRATION .....	18
<b>ECONOMIC FACTORS AND FY15 BUDGET AND RATES</b> .....	18
<b>CAPITAL IMPROVEMENT PLAN (CIP)</b> .....	18
<b>INDEBTEDNESS</b> .....	19
<b>ASSESSED VALUATION OF REAL PROPERTY</b> .....	22
<b>VILLAGE ECONOMY</b> .....	23
TAX BASE .....	23
PRINCIPAL TAXPAYERS .....	24
TAX COLLECTIONS .....	24
RETAIL TRADE .....	24
VILLAGE INFRASTRUCTURE AND SERVICES .....	25
SCHOOLS .....	26
WEALTH .....	26
HOUSING .....	27
BUILDING ACTIVITY .....	28
UNEMPLOYMENT RATE .....	29
MAJOR EMPLOYERS .....	29
OCCUPATIONS .....	29
<b>ECONOMIC DEVELOPMENT AND INITIATIVES</b> .....	30
<b>REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION</b> .....	31
SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES .....	31
REAL PROPERTY ASSESSMENT .....	31
EQUALIZATION .....	33
EXEMPTIONS .....	34
TAX LEVY .....	36
EXTENSIONS .....	36

COLLECTIONS .....	36
TRUTH IN TAXATION LAW .....	37
<b>CONTINUING DISCLOSURE</b> .....	38
<b>LEGAL MATTERS</b> .....	39
<b>TAX MATTERS</b> .....	39
SERIES 2014 BONDS PURCHASED AT A PREMIUM OR A DISCOUNT .....	40
EXCLUSION FROM GROSS INCOME REQUIREMENTS .....	40
RISKS OF NON-COMPLIANCE .....	41
FEDERAL INCOME TAX CONSEQUENCES .....	41
<b>ABSENCE OF LITIGATION</b> .....	41
<b>RATINGS</b> .....	42
<b>UNDERWRITING</b> .....	42
<b>CLOSING CERTIFICATE</b> .....	42

APPENDIX A Form of Opinion of Bond Counsel

APPENDIX B Book-Entry System

APPENDIX C Selected Excerpts from Comprehensive Annual Financial Report, Fiscal Year 2013

Inside Back Cover - CUSIP Numbers

**OFFICIAL STATEMENT  
VILLAGE OF NORTHBROOK, Illinois  
\$25,315,000 GENERAL OBLIGATION BONDS, SERIES 2014A**

**INTRODUCTION**

This Official Statement is furnished by the Village of Northbrook, Illinois (the “Village”), in connection with the offering of \$25,315,000 aggregate principal amount of its General Obligation Bonds, Series 2014A.

The Bonds are issued pursuant to and in accordance with the authority granted to home rule units of local government by Article VII, Section 6 of the 1970 Constitution of the State of Illinois and ordinance of the Village adopted by the President and Board of Trustees of the Village on October 14, 2014 (the “Ordinance”).

The Bonds are general obligations of the Village, secured by a pledge of its full faith and credit. Pursuant to the Ordinance, the Village has levied a direct annual tax, in addition to all other taxes, upon all taxable property in the Village sufficient to pay and discharge the principal of the Bonds at maturity and to pay interest on the Bonds as it comes due.

This Official Statement, which includes its cover page, Summary Statement and Appendices, provides information concerning the Village and the Bonds. All references to agreements and documents are qualified in their entirety by their definitive forms, and all references to the Bonds are further qualified by the information with respect to them contained in the Ordinance. Any statements or information indicating matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated. This Official Statement should be read in its entirety by any prospective purchaser of the Bonds.

**PURPOSE OF THE ISSUE**

The Bonds are being issued to (i) finance water system improvements, sanitary water system improvements, storm water system improvements, street maintenance, fire engine replacement, ambulance replacement, various building improvements, public works equipment replacement, computer equipment replacement; (ii) refunding certain maturities of outstanding general obligation bonds of the Village as described herein in “The Refunding”; and (iii) pay costs of issuance in connection with the issuance of the Bonds.

## SOURCES AND USES OF FUNDS

The proceeds of the Bonds will be applied as follows:

### Sources of Funds

Par Amount of Bonds	\$25,315,000.00
Net Premium	3,924,488.35
Village Contribution	425,384.31
Investment Earnings	5,460.74
Total Sources	<u>\$29,670,333.40</u>

### Uses of Funds

Project Costs	\$7,285,000.94
Escrow Deposit	22,208,138.67
Costs of Issuance (Including Underwriter's Discount)	177,193.79
Total Uses	<u>\$29,670,333.40</u>

## SECURITY FOR THE BONDS

The Bonds are general obligations of the Village. The full faith and credit of the Village are pledged to the payment of principal of and interest on the Bonds.

The Bonds, together with interest on them, will be payable from ad valorem taxes levied on all taxable property in the Village, in addition to all other taxes, without limitation as to rate or amount. The Ordinance provides for the levy of a direct annual tax upon all of the taxable property within the Village in an amount that will be sufficient to pay principal of and interest on the Bonds when due. The Village expects that substantial revenues from sources other than property taxes will be available to pay the Bonds, and will reserve the right to abate taxes to the extent such funds are available.

## DESCRIPTION OF THE BONDS

The Bonds will be issued in the principal amount of \$25,315,000. The Bonds will be dated and will bear interest from their delivery date. The Bonds will mature on the dates and will bear interest at the respective interest rates per annum shown on the front cover of this Official Statement. Interest on the Bonds is payable on June 1 and December 1 in each year, with the first interest payment date being June 1, 2015. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest will be payable by Amalgamated Bank of Chicago, Chicago, Illinois acting as bond registrar and paying agent (the "Paying Agent" or "Registrar") for the Bonds.

The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of Amalgamated Bank of Chicago, in the City of Chicago, Illinois, which has been appointed as bond registrar and paying agent for the Bonds. Interest on the Bonds shall be payable on each interest payment date to the registered owners of record thereof appearing on the registration books maintained by the Village for such purpose at the principal corporate trust office of the bond registrar, as of the close of business on the 15th day of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed to such registered owners at their addresses appearing on the registration books or by wire transfer pursuant to an agreement by and between the Village and the registered owner.

## REDEMPTION PROVISIONS

*Optional Redemption:* The Series 2014A Bonds due on or after December 1, 2025 are subject to redemption prior to their maturity at a price of par on any date on or after December 1, 2024.

*Partial Redemption of Bonds.* In the event of the redemption of less than all the Bonds of like series and maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the bond registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

*Redemption Notice:* Notice of the redemption of Bonds shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on said registration books. The Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Village shall execute and the bond registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, in exchange for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any integral multiple thereof.

The bond registrar shall not be required to transfer or exchange any Bond after notice of the redemption of all or a portion thereof has been mailed. The bond registrar shall not be required to transfer or exchange any Bond during a period of 15 days next preceding the mailing of a notice of redemption that could designate for redemption all or a portion of such Bonds.

## THE PROJECTS

A portion of the proceeds of the Series 2014A Bonds will be used to finance \$7,285,000 in various capital improvement expenditures, as follows:

Water System	\$880,000
Sanitary Sewer	2,350,000
Storm Water	1,200,000
Streets	630,000
Fire Engine	620,000
Ambulance	295,000
Building Improvements	660,000
Public Works Equipment	250,000
Computer Equipment	400,000
<b>Total Series 2014A Projects</b>	<b>\$7,285,000</b>

## THE REFUNDING

A portion of the proceeds of the Series 2014A Bonds will be used to refund certain outstanding maturities of the Village's General Obligation Bonds, series 2007 and certain outstanding maturities of the Village's general obligation bonds Series 2008 Bonds (collectively the "Prior Bonds") as listed below.

### \$8,710,000 Series 2007 Bonds

<u>Dec. 1</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Dec. 1</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>
2017	\$ 640,000	4.25%	2023	\$ 815,000	4.375%
2018	670,000	4.25	2024	850,000	4.375
2019	690,000	4.25	2025	890,000	4.375
2020	720,000	4.25	2026	925,000	4.375
2021	750,000	4.25	2027	975,000	4.375
2022	785,000	4.25			

### \$11,495,000 Series 2008 Bonds

<u>Dec 1.</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Dec. 1</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>
2017	\$ 740,000	4.25%	2023	\$ 965,000	4.25%
2018	770,000	4.25	2024	1,010,000	4.25
2019	805,000	4.25	2025	1,060,000	4.25
2020	845,000	4.25	2026	1,110,000	4.375
2021	880,000	4.25	2027	1,165,000	4.375
2022	925,000	4.25	2028	1,220,000	4.375

The Prior Bonds will be called for redemption at a price of par on December 1, 2016

## THE VILLAGE OF NORTHBROOK

### GENERAL INFORMATION

The Village of Northbrook is located approximately 26 miles north of downtown Chicago at the border of Cook and Lake Counties. Northbrook is bounded by Glencoe on the east, Highland Park and Deerfield to the north, Wheeling to the west and Glenview and Northfield to the south. A significant amount of area was incorporated into the Village boundaries in 1988.

The community was incorporated in 1901 as the Village of Shermerville. In 1923, by referendum, the Village was reincorporated and renamed Northbrook in recognition of the middle and west forks of the North Branch of the Chicago River which flow through the Village.

At the 1950 Census the Village population was 3,348. With the opening of the Edens Expressway in the early 1950s (the major expressway to the northern suburbs) and the Tri-State (Illinois) Tollway in 1958, the Village's population increased to 11,635 by 1960 and 27,297 by 1970. At that time, the area of the Village totaled 12.5 square miles. Between 1970 and 1980 the Village's population increased 12.8% to 30,778 with a land area of approximately 13 square miles. According to the 1990 Census, the Village population was 32,308, an increase of 5.0% over the 1980 figure. In 2000, the Census reported a population of 33,435. In 2010, the U.S. Census Bureau reported the Village's population to be 33,170 residents.

### GOVERNMENT OF THE VILLAGE

The Village is a home rule municipality under the Constitution and laws of the State of Illinois, and operates a Council/Manager form of government.

The governing body of the Village is the President and Board of Trustees. The Village President is elected for a four-year term. She is the chief elected officer of the Village, and presides over board meetings and executes official documents. The Village President appoints, with the consent of the Board of Trustees, the members of Committees and Commissions. The Village Board of Trustees consists of six members elected at large for four-year staggered terms.

The Village Manager is the Chief Operating Officer of the Village and is responsible for the management of all Village operations under the direction of the President and Board of Trustees. The Manager is appointed by the President and Board of Trustees and serves at their pleasure. The Village Department heads, including the Chief Financial Officer, report to the Village Manager.

***Sandra E. Frum, Village President.*** Ms. Frum has been a member of the Northbrook Village Board since 1987, and was elected Village President in 2009 and reelected in 2013. Prior to her election as Village President, Ms. Frum served as the chair of the Administration and Finance Committee. She has been a Northbrook resident for over 34 years. She also served as the President of the Northwest Municipal Conference, a regional governmental council representing 43 municipalities in Cook, DuPage, Kane, Lake, and McHenry County in Illinois.

***Richard A. Nahrstadt, Village Manager.*** Mr. Nahrstadt has been a member of the administration of the Village of Northbrook since 1991. Mr. Nahrstadt's service with Northbrook includes 16 years as Assistant Village Manager. He was appointed Village Manager in 2008. Prior to his service in

Northbrook, Mr. Nahrstadt was the Senior Analyst and Acting H.R. Director for the City of Naperville and the Assistant to the Village Manager/Zoning Administrator for the Village of Flossmoor.

**Jeffrey L. Rowitz, Deputy Village Manager/Chief Financial Officer.** Mr. Rowitz was hired as the Director of Finance and Village Treasurer of Northbrook in 1996 and was promoted to Deputy Village Manager/Chief Financial Officer in 2013. Previously, he was the Director of Finance for the Village of Willowbrook, Illinois. He has also served as the Assistant Finance Director for the City of Park Ridge, Illinois. Mr. Rowitz is a Certified Public Accountant and a Certified Government Financial Manager. He is a past President of the Illinois Government Finance Officers Association.

**Elizabeth M. Garibaldi, Assistant Director of Finance.** Ms. Garibaldi was hired as the Assistant Director of Finance of Northbrook in 1994. Previously, she was a supervisor with the regional public accounting firm of Friedman, Eisenstein, Raemer & Schwartz. Ms. Garibaldi is a Certified Public Accountant.

**Iwona Petryszak, Accounting Manager.** Ms. Petryszak was hired as Accounting Manager in 2012. Previously, she was a manager with the public accounting firm McGladrey. Ms. Petryszak is a Certified Public Accountant and a member of the Illinois CPA society, and American Institute of CPAs.

#### VILLAGE EMPLOYEES

The Village is staffed by 264 full time positions, and 9.3 permanent part-time positions and 16.1 seasonal part-time positions. The Village is party to four collective bargaining agreements, an agreement with the Northbrook Police Association (contract expired 4/30/2014), covering sworn police officers and dispatchers, Combined Counties Police Association (contract expires 4/30/2015) covering police sergeants, Local 1894 of the International Association of Professional Fire Fighters (contract expires 4/30/2015), and Local 150 of the International Union of Operating Engineers (contract expires 4/30/15), covering all Public Works employees.

#### PENSION FUND OBLIGATIONS

The Village participates in three defined benefit pension plans, which cover substantially all employees. Retirement benefits are provided for employees who meet certain age and service requirements. Payments are generally correlated with the employee's length of service and earnings. Legal requirements of the plans (including contributions, vesting, benefit and fund deficit provisions) are governed by Illinois Compiled Statutes. The plans are funded by employee and employer contributions and interest earnings, with all administration costs borne by the Village. The Village's total payroll for all employees was \$27,371,512 for the fiscal year ended April 30, 2013, an increase of .06% over fiscal year 2012.

All employees, other than police officers, fire fighters and those working fewer than 1,000 hours per year, are covered by the Illinois Municipal Retirement Fund (the "IMRF"), which is a statewide multi-employer plan governed by a state board of trustees.

The IMRF determines the contribution rate for the Village to provide for full funding of prior service costs. Participating members contribute 4.50% of their salary; the Village's rate for calendar 2013 was 13.66%. The Village rate for 2014 is 13.53%. The unfunded balance of the future IMRF pension benefits (including the Northbrook Public Library and Regional Emergency Dispatch "RED" Center) at December 31, 2013 was \$10,901,312. The following tables summarize the funding status of the IMRF for the last six years and employer contributions.



**IMRF**  
**Funding Progress**

Actuarial Valuation Dated Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2006	\$33,126,886	\$36,298,228	91.26%	\$3,171,342	\$12,194,254	26.01%
2007	33,625,225	37,850,331	88.84%	4,225,106	13,251,399	31.88%
2008	28,975,981	39,615,937	73.14%	10,639,956	13,899,639	76.55%
2009	30,357,563	42,324,209	71.73%	11,966,646	14,364,213	83.31%
2010	28,284,609	41,333,468	68.43%	13,048,859	14,277,184	91.40%
2011	30,691,548	44,389,093	69.14%	13,697,545	14,213,247	96.37%
2012	31,795,961	45,408,913	70.02%	13,612,952	14,822,876	91.84%
2013	36,006,667	46,907,979	76.76%	10,901,312	15,020,765	72.57%

**IMRF Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$1,256,008	\$1,256,008	100.00%
2008	1,347,667	1,347,667	100.00%
2009	1,367,724	1,367,724	100.00%
2010	1,473,768	1,473,768	100.00%
2011	1,732,692	1,782,915	97.18%
2012	1,818,669	1,852,110	98.19%
2013	2,005,220	2,005,220	100.00%
2014	2,082,680	2,082,680	100.00%

The Village funded a substantial portion of its liabilities in the Police and Fire pension funds in 2004 with the deposit of long-term fixed rate municipal bonds. Tax levies required to pay the acquisition price are less than the tax levies previously required to amortize the unfunded liabilities. Current unfunded balances as of April 30, 2012 were \$15,147,852 (police) and \$8,803,362 (fire) or 24% of the accrued liability of both funds. The following tables summarize the funding status of the Police and Firefighters' Pension Funds for the last seven years and employer contributions.

## Police Pension Fund

### Funding Progress

Actuarial Valuation Dated Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2006	\$37,196,449	\$38,879,128	95.67%	\$1,682,679	\$4,552,783	36.96%
2007	38,936,240	41,529,030	93.76%	2,592,790	4,835,778	53.62%
2008	38,322,368	45,147,284	84.88%	6,824,916	5,160,200	132.26%
2009*	N/A	N/A	N/A	N/A	N/A	N/A
2010	36,604,856	50,843,163	72.00%	14,238,307	5,608,148	253.89%
2011	38,864,186	54,144,315	71.78%	15,280,129	5,901,198	258.93%
2012	39,510,125	57,854,494	68.3%	18,344,369	6,165,086	297.60%
2013	41,261,603	60,721,093	68.0%	19,459,490	6,133,161	317.3%

\*The village did not have a full actuarial valuation performed at 4/30/09

### Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$184,925	\$266,963	69.27%
2008	188,186	266,963	70.49%
2009	231,193	287,596	80.39%
2010	643,310	628,285	102.39%
2011*	1,055,379	1,179,355	89.49%
2012*	1,103,535	1,142,913	96.55%
2013*	1,256,351	1,272,552	98.73%
2014*	1,377,428	1,256,351	109.64%

\*Calculated in conformity with GASB requirements

**Firefighters' Pension Fund**  
**Funding Progress**

Actuarial Valuation Dated Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2006	\$36,333,429	\$37,491,442	96.91%	\$1,158,013	\$5,005,890	23.13%
2007	38,553,433	39,995,685	96.39%	1,442,252	5,206,381	27.70%
2008	38,707,476	43,447,480	89.09%	4,740,004	5,430,306	87.29%
2009*	N/A	N/A	N/A	N/A	N/A	N/A
2010	37,599,988	48,507,323	77.51%	10,907,335	5,957,410	183.09%
2011	39,916,590	51,731,002	77.16%	11,814,412	6,124,287	192.91%
2012	40,214,988	54,866,359	73.3%	14,651,371	6,366,498	230.1%
2013	42,320,252	58,629,624	72.2%	16,309,372	6,217,586	262.3%

\*The village did not have a full actuarial valuation performed at 4/30/09

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$456,209	\$530,457	86.00%
2008	499,513	530,457	94.17%
2009	514,134	545,510	94.25%
2010	788,819	802,799	98.26%
2011*	1,029,159	1,292,090	79.65%
2012*	1,046,064	1,262,624	82.85%
2013*	1,220,753	1,368,237	89.22%
2014*	1,319,964	1,220,753	108.13%

\*Calculated in conformity with GASB requirements

**VILLAGE FINANCES**

**BUDGET PROCESS**

The Village's budgetary operations are governed by the annual Village budget, formally approved by the Village Board of Trustees and administered by the Chief Financial Officer. The Village annually appropriates amounts needed to pay for the expenditures identified in the annual budget plus additional specifically identified contingent items. Unused appropriations lapse at year's end.

The Chief Financial Officer may, with the approval of the Village Manager, transfer funds within the approved annual budget upon submission of a proper request from the head of any Village department, board or commission and subject to the following conditions: 1) transfers may not be made between or among funds; 2) transfers may not be made between or among departments, boards or commissions; 3) transfers may be made only between or among accounts of a like kind or nature; 4) transfers shall not exceed the Village Manager's purchasing limit as established in the Northbrook

Municipal Code; 5) transfers to or from a particular account shall not exceed a reasonable number in each fiscal year, as determined by the Chief Financial Officer and the Village Manager; and 6) transfers may be made from one account to one or more other accounts only if, at the time of the transfer, sufficient uncommitted and unspent funds are in the account from which the funds are to be transferred. The budget may be amended at the Board's discretion by a vote of two-thirds of the Board of Trustees.

#### INDEPENDENT AUDIT

Since and including fiscal year 2000, audits have been performed by Lauterbach & Amen, LLP, Warrenville, Illinois. Lauterbach & Amen have neither reviewed nor approved this Official Statement.

The Village's financial statement of governmental funds is prepared on a modified accrual basis of accounting. The Government Finance Officers Association ("GFOA") has awarded Northbrook a Certificate of Achievement for Excellence in Financial Reporting in every year since fiscal year 1991. Selected Excerpts from the Village's financial statement are presented in Appendix C.

#### FINANCIAL ACCOUNTING AND CONTROL PROCEDURES

Village expenditures are monitored on a regular basis by the Chief Financial Officer. The Village reports financial results based on generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The accounts of the Village are divided into separate self-balancing funds comprising its assets, liabilities, fund equity, revenues and expenditures, as appropriate.

Government resources are allocated to and accounted for in four Governmental Fund type groups (General, Debt Service, Capital Projects, and Non-Major Funds), five enterprise funds, (Water Fund, Storm Water Fund, Sanitary Sewer Fund, Parking Revenue, and Senior Housing Fund), one internal service fund (Self-Insurance), and two fiduciary fund type groups (Pension Trust and Agency). The General Fund is the general operating fund of the Village. During fiscal 2014, approximately 83% of the Village's governmental purpose revenues and 77% of the Village's governmental purpose expenditures were accounted for in the General Fund.

*Revenues.* The principal sources of Village revenue for all funds, fund groups, and accounts are: sales taxes; property taxes; licenses, permits and fees; intergovernmental revenue; and utility charges. The primary sources of General Fund revenues are sales tax, property tax, intergovernmental receipts and utility charges.

*Home Rule Sales Tax.* In September 2001, the Village adopted a "home rule sales tax" of  $\frac{1}{2}$  of 1% on retail sales in the Village, effective January 1, 2002. The tax applied to all sales within the Village except automobiles, food and medicine. This tax was increased effective January 1, 2007 to  $\frac{3}{4}$  of 1%. This "home rule sales tax," along with the State established sales tax of  $6\frac{1}{4}\%$ , and taxes imposed by Cook County and the Regional Transportation Authority, total 8.75% in the Village.

*Expenditures.* The principal Village expenditures for all funds and account groups are for public safety, water and sewer service, capital projects, public works and general administrative services. The Village's General Fund accounts for most of the basic services provided for by the Village.

The following table provides a comparative summary of the Village's General Fund balance sheet for the past five fiscal years. A summary of General Fund revenues and expenditures for the five most recent fiscal years follows on the following page, including unaudited information for FY2014 and

projections for FY2015. The third table following is a summary of fund balances from all Governmental and Proprietary and Fiduciary Funds.

**VILLAGE OF NORTHBROOK**  
**COMPARATIVE GENERAL FUND BALANCE SHEET**  
**FISCAL YEARS ENDED APRIL 30**

ASSETS	2010	2011	2012	2013	2014*	2013-2014
Cash and investments	\$16,386,763	\$17,664,579	\$15,759,206	\$17,960,295	\$20,593,939	15%
Receivables						
Property Taxes	4,358,440	3,640,724	4,579,235	4,393,882	4,066,283	-7%
Accrued interest	23,126	48,889	-	-	-	
Other taxes	3,177,424	3,042,489	3,579,353	3,170,496	3,014,204	-5%
Other	721,770	550,484	485,829	765,290	732,901	-4%
Inventory	22,463	26,153	37,684	42,325	42,446	0%
Due from other governments	2,267,938	1,149,335	1,167,078	1,184,063	1,362,603	15%
Due from other funds	586,944	526,891	1,374,141	479,374	1,204,762	151%
<b>TOTAL ASSETS</b>	<b>\$27,544,868</b>	<b>\$26,649,544</b>	<b>\$26,982,526</b>	<b>\$27,995,725</b>	<b>\$31,017,138</b>	<b>11%</b>
<b>LIABILITIES</b>						
Accounts payable	\$601,830	\$1,011,988	\$910,860	\$582,179	\$860,737	48%
Accrued payroll	287,437	311,388	778,881	333,907	563,429	69%
Deferred revenues	8,339,726	7,777,945	8,261,064	8,286,340	8,301,177	0%
Deposits payable	121,696	135,347	170,234	251,992	342,198	36%
Due to Other Governments	129,437	134,103	134,428	137,415	102,357	-26%
Due to other funds	-	-	-	2,138	60,697	2,739%
<b>TOTAL LIABILITIES</b>	<b>\$9,480,126</b>	<b>\$9,370,771</b>	<b>\$10,255,467</b>	<b>\$9,593,971</b>	<b>\$10,230,295</b>	<b>7%</b>
<b>FUND BALANCE</b>						
Reserved for inventory	\$22,463	\$26,153	\$37,684	\$42,325	\$42,446	0%
Reserved for special revenues	181,367	183,828	296,057	301,817	1,062,020	252%
Unreserved	17,860,912	17,068,792	16,393,318	18,057,612	19,682,377	9%
<b>TOTAL FUND BALANCE</b>	<b>\$18,064,742</b>	<b>\$17,278,773</b>	<b>\$16,727,059</b>	<b>\$18,401,754</b>	<b>\$20,786,843</b>	<b>13%</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$27,544,868</b>	<b>\$26,649,544</b>	<b>\$26,982,526</b>	<b>\$27,995,725</b>	<b>\$31,017,138</b>	<b>11%</b>

Source: Village of Northbrook Comprehensive Annual Financial Reports, 2010 – 2014.

\*Unaudited

**VILLAGE OF NORTHBROOK**  
**GENERAL FUND STATEMENT OF REVENUES AND CHANGES IN FUND BALANCE**  
**FISCAL YEARS ENDED APRIL 30**

	2011	2012	2013	2014*	Budget 2015
<b>REVENUES</b>					
Property Tax	\$7,836,484	\$7,165,982	\$7,685,720	\$7,595,622	\$7,820,750
Sales Tax	11,828,600	11,835,236	12,344,249	12,018,089	12,300,000
Other Tax	5,996,020	6,433,656	7,546,728	10,428,792	10,028,835
Licenses, Permits and Fees	4,042,149	4,381,210	5,009,552	4,836,627	4,923,500
Intergovernmental Revenue	7,040	309,134	21,689	97,924	
Charges for Services	5,863,624	5,556,370	5,374,546	6,182,875	6,080,975
Interest Earned	249,956	75,579	46,796	50,082	52,000
Miscellaneous & Other	283,051	319,461	331,269	555,405	327,000
<b>TOTAL REVENUES</b>	<b>\$36,106,624</b>	<b>\$36,076,628</b>	<b>38,360,549</b>	<b>41,765,416</b>	<b>\$41,533,060</b>
<b>EXPENDITURES</b>					
General Government	6,507,796	6,889,931	6,496,294	6,646,691	7,796,155
Police	12,525,657	13,110,279	13,354,953	13,848,359	14,605,560
Fire	10,014,868	10,229,313	10,839,400	11,100,282	12,527,435
Highway and Streets	7,086,643	6,898,819	6,420,207	7,795,144	8,588,980
<b>TOTAL EXPENDITURES</b>	<b>\$36,134,964</b>	<b>\$37,128,342</b>	<b>\$37,110,854</b>	<b>39,390,476</b>	<b>\$43,518,130</b>
Excess (Deficiency) before other Financing Sources (Uses)	(\$28,040)	(\$1,051,714)	\$1,249,695	2,374,940	(\$1,985,070)
<b>BEGINNING FUND BALANCE</b>	<b>\$17,971,813</b>	<b>\$17,278,773</b>	<b>\$16,727,059</b>	<b>18,401,754</b>	<b>\$20,786,843</b>
Other Financing Sources (Uses)	(665,000)	500,000	425,000	10,149	2,272,000
<b>ENDING FUND BALANCE</b>	<b>\$17,278,773</b>	<b>\$16,727,059</b>	<b>\$18,401,754</b>	<b>\$20,786,843</b>	<b>\$21,073,773</b>

Source: Village of Northbrook Comprehensive Annual Financial Reports, 2011 – 2014; Annual Budget, FY 2015.

\*Unaudited

**VILLAGE OF NORTHBROOK**  
**Combined Statement - Fund Balances - All Governmental Funds**  
**Fiscal Years Ended April 30**

	Fiscal Year Ended April 30, 2014						
	2011	2012	2013	Revenue	Expenditure	Balance	Cash & Investments
GOVERNMENTAL							
General Fund	\$17,278,773	\$16,727,059	\$18,401,754	\$41,765,416	\$39,390,476	\$20,786,843	\$20,593,939
Other Funds	419,396	390,338	338,545	3,107,569	3,433,425	(908,169)	523,842
Capital Projects	8,895,547	9,758,935	5,192,854	3,137,626	3,887,679	8,375,394	8,014,313
Debt Service	<u>511,899</u>	<u>17,151</u>	<u>73,448</u>	<u>2,329,933</u>	<u>4,476,437</u>	<u>16,784</u>	<u>1,235,160</u>
Total Governmental Fund Types	\$27,105,615	\$26,893,483	\$24,006,601	\$50,340,544	\$51,188,017	\$28,270,852	\$30,367,254
PROPRIETARY & FIDUCIARY							
Enterprise Funds <sup>(1)</sup>	\$34,879,388	\$34,281,368	\$46,194,633	10,181,522	11,609,842	45,592,859	9,270,569
Internal Service	4,918,683	3,948,732	3,905,390	7,662,987	7,860,074	4,005,132	2,496,249
Pension Trust Funds <sup>(2)</sup>	<u>77,890,776</u>	<u>79,725,113</u>	<u>83,581,856</u>	<u>12,741,759</u>	<u>6,356,672</u>	<u>89,966,943</u>	<u>4,533,673</u>
Total Proprietary & Fiduciary	\$117,688,847	\$117,955,213	\$133,681,879	\$30,586,268	\$25,826,588	\$139,564,934	\$16,300,491
TOTAL ALL FUNDS	\$144,794,462	\$144,848,696	\$157,688,480	\$80,926,812	\$77,014,605	\$167,835,786	\$46,667,745

Sources: Village of Northbrook Comprehensive Annual Financial Reports, 2011 – 2014

(1) Includes Water, Sanitary Sewer, Storm, Revenue Parking and Senior Housing Funds.

(2) Includes Police Pension Fund, Firefighter's Pension Fund. Pension includes extraordinary contributions.

**FISCAL YEAR 2014 PERFORMANCE**

The following discussion and analysis of the Village of Northbrook's FY14 financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2014.

**FINANCIAL HIGHLIGHTS**

- The Village's net position increased by 2.1% as a result of this year's operations. Net position of business-type activities increased by about \$602,000 or 1.3%. Net position of governmental activities increased by \$3.2 million or 4.1%.
- During the year, expenses were \$3.7 million less than the \$47.9 million generated in tax and other revenues for governmental programs.
- During the year, revenues for business-type activities were \$11.1 million while expenses were \$12.2 million, generating a decrease in net position before transfers of about \$1.1 million.
- The General Fund reported a surplus this year of \$2.4 million. Revenues were \$1.7 million higher than anticipated as the Village continued to see evidence of sustained recovery in our local economy and higher telecommunication tax. Expenditures were \$1.8 less than the amended budget. This savings is mostly attributed to personnel costs from temporary vacancies and timing of capital expenditures.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets exceeded liabilities by \$127.3 million.

<b>Net Position (in millions)</b>						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$64.1	\$57.4	\$10.1	\$7.3	\$74.2	\$64.7
Capital Assets	95.1	94.0	51.0	52.8	146.1	146.8
<b>Total Assets</b>	<b>159.2</b>	<b>151.4</b>	<b>61.1</b>	<b>60.1</b>	<b>220.3</b>	<b>211.5</b>
Long-Term Debt Outstanding	(\$59.2)	(\$55.3)	(\$13.5)	(\$11.7)	(\$72.7)	(\$67.0)
Other Liabilities	(5.9)	(5.8)	(1.9)	(1.7)	(7.8)	(7.5)
<b>Total Liabilities</b>	<b>(65.1)</b>	<b>(61.1)</b>	<b>(15.4)</b>	<b>(13.4)</b>	<b>(80.5)</b>	<b>(74.5)</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of debt	\$54.8	\$54.8	\$36.9	\$40.0	\$91.7	\$94.8
Restricted	6.5	6.8	-	-	6.5	6.8
Unrestricted (Deficit)	20.4	16.9	8.7	6.2	29.1	23.1
<b>Total Net Assets</b>	<b>\$81.7</b>	<b>\$78.5</b>	<b>\$45.6</b>	<b>\$46.2</b>	<b>\$127.3</b>	<b>\$124.7</b>

By far the largest portion of the Village's net position, which is 72%, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; 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.

An additional portion, or 5.1%, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining 22.9%, or \$29.1 million, represents unrestricted net position and maybe used to meet the Village's ongoing obligations to citizens and creditors.

Net position of business-type activities decreased 1.3% from the prior year (\$46.2 million compared to \$45.6 million). The Village general can only use this net position to finance the continuing operations of the waterworks, sewerage, storm water, senior housing, and parking operations.



### Changes in Net Position (in millions)

	Governmental Activities		Business- type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$9.0	\$8.4	\$10.2	\$11.4	\$19.2	\$19.8
Capital Grants/Contributions	-	-	-	-	-	-
Operating Grants/Contributions	1.0	1.0	0.1	0.3	1.1	1.3
General Revenues						
Property Taxes	12.7	12.0	-	-	12.7	12.0
Sales Taxes	14.2	14.5	-	-	14.2	14.5
State Income Taxes	3.2	3.1	-	-	3.2	3.1
Utility Taxes	1.2	1.1	-	-	1.2	1.1
Other Taxes	5.6	2.8	-	-	5.6	2.8
Other General Revenues	1.0	1.0	0.8	2.4	1.8	3.4
Total Revenues	<u>\$47.9</u>	<u>\$43.9</u>	<u>\$11.1</u>	<u>\$14.1</u>	<u>\$59.0</u>	<u>\$58.0</u>
Expenses						
General Government	\$4.2	\$4.8	-	-	\$4.2	\$4.8
Public Safety	27.9	27.6	-	-	27.9	27.6
Public Works	10.0	8.9	-	-	10.0	8.9
Interest on Long-Term Debt	2.1	2.4	-	-	2.1	2.4
Water	-	-	7.6	\$7.5	7.6	7.5
Sewer	-	-	1.8	1.2	1.8	1.2
Storm Water	-	-	1.7	1.7	1.7	1.7
Senior Housing	-	-	0.9	0.8	0.9	0.8
Parking Facilities	-	-	0.2	0.2	0.2	0.2
Total Expenses	<u>\$44.2</u>	<u>\$43.7</u>	<u>\$12.2</u>	<u>\$11.4</u>	<u>\$56.4</u>	<u>\$55.1</u>
Change in Net Assets Before Transfers	3.7	0.2	(1.1)	2.7	2.6	2.9
Transfers	(0.5)	(9.2)	0.5	9.2	-	-
Increase (Decrease) in Net Assets	3.2	(9.0)	(0.6)	11.9	2.6	2.9
Net Assets--Beginning	78.5	87.5	46.2	34.3	124.7	121.8
Net Assets--Ending	<u>\$81.7</u>	<u>\$78.5</u>	<u>\$45.6</u>	<u>\$46.2</u>	<u>\$127.3</u>	<u>\$124.7</u>

#### GOVERNMENTAL ACTIVITIES

Revenues for governmental activities (excluding special items) were \$47.9 million, while total expenses were \$44.2 million.

#### BUSINESS-TYPE ACTIVITIES

Revenues from business type activities decreased by 21.3% (\$11.1 million compared to \$14.1 million) and expenses increased by 7.0%. The revenue decrease is primarily due to timing of

reimbursements received from Cook County for allocated costs attributed to the Techny Drain storm water project. Per agreement with Cook County, the Village received a total of \$3 million, \$2.4 million in previous fiscal year and \$633,064.03 in current fiscal year. In addition, a rainy summer resulted in lower consumption of water.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **GOVERNMENTAL FUNDS**

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2014, the governmental funds reported combined ending fund balances of \$28.3 million, which is 22.5% higher than last year's total of \$23.1 million. This increase is primarily due to timing differences between the receipt of bond proceeds and the corresponding capital expenditures.

The General Fund experienced an increase of \$2.4 million which was significantly better than the original budget anticipated. Revenues were \$1.7 million higher than expected. Building permit revenue was \$456,000 higher than projected as the Village continued to experience new business investment in our local economy. Though sales taxes were 5% lower than anticipated, this was more than offset by higher than expected telecommunication taxes. Expenditures were \$1.8 million less than the amended budget. This savings is mostly attributed to timing differences of planned capital expenditures and personnel costs associated with temporary vacancies and reorganization of some administrative functions.

The Pension Contribution Fund is used to account for the Village's contributions to the Police and Firefighters' Pension Funds. The Fund reported a deficit of \$301,008 due to timing differences with the property tax cycle.

The Infrastructure Fund reported an increase in fund balance of approximately \$3.2 million due to timing differences between the receipt of bond proceeds and corresponding capital expenditures.

### **PROPRIETARY FUNDS**

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Village reports the Water, Sanitary Sewer, Storm water Utility, and Senior Housing Funds as major proprietary funds.

The Water Fund accounts for all of the operations of the municipal water system. The Village is the only municipality in Illinois that is not on the lakefront but pumps its own water directly from Lake Michigan. Many years ago, the Village constructed a pipeline directly to the lake by purchasing various rights-of-way. Water was sold to all municipal customers at a rate of \$4.08 per thousand gallons.

The Village intends to run the Water Fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects and water consumption. The current fiscal year experienced a deficit of \$762,788.

The Sanitary Sewer Fund accounts for all operations of the Village's sanitary sewer system. Customers are billed at a rate of \$0.80 per thousand gallons of water used. This fund experienced a deficit of \$620,482 for the year, which includes depreciation and amortization expense of \$260,259.

The Stormwater Utility Fund is used to account for the maintenance and construction of the Village's storm water management system. All activities necessary to provide these services are accounted for in this fund, including, but not limited to, operation, maintenance and repair, construction, and related debt service. This fund experienced a surplus of \$901,235 for the year due primarily to reimbursements from Cook County of \$633,064 in costs related to the Techny Drain project.

The Senior Housing Fund accounts for all operations of Crestwood Place, a senior housing apartment complex owned by the Village. Day-to-day operations are handled by a management company. Since the Village owns the buildings, we have been able to keep rents low and still allow this fund to entirely cover its' cost of operations. This fund experienced a modest deficit of \$93,216 for the current year.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Village Board revised the budget several times. The Board made minor budgetary changes mainly to increase contributions to community organizations and to accommodate contractual professional services that were not anticipated at the time the budget was adopted.

Even with these adjustments, actual expenditures were \$1.8 million below the final budget amounts. Savings were primarily achieved in personnel expenditures from temporary vacancies and timing of capital expenditures.

Revenues were better than projected, ending the year \$1.7 million above budget as the Village continued to see evidence of sustained investment in our local economy.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **CAPITAL ASSETS**

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2014 was \$146.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, roads, sidewalks, storm sewers, and bridges.

#### **Capital Assets - Net of Depreciation (in Millions)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$32.0	\$32.0	\$3.1	\$3.2	\$35.1	\$35.2
Buildings	10.4	10.8	9.6	10.0	20.0	20.8
Machinery and Equipment	2.6	2.7	4.2	4.5	6.8	7.2
Infrastructure	50.2	48.5	34.0	35.1	84.2	83.6
<b>Total</b>	<b>\$95.2</b>	<b>\$94.0</b>	<b>\$50.9</b>	<b>\$52.8</b>	<b>\$146.1</b>	<b>\$146.8</b>

The fiscal year 2015 capital budget includes projects totaling \$18.6 million. This total includes \$6 million for water system improvements, \$3.4 million for street improvements, \$3.2 million for storm water improvements, \$2.5 million for sewer improvements and \$3.5 million for other general fund projects.

#### DEBT ADMINISTRATION

At year-end, the Village had total outstanding bonded debt of \$73.6 million as compared to \$67.6 million the previous year. The following is a comparative statement of outstanding debt:

#### General Obligation Bonds (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$59.3	\$55.2	14.3	\$12.4	73.6	\$67.6

#### ECONOMIC FACTORS AND FY15 BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates, and fees that will be charged for its governmental and business-type activities. Beginning with FY 2012/13, the Village introduced an expanded two year budget for the General Fund to further assist the Village Board in their discussion of fiscal policy. The fiscal year 2014 budget projected total General Fund expenses for FY 2014/15 of \$42.6 million, with total operating expenses of \$39.8 million. Current projections for total General Fund expenditures are 1.2% higher, and total operating expenditures are within ½% of projections at this time last year. The approved budget estimates a \$286,930 surplus for FY 2014/15 and reserves of \$1.8 million above the Village's 40% policy at April 30, 2015.

FY 2014/15 General Fund revenues are projected to be \$2.3 million more than FY 2013/14 budget. Modest growth has been anticipated in sales taxes and higher building permit fees mainly from North Shore 770 development. Revenues also include \$2.3 million in bond proceeds for planned capital improvements compared to \$1.5 million in previous fiscal year.

Planned expenditures in the General Fund will be \$2.4 million more than the FY 2013/14 amended budget before equity transfer. The increase is primarily due to replacement of capital equipment that has surpassed its useful life, and the addition of a Building Inspector, Project Manager, and Police Officer.

#### CAPITAL IMPROVEMENT PLAN (CIP)

The Village Board utilizes a five-year timeline to consider capital projects and has instituted a minimum capital threshold of \$50,000. Any capital purchases, with the exception of those in the Village's fleet replacement program, that do not meet or exceed this threshold are not included in the CIP.

The purpose of the CIP is to provide a tool that: 1) identifies the present and future service needs that require capital infrastructure or equipment; 2) determines the financial costs of acquiring and maintaining capital assets as well as any non-financial costs (e.g. environmental) on the community; 3) prioritizes capital projects based on Board policies and initiatives, public input, legal requirements, budget

impacts, etc.; and 4) develops financing strategies to fund projects of greater cost including alternative funding mechanisms such as grants and bond issuances.

The following table sets forth the Village's anticipated capital improvements, their costs and sources of funding over the next five fiscal years.

**Five Year Capital Improvement Plan Detail  
Fiscal 2015-2019 Summary by Fund Source**

<b>Funding Source</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Total</b>
Infrastructure Capital Proj Fund	\$3,442,919	\$4,957,240	\$7,848,444	\$3,283,130	\$4,865,014	\$24,396,747
Water Fund	6,870,820	7,085,640	4,052,520	1,772,070	3,594,940	23,375,990
Sanitary Sewer Fund	2,789,573	388,440	344,418	525,694	325,917	4,374,042
General Fund	3,316,890	2,914,480	1,450,738	2,018,197	3,009,604	12,709,909
Storm water Fund	3,182,695	2,006,845	4,216,250	4,820,180	1,200,380	15,426,350
<b>Total Capital Expenses</b>	<b>19,602,897</b>	<b>\$17,352,645</b>	<b>\$17,912,370</b>	<b>\$12,419,271</b>	<b>\$12,995,855</b>	<b>\$80,283,038</b>

**Planned Financing**

<b>Funding Source</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Total</b>
Bond Proceeds	\$13,898,936	\$13,158,373	\$13,269,747	\$7,915,662	\$11,248,032	\$59,490,750
Designated Revenues	4,330,162	2,550,846	2,360,608	2,452,438	1,010,892	12,704,946
Undesignated Revenues	1,373,799	1,643,426	2,282,015	2,051,171	736,931	8,087,342
<b>Total Proceeds</b>	<b>\$19,602,897</b>	<b>\$17,352,645</b>	<b>\$17,912,370</b>	<b>\$12,419,271</b>	<b>\$12,995,855</b>	<b>\$80,283,038</b>

**INDEBTEDNESS**

As a home rule unit, the Village may issue an unlimited dollar amount of general obligation debt. The outstanding portion of all general obligation bonds totals \$83,155,000 in principal amount, including the public library debt component and prior to issuance of the Series 2014A Bonds. The Village has always paid principal and interest on a timely basis on all of its general obligation and revenue bonds.

Of the principal amount of the Village's direct outstanding general obligation debt, approximately \$12.8 million is payable from the Village water fund, \$600,000 from the Sanitary Sewer Fund, and \$780,000 from the Storm Water Fund. Approximately \$3.7 million is supported by the Village's annual property tax levy but is payable by the Northbrook Public Library. Set forth in the following three tables are: the outstanding and current debt service from prior bonds and the Series 2014A Bonds, the current direct and overlapping general obligation debt, and the Village's debt per capita and debt ratios.

**Village of Northbrook**  
*General Obligation Bonds Outstanding*

<b>Year Ending</b>	<b>Aggregate - All Bonds Outstanding<sup>(1)</sup></b>			<b>This Issue</b>			<b>Total General Obligation Debt Outstanding</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>
12/01/14	\$4,140,000	\$2,971,306	\$7,111,306				\$4,140,000	\$2,971,306	\$7,111,306
12/01/15	4,575,000	2,839,521	7,414,521	\$325,000	\$1,163,946	\$1,488,946	4,900,000	4,003,467	8,903,467
12/01/16	4,705,000	2,718,760	7,423,760	355,000	1,070,200	1,425,200	5,060,000	3,788,960	8,848,960
12/01/17	3,470,000	1,720,748	5,190,748	1,635,000	1,059,550	2,694,550	5,105,000	2,780,298	7,885,298
12/01/18	3,725,000	1,653,258	5,378,258	1,710,000	977,800	2,687,800	5,435,000	2,631,058	8,066,058
12/01/19	3,800,000	1,580,388	5,380,388	1,775,000	909,400	2,684,400	5,575,000	2,489,788	8,064,788
12/01/20	3,875,000	1,500,063	5,375,063	1,870,000	820,650	2,690,650	5,745,000	2,320,713	8,065,713
12/01/21	3,965,000	1,410,080	5,375,080	1,965,000	727,150	2,692,150	5,930,000	2,137,230	8,067,230
12/01/22	1,415,000	1,311,930	2,726,930	2,050,000	648,550	2,698,550	3,465,000	1,960,480	5,425,480
12/01/23	1,465,000	1,262,610	2,727,610	2,155,000	546,050	2,701,050	3,620,000	1,808,660	5,428,660
12/01/24	1,510,000	1,211,279	2,721,279	2,265,000	438,300	2,703,300	3,775,000	1,649,579	5,424,579
12/01/25	1,575,000	1,157,378	2,732,378	2,390,000	325,050	2,715,050	3,965,000	1,482,428	5,447,428
12/01/26	1,620,000	1,099,800	2,719,800	2,485,000	229,450	2,714,450	4,105,000	1,329,250	5,434,250
12/01/27	1,690,000	1,039,235	2,729,235	2,595,000	130,050	2,725,050	4,285,000	1,169,285	5,454,285
12/01/28	1,625,000	973,750	2,598,750	1,740,000	52,200	1,792,200	3,365,000	1,025,950	4,390,950
12/01/29	1,690,000	906,585	2,596,585				1,690,000	906,585	2,596,585
12/01/30	1,470,000	836,505	2,306,505				1,470,000	836,505	2,306,505
12/01/31	1,540,000	774,150	2,314,150				1,540,000	774,150	2,314,150
12/01/32	1,610,000	705,618	2,315,618				1,610,000	705,618	2,315,618
12/01/33	1,470,000	633,975	2,103,975				1,470,000	633,975	2,103,975
12/01/34	9,815,000	567,045	10,382,045				9,815,000	567,045	10,382,045
12/01/35	1,075,000	99,000	1,174,000				1,075,000	99,000	1,174,000
12/01/36	1,125,000	50,625	1,175,625				1,125,000	50,625	1,175,625
<b>Total</b>	<b>\$62,950,000</b>	<b>\$29,023,606</b>	<b>\$91,973,606</b>	<b>\$25,315,000</b>	<b>\$9,098,346</b>	<b>\$34,413,346</b>	<b>\$88,265,000</b>	<b>\$38,121,952</b>	<b>\$126,386,952</b>

(1)Refunded Bonds not included

**Village of Northbrook**  
**Direct and Overlapping General Obligation Debt**  
**As of July 24, 2014**

	Outstanding <u>Bonds</u>		<u>Applicable to Village</u> <u>Percent</u>	<u>Amount</u>
<u><b>DIRECT DEBT</b></u>				
Bonds Outstanding	\$62,950,000	(5)	100.000%	\$62,950,000
This Issue	25,315,000		100.000%	25,315,000
Total Direct Debt				<u>\$88,265,000</u>
<u><b>OVERLAPPING DEBT</b></u>				
Cook County	3,572,060,000		1.708%	\$61,010,785
Cook County Forest Preserve	124,455,000	(3)	1.708%	2,125,691
Metropolitan Water Reclamation District	2,435,930,267	(1)	1.742%	42,433,905
Northbrook Park District	8,610,000		92.963%	8,004,114
School Districts:				
Elementary Districts:				
#21	47,585,000		1.386%	659,528
#29	752,022	(2)	14.949%	112,420
#30	380,201	(2)	66.142%	251,473
#31	950,000		14.737%	140,002
High School Districts:				
#203	17,525,000	(2)(3)	1.327%	232,557
#214	44,695,000	(4)	0.293%	130,956
#225	83,803,911	(2)	46.028%	38,573,264
Community Colleges:				
Community College 512	175,310,000		0.131%	229,656
Community College 535	23,510,000	(4)	11.235%	2,641,349
Total Overlapping Bonded Debt				<u>\$156,545,700</u>
Total Direct and Overlapping Bonded Debt				<u>\$244,810,700</u>

Sources: Offices of the Cook County Clerk, Comptroller, and Treasurer of the Metropolitan Water Reclamation District of Chicago.

(1) Includes IEPA Revolving Loan Fund Bonds.

(2) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

(3) Excludes principal amounts of outstanding General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.

(4) Excludes Debt Certificates.

(5) Does not include refunded bonds

**Village of Northbrook  
Debt Ratios and Per Capita Debt**

Population (2010 Census)	33,170
Estimated True Value of Property 2013	\$6,436,233,483
Equalized Assessed Value of Property 2013	\$2,145,411,161
True Value Per Capita	\$194,038
Equalized Assessed Value Per Capita	\$64,679
Direct Debt Per Capita	\$2,661
Direct and Overlapping Debt Per Capita	\$7,380
Direct Debt/True Value	1.37%
Direct and Overlapping Debt/True Value	3.80%
Direct Debt/Equalized Assessed Value	4.11%
Direct and Overlapping Debt/Equalized Assessed Value	11.41%

**ASSESSED VALUATION OF REAL PROPERTY**

Between tax levy years 1999 and 2013, the Village's EAV grew over 46%, rising from \$1,472,939,867 in 1999 to \$2,145,411,161 in 2013. Between 2009 and 2013, the Village's EAV has fallen 31%.

**Equalized Assessed Valuations by Classification of Property**

Type	2009	2010	2011	2012	2013*
Residential	\$2,139,565,115	\$1,888,236,408	\$1,716,072,032	\$1,592,730,144	--
Commercial	628,565,693	643,440,675	564,327,892	526,759,510	--
Industrial	362,682,781	353,825,268	311,415,316	291,406,647	--
Farm	1,992	1,992	1,992	1,992	--
Railroad	314,544	393,474	418,157	473,145	584,690
Total EAV	\$3,131,130,125	\$2,885,897,817	\$2,592,235,389	\$2,411,371,438	\$2,145,411,161

Source: Cook County Clerk's Office.

\*EAV by classification of property not available at this time

The following table presents typical tax rates over the past five tax levy years of governmental units with taxing authority over the major portion of the Village.



**Village of Northbrook**  
**Tax Rates per \$100 Equalized Assessed Valuation**

(Levy Years)

<b>Taxing Authorities within the Village</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Village of Northbrook Corporate Rate (Including Village Library Fund).....	\$0.522	\$0.572	\$0.727	\$0.824	\$0.968
Cook County.....	0.394	0.423	0.462	0.531	0.560
Cook County Forest Preserve.....	0.049	0.051	0.058	0.063	0.069
Consolidated Elections.....	0.021	--	0.025	0.000	0.031
Northfield Township.....	0.010	0.013	0.020	0.024	0.031
Northfield Township Road and Bridge.....	0.031	0.036	0.041	0.046	0.053
Northfield Township General Assistance.....	0.010	0.011	0.008	0.009	0.008
Met. Water Reclamation Dist. of Chicago.....	0.261	0.274	0.320		0.417
North Shore Mosquito Abatement.....	0.008	0.009	0.010	0.370	0.007
North Suburban Mass Transit District.....	--	--	0.000	0.010	--
Northbrook Park District.....	0.334	0.375	0.424	0.471	0.536
School District Number 28.....	1.888	2.072	2.339	2.604	2.962
Northfield Twp. High School District Number 225	1.395	1.609	1.819	2.028	2.341
Oakton Community College District #535.....	0.140	0.160	0.196	0.219	0.256
<b>Total Representative Tax .....</b>	<b>\$5.063</b>	<b>\$5.605</b>	<b>\$6.449</b>	<b>\$7.199</b>	<b>\$8.239</b>
Village Share of Total Levy .....	10.310%	10.205%	11.273%	11.446%	11.749%

Source: Cook County Clerk's Office.

Note: Tax rates are expressed in dollars per one hundred dollars of equalized assessed valuation.

**VILLAGE ECONOMY**

The Village of Northbrook offers a strong local economy with unusual personal wealth among residents; strong employment diversification; diversity of industrial, commercial, and office development; and natural and economic geographic advantages. As the location for a number of corporate headquarters, it has an additional distinction as a residential community for a number of corporate executives and of high home values. As an industrial community, it offers convenient transportation and proximity to Chicago and beyond. With a broad-based diversification of Village revenues and relatively low tax rates, the Village is able to offer a high level of governmental services to its residents.

**TAX BASE**

The Village's geographic location, east of the Tri-State Tollway, west and south of Interstate 94 and on the Milwaukee Road railroad (40 minutes from downtown Chicago), has made it a prime area for high value residential development. A substantial land area has also permitted development of important corporate offices and commercial shopping centers. Northbrook Court includes, for example, such stores as Neiman Marcus, Macy's, Lord & Taylor and Crate & Barrel, and features over 100 speciality shops like the Apple Store, H&M, XXI Forever, Coach, Louis Vuitton, and True Religion. Northbrook is home to corporate headquarters for international and national companies such as Crate & Barrel, Underwriters' Laboratories, Inc. and Wiss, Janney, Elstner Associates, as well as serves as the Northern Illinois distribution center for the United Parcel Service.

Major corporate entities adjacent to Northbrook include the corporate headquarters for Allstate Insurance Company, Kraft Foods, and Baxter Laboratories, as well as the North American headquarters for Takeda Pharmaceutical Company and Astellas Pharma.

## PRINCIPAL TAXPAYERS

### Principal Taxpayers in Northbrook

Name	Type of Business or Property	2013 EAV	Percent of Village's Total 2013 EAV
Westcoast Estates	Northbrook Court Shopping Center	\$106,930,125	4.98%
Jones Lang LaSalle	Commercial office buildings	49,263,707	2.30%
Willow Festival Regency	Shopping Center, Commercial parcels	23,656,114	1.10%
Underwriters Laboratory, Inc.	Equipment testing	20,464,870	0.95%
Lake Cook Road & Mid America	Portion of Village Square Shopping Cntr	13,805,848	0.64%
Korman Lederer	Commercial and industrial property	13,674,973	0.64%
400 Skokie Blvd, LLC	Commercial office buildings	13,392,056	0.62%
Village Square of Northbrook	Portion of Village Square Shopping Cntr	13,055,010	0.61%
Euromarket Designs	Office building, Shopping Center, Vacant	11,362,354	0.53%
Div Edens Property LLC	Commercial office buildings over 3 Stories	10,817,571	0.50%
		<u>\$276,423,628</u>	<u>12.88%</u>

Source: Cook County Clerk and Northfield Township Assessor's Offices.

Note: Includes only those parcels of property with a 2013 equalized assessed valuation of approximately \$290,000 and over.

## TAX COLLECTIONS

The following table illustrates the Village's strong record of property tax collections.

### Schedule of Taxes Extended and Collected

Tax Levy Year	Collection Year	Taxes Extended	Taxes Collected	Percent Collected
2004	2005	\$8,098,764	\$8,086,606	99.80%
2005	2006	8,759,212	8,470,627	96.71%
2006	2007	9,242,716	9,100,257	98.46%
2007	2008	10,152,848	10,006,443	98.56%
2008	2009	9,291,513	8,877,016	95.54%
2009	2010	9,837,183	9,572,390	97.31%
2010	2011	10,224,675	9,585,463	93.75%
2011	2012	12,394,649	12,147,254	98.00%
2012	2013*	11,872,438	6,066,649	51.10%
2013	2014*	13,065,554	6,771,962	51.83%

Source: Cook County Treasurer as of 4/30/2014.

\* Collections still in progress.

## RETAIL TRADE

The variety of retail activity encompassed by the Village's commercial sector is highlighted in the table below. With the 2007 adoption of the  $\frac{3}{4}$  of 1% Village sales tax, tax rates in Northbrook have become comparable to sales tax rates in neighboring communities. The following chart shows state sales tax receipts by month as budgeted and for the past three fiscal years.

### Monthly Sales Tax Receipts

Liability Month	Collection Month	Disbursement Month	FY2011	FY2012	FY2013	FY2014	FY2015	2015 Budget
February	March	May	\$ 885,373	\$ 993,014	\$1,012,201	\$928,185		\$953,050
March	April	June	1,142,555	1,179,767	1,179,072	1,129,720		1,160,000
April	May	July	1,013,811	1,082,343	1,122,109	1,097,293		1,126,700
May	June	August	1,078,377	1,193,929	1,204,629	1,266,803		1,300,750
June	July	September	1,153,113	1,258,768	1,333,790	1,251,288	\$1,113,585	1,284,825
July	August	October	1,038,674	1,022,824	1,059,683	1,120,681	1,232,939	1,150,700
August	September	November	1,040,610	1,147,063	1,189,263	1,193,600	1,294,922	1,225,600
September	October	December	1,118,357	1,183,982	1,304,942	1,203,212		1,235,450
October	November	January	1,055,850	1,081,807	1,178,118	1,159,309		1,190,375
November	December	February	1,145,298	1,183,531	1,307,382	1,203,020		1,235,250
December	January	March	1,545,773	1,702,654	1,707,000	1,655,408		1,699,800
January	February	April	942,125	975,448	1,019,737	976,328		1,002,500
			\$13,159,916	\$14,005,130	\$14,617,926	\$14,184,847	\$3,641,447	\$14,565,000

FY 15 Budgeted Sales Tax Revenue	\$14,565,000
Percent Collected	25.00%
Current Year Projection Based Trends	\$14,503,343
Over (Under) Budget	\$(61,657)
Percentage Over (Under) Budget	(0.42)%

Source: The Village of Northbrook, Finance Department

### VILLAGE INFRASTRUCTURE AND SERVICES

The Village has been supplied with Lake Michigan water for over 50 years with service since 1963 provided by a Village-owned Lake Michigan water intake (and a second intake built in 1993), a three-mile transmission main and a second transmission main constructed in 1993, a 20 million gallon per day (MGD) capacity treatment plant and 162 miles of distribution mains. Average daily pumping is approximately 5.25 million gallons. The Village has an I.S.O. rating of "2". Sewage collection is a Village responsibility with treatment provided by the Metropolitan Water Reclamation District of Greater Chicago.

Expressways surround the Village on three sides. In addition, commuter rail service to downtown Chicago is provided by the Regional Transportation Authority over tracks of the Milwaukee Railroad. The Public Safety Building was constructed in 1973-74 at a cost of approximately \$1.7 million. In 1997, a \$3 million renovation and expansion to the Public Safety Building was undertaken. In 1979, the Village purchased the 56,000 square foot Northbrook Racquet Club for \$1.25 million and expended \$500,000 to remodel the structure to serve as the Public Works Center. In 2008, the Village spent \$1.3 million to remodel and update this facility and to provide additional and more functional office space.

The Northbrook Public Library, constructed in 1967-68 at a cost of approximately \$1,050,000 (a \$1.1 million addition was constructed in 1973-74), has a 200-seat auditorium and a 150,000-volume collection, which are supplemented by over 15 million volumes through membership in the North Suburban Library System. In December 1997, the Village borrowed \$9.7 million to renovate and expand the Library. In July 2013, the Village borrowed an additional \$6.5 million to remodel and expand the Library.

## SCHOOLS

The Village is served by six elementary school districts. Northfield Township High School District No. 225 has two high schools. One serves primarily Northbrook students (Glenbrook North) and the other serves primarily Glenview students. Glenbrook North (2012-13 enrollment of 2,066) is situated upon a 72 acre campus and features a 1,500 seat Center for the Performing Arts, one main and four instructional gymnasiums, technology and wireless equipped classrooms, and a lighted football field. In 2012, 98% of all graduating students matriculated to institutions of higher learning.

## WEALTH

The following tables show Illinois' ten wealthiest communities with a population of 25,000 or more as of the 2009-12 American Community Survey Estimate. The Village ranked fifth in median household income (note that median household income figures are estimated as of 2009 – 2012).

Rank	Municipality	Population				Median Household Income <sup>1</sup>			
		2012	2010	2000	Change from 2000 to 2012	Amount	% of U.S. Median	Below Poverty	Unemployment
1	Wilmette	27,298	27,087	27,651	-1.28%	\$117,465	226.89%	2.80%	4.60%
2	Naperville	143,310	141,853	128,358	11.65%	109,527	211.56%	3.90%	6.80%
3	Plainfield	40,044	39,581	13,038	207.13%	109,493	211.49%	4.50%	6.10%
4	Highland Park	30,200	29,763	31,365	-3.71%	109,418	211.35%	6.70%	6.10%
<b>5</b>	<b>Northbrook</b>	<b>33,236</b>	<b>33,170</b>	<b>33,435</b>	<b>-0.60%</b>	<b>103,601</b>	<b>200.11%</b>	<b>4.20%</b>	<b>6.70%</b>
6	Oswego	31,332	30,355	13,326	135.12%	95,205	183.90%	5.50%	N
7	Bartlett	41,459	41,208	36,706	12.95%	93,984	181.54%	6.70%	7.90%
8	Buffalo Grove	41,879	41,496	42,909	-2.40%	92,666	178.99%	3.60%	6.70%
9	Algonquin	29,461	30,046	23,276	26.57%	92,545	178.76%	2.60%	10.80%
10	Glen Ellyn	27,376	27,450	26,999	1.40%	91,583	176.90%	7.60%	11.00%
	State of Illinois	12,858,490	12,830,632			55,231			
	United States	311,609,369	308,745,538			51,771			

<sup>1</sup> 2012 economic data consists of 3-year estimates, 2009 – 2012, provided by American Community Survey  
Source: U.S. Bureau of the Census.

According to the U.S. Bureau of the Census, per capita money income of Northbrook residents rose 13.5% between 2000 and the 2010 Census from \$50,765 to \$57,619.

**Northeastern Illinois  
Per Capita Income**

	1980 Census	1990 Census	2000 Census	2010 Census
Northbrook	\$15,412	\$38,100	\$50,765	\$57,619
% Change	177.0%	147.2%	33.2%	13.5%
Cook County	\$8,229	\$15,697	\$23,227	\$27,782
% Change	117.0%	90.8%	48.0%	19.6%
Lake County	\$16,929	\$21,765	\$32,102	\$38,120
% Change	28.7%	28.6%	47.5%	18.7%
McHenry County	\$8,641	\$17,271	\$26,476	\$31,838
% Change	139.7%	99.9%	53.3%	20.3%
Illinois	\$8,064	\$15,201	\$23,104	\$28,782
% Change	130.1%	88.5%	52.0%	24.6%
United States	\$7,298	\$14,420	\$21,690	\$27,334
% Change	134.0%	97.6%	50.4%	26.0%

Source: U.S. Bureau of the Census.

The following table shows the distribution of household income in the Village by income bracket. The table shows that a significant percentage of the Village's population has a higher income than the population in either Cook County or Illinois.

**Northbrook, Cook County, and Illinois  
Distribution of Household Income**

	<i>Northbrook</i>		<i>Cook County</i>		<i>Illinois</i>	
\$0 - 9,999	459	3.8%	160,478	8.3%	329,319	6.9%
10,000 - 14,999	176	1.4%	95,450	4.9%	223,692	4.7%
15,000 - 24,999	648	5.3%	200,336	10.4%	481,833	10.1%
25,000 - 34,999	746	6.1%	186,866	9.7%	460,909	9.7%
35,000 - 49,999	897	7.4%	249,606	12.9%	622,840	13.0%
50,000 - 74,999	1,477	12.2%	339,402	17.6%	870,399	18.2%
75,000 - 99,999	1,129	9.3%	235,745	12.2%	622,617	13.0%
100,00 - 149,999	2,346	19.3%	253,222	13.1%	665,711	13.9%
150,000 - 199,999	1,530	12.6%	101,113	5.2%	250,681	5.3%
200,000 or More	2,734	22.5%	111,452	5.8%	246,274	5.2%
<b>Total</b>	<b>12,142</b>	<b>-</b>	<b>1,933,670</b>	<b>-</b>	<b>4,774,275</b>	<b>-</b>

Source: U.S. Department of Commerce, Bureau of Census, ACS, 2008-2012 (DP-03)

## HOUSING

The 2008-12 American Community Survey estimates revealed that the Village's housing stock continues to be predominantly single family, owner occupied with 81.5% of the units so categorized. Cook County reported 45.3% single-family housing units and the State 64.4%. The Village's 2008 – 2012 estimated Median Home Value of \$528,400 was 276.94% greater than the Statewide Median of \$190,800. The following table compares the Median Home Value by the value groupings in the 2008 - 2012 Census estimates of the Village of Northbrook, Cook County and the total State.

**Northbrook, Cook County, and Illinois  
Median Home Values**

	<i>Northbrook</i>		<i>Cook County</i>		<i>Illinois</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Less \$50,000	73	0.70%	36,548	3.20%	224,361	6.90%
\$50,000 to \$99,999	115	1.10%	71,355	6.30%	468,659	14.40%
\$100,000 to \$149,999	301	2.80%	128,827	11.30%	482,500	14.90%
\$150,000 to \$199,999	358	3.30%	186,900	16.40%	531,538	16.40%
\$200,000 to \$299,999	1,148	10.70%	300,856	26.40%	712,975	21.90%
\$300,000 to \$499,999	2,941	27.30%	272,528	23.90%	563,122	17.30%
\$500,000 to \$999,999	5,087	47.30%	114,947	10.10%	214,681	6.60%
\$1,000,000 or more	740	6.90%	28,174	2.50%	50,685	1.60%
<b>Total</b>	<b>10,763</b>	<b>-</b>	<b>1,140,135</b>	<b>-</b>	<b>3,248,521</b>	<b>-</b>

Source: U.S. Department of Commerce, Bureau of Census, ACS, 2008-2012 (DP-04)

**BUILDING ACTIVITY**

Reflecting population increases and continued industrial and commercial development over the past decade, the Village has experienced substantial and relatively constant building activity. The average construction value of a residential building permit rose from \$167,787 in 2012 to \$299,475 in 2014, an increase of 78%.

**Village of Northbrook  
Construction and Property Value Last Ten Fiscal Years**

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Units	Property Value	Number of Units	Property Value
2003	83	\$16,962,615	298	\$46,901,969
2004	113	24,168,723	363	88,954,225
2005	101	22,276,484	318	74,478,122
2006	152	38,572,296	322	76,517,576
2007	155	73,764,434	220	61,836,451
2008	148	66,239,160	325	68,570,349
2009	114	33,398,198	214	27,919,365
2010	101	19,529,700	149	20,867,515
2011	92	31,229,275	129	22,721,872
2012	141	40,699,670	114	19,127,670
2013	97	14,040,942	161	58,508,801
2014	101	24,444,648	166	49,712,921

Source: Based on building permits issued by Village's Development Department. Property values are estimated construction costs.

As detailed in the following two tables, the diversity of Northbrook's economic base has fostered a wide variety of employers and employment opportunities within the Village and adjacent areas.

## UNEMPLOYMENT RATE

### Unemployment Statistics Calendar Years 2012 and 2013; and July 2014

	July 2014	2013	2012
Village of Northbrook	5.0%	6.5%	6.2%
Cook County	7.2%	9.6%	9.3%
State of Illinois	7.0%	9.2%	8.9%

Source: Illinois Department of Employee Security; U.S. Bureau of Labor Statistics. July 2014 rates not seasonally adjusted.

## MAJOR EMPLOYERS

### Regional Employment

Name	Product/Service	Estimated Employment
Allstate Insurance Company	Insurance	8,750 <sup>(2)</sup>
Kraft Foods Group*	Corporate Headquarters; Food Products Mfg.	2,200 <sup>(6)</sup>
	Tech Center (Research & Development)	1,000 <sup>(2)</sup>
Walgreen Co.*	Corporate HQ; Pharmacies & Drugstores	2,500 <sup>(2)</sup>
Baxter Healthcare Corp.*	Corp HQ; Pharmaceutical & Health Care Products	2,450
Underwriters Laboratories	Corporate Headquarters; Product Testing & Certification	2,000 <sup>(1)</sup>
CVS Caremark Operations Center	Administrative Office for Health Care Services	1,400 <sup>(2)</sup>
Astellas US LLC	Corporate HQ, Pharmaceutical Research Laboratories	1,150 <sup>(2)</sup>
Northbrook Court	Shopping Center	1,000 <sup>(2)</sup>
Glenbrook Hospital*	Hospital	1,000 <sup>(4)</sup>
Glenbrook High School Dist #225	Public High Schools	849 <sup>(5)</sup>
United Parcel Service	Parcel Delivery Service Distribution Center	600 <sup>(6)</sup>
Euromarket Designs, Inc.	Corporate Headquarters (Crate & Barrel)	500
Highland Baking	Bakery Distribution	450 <sup>(4)</sup>
W.W. Grainger, Inc.	Industrial Equipment & Supplies Sales Office	350 <sup>(2)</sup>
Coldwell Banker Residential Brokerage	Real Estate Services	312 <sup>(4)</sup>
The Levy Co.	Painting, Drywall, Carpentry, Plaster & Accoustal	300 <sup>(2)</sup>
PCS Sales USA, Inc. Div. of Potash Corp.	US HQ for Potash, Nitrogenous & Phosphate Fertilizers	200 <sup>(2)</sup>
Wiss, Janney, Elstner Associates	Structural engineering and architecture	160 <sup>(2)</sup>

#### Sources

<sup>(1)</sup> 2014 Illinois Manufacturers Directory

<sup>(2)</sup> 2014 Illinois Services Directory

<sup>(3)</sup> Village Financial Reports

<sup>(4)</sup> Phone canvass of employers

<sup>(5)</sup> ReferenceUSA.com

<sup>(6)</sup> Company/Organization Website

\*Located in immediate adjacent community

## OCCUPATIONS

The occupational concentrations of Northbrook's employed work force parallel the Village's high education and income levels. According to the U.S. Bureau of the Census' American Community Survey 2008-2012 estimates, 60.8% of the Village's employed work force was engaged in managerial and professional occupations, versus 46.8% in Cook County and 43.5% statewide.

### Select Occupation Categories

<b>Sector</b>	<b><i>Employed</i></b>	<b>%</b>
Agriculture & Forestry	59	0.4%
Construction	451	3.0%
Manufacturing	1,227	8.2%
Wholesale Trade	730	4.9%
Retail Trade	1,541	10.3%
Transportation & Utilities	280	1.9%
Information	347	2.3%
Finance, Insurance & Real Estate	2,328	15.5%
Professional, Scientific, Management	2,835	18.9%
Educational, Health, Social Service	3,610	24.1%
Arts, Entertainment, Recreation	747	5.0%
Other Services	524	3.5%
Public Administration	325	2.2%
<b>Total</b>	<b>15,004</b>	<b>-</b>

*Source: U.S. Department of Commerce, Bureau of Census, ACS, 2008-2012 (DP-03)*

### ECONOMIC DEVELOPMENT AND INITIATIVES

Northbrook continues to be a highly attractive place to live and conduct business.

It is clear that the business community continues to see Northbrook as an attractive place to grow and expand. The retail sector remains healthy anchored by the 1 million square foot high-end Northbrook Court mall, the 417,000 square foot Willow Festival shopping center, and the 335,000 square foot Village Square shopping center. The overall community retail vacancy rate of around 5% should continue to remain low with the recent announcements of the following national chains opening T.J. Maxx (26,500 sf), Off Broadway Shoe Warehouse (23,800 sf), Party City (15,000 sf), Arhaus furniture (17,000 sf), and Advanced Auto Parts (14,000 sf) and the opening of small locally owned restaurants such as House 406 and Taboun Grill.

The NorthShore 770 mixed use development project located on the northwest corner of Dundee Road and Skokie Boulevard recently started construction in August 2014. The development will consist of a 100,000 square foot shopping center anchored by Mariano's grocery store and a 347-unit luxury apartment building. Other announced commercial tenants include Panera Bread, Chipotle, Sleepy's, Kriser's, Zengeler Cleaners, Fuddruckers, and PNC Bank.

Construction has begun on the 52,500 square foot Meadow Park Office development at the northwest corner of Founder Drive and Techny Road. Lurie's Children Hospital will be occupy 17,500 square feet as an outpatient facility, and Bright Horizon will operate a 160-child day care facility out of 12,000 square feet.

Residential development continues to be strong. In response to the aging of the overall population, a number of senior housing projects are under development. The first phase of North Shore Place at 1000 Sunset Ridge Boulevard, a 188-unit assisted living facility, has been completed. Covenant Village at 2625 Techny Road is in the process of constructing a new 56-unit, three-story independent senior living apartment building as part of its existing continuum of care community. The second phase of The Lodge on Founder Drive has been completed with additional phases under construction and



planned for a total of 147 units. And the Village is currently considering a proposed 69-bed memory care facility by Koelsch Senior Communities at 99 Pointe Drive.

Interest in construction of single family homes has picked up. Kogen Zivin Friedman recently received concept plan approval for a 21-unit detached single family home development on a 6.8 acre site located in the 3800 block of Dundee Road. Pulte Homes has submitted a formal application seeking approval of a proposed 18-unit single family detached development located on a 5.1 acre site generally on the northeast corner of Willow Road and Landwehr. In the early stages of the development review process, Edward R. James is proposing a 38-unit detached single family home development located on a 15.9 acre site on the northeast corner of Waukegan and Voltz road. Also, redevelopment of single family home sites for newer, larger homes continues in Northbrook. The number of such redevelopment sites is the highest since 2008.

Development of a mixed use project, anchored by Astellas Pharma, a major pharmaceutical company, continues to be constructed on Willow Road adjacent to the Tollway. In addition to a 290-unit residential rental complex by Lennar, the development will contain a Mariano's grocery store, a LA Fitness, and other commercial uses. Though located in the Village of Glenview, a revenue sharing agreement negotiated as part of the Willow Road Corridor Agreement between Northbrook and Glenview calls for Northbrook receiving 50% of the annexation fees and 30% of the ongoing revenue stream (sales, property, and other taxes) now that the property is under development.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION**

### **SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the City. The information under this caption describes the current procedures for real property assessments, tax levies and collections throughout Cook County (the "County"). There can be no assurance that the procedures described herein will not change.

### **REAL PROPERTY ASSESSMENT**

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including that in the City, except for certain railroad property and pollution control facilities, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The City is located in the North Tri and was reassessed for the 2013 tax levy year.

Real property in the County is separated into classes for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Prior to the 2009 tax levy year, the classification percentages ranged from 16% for certain residential, commercial and industrial property to 36% and 38%, respectively, for other industrial and commercial property. On September 17, 2008, the Cook County Board of Commissioners approved changes to the property classification ordinance. The changes reduced the percentages used to calculate the assessed value of real property in the County for real estate tax purposes. These reductions take effect in the 2009 tax levy year. Such new classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1) unimproved real estate - 10%; Class 2) residential - 10%; Class 3) rental-residential - 16%, in tax year 2009, 13% in assessment year 2010, and 10% in assessment year 2011 and subsequent years; Class 4) not-for-profit - 25%; Class 5a) commercial - 25%; Class 5b) industrial - 25%.

There are also seven additional categories. Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties within the County may qualify for a Class 6b assessment level, which assessment level is 10% for the first 10 years and for any subsequent 10-year renewal periods. However, if the incentive is not renewed, the 6b assessment level is 15% in year 11 and 20% in year 12, hereafter reverting to Class 5b. Real estate, which is to be used for industrial or commercial purposes where such real estate has undergone environmental testing and remediation, may be eligible for a Class C assessment level. The Class C assessment level for industrial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. Class C commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Commercial properties that are newly constructed or substantially rehabilitated and are within an area determined to be an area in need of commercial development may be classified as Class 7a or 7b property, and will then be assessed at a level of 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Certain commercial and industrial properties located in zones determined to be in need of substantial revitalization or in an enterprise community could be eligible for Class 8 assessments. The Class 8 assessment level for industrial properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class 8 assessment level for industrial properties is 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. The Class 8 assessment level for commercial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Substantially rehabilitated or new construction multi-family residential properties within certain target areas, empowerment or enterprise zones may be eligible for Class 9 categorization. The Class 9 assessment level is 10% for an initial 10-year period, renewable upon application for additional 10-year periods. When the Class 9 assessment level expires, the assessment level reverts to the applicable classification. Rental-residential (Class 3) properties subject to a Section 8 contract that has been renewed under the "Mark Up To Market" option may qualify for a Class S assessment level. The Class S assessment level is 10% for the term of the Section 8 contract renewal under the Mark Up To Market option, and for any additional terms of renewal of the Section 8 contract under the Mark Up To Market option. When the Class S assessment level expires, the assessment level reverts to Class 3. Substantially rehabilitated properties which are designated as Class 3, Class 4, Class 5a or Class 5b and which qualify as Landmark or Contributing buildings may qualify for a Class L assessment level. The Class L assessment level for Class 3, 4 or 5b properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class L assessment level is 15% in year 11 and 20% in year 12, thereafter reverting to Class 3, 4 or 5b. Class L commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a.

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review, which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Among others, owners of both residential property having six or fewer units and owners of real estate other than residential property with six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight

of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County similar to the previous judicial review procedure but with a different standard of proof than that previously required. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

#### EQUALIZATION

After the County Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Illinois Department of Revenue is required by statute to review the Assessed Valuations. The Illinois Department of Revenue establishes an equalization factor (the “Equalization Factor”), commonly called the “multiplier,” for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is to be equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in Cook County, regardless of its assessment category, except for some farmland property which is not subject to equalization.

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the “EAV”) of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the “Assessment Base”). The following table sets forth the Equalization Factor for Cook County for the last five tax levy years.

Tax Levy Year	Equalization Factor
2009	3.3701
2010	3.3000
2011	2.9706
2012	2.8056
2013	2.6621

## EXEMPTIONS

Public Act 95-644, effective October 17, 2007 and Public Act 098-0007 effective April 23, 2013, made changes to and added a number of property tax exemptions taken by residential property owners. These changes are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by \$5,000 for assessment years 2004 through assessment year 2007. Additionally, the reduction may be \$5,500 for assessment year 2008 and \$6,000 for assessment years 2009 through 2011. For taxable years 2012 and thereafter, the maximum reduction is \$7,000 in counties with 3,000,000 or more inhabitants and \$6,000 in all other counties (the “General Homestead Exemption”).

The Alternative General Homestead Exemption (the “Alternative General Homestead Exemption”) caps EAV increases for homeowners (who also reside on the property as their principal place of residence) at 7% a year, up to a certain maximum each year as defined by the statute. Any amount of increase that exceeds the maximum exemption as defined is added to the 7% increase and is part of that property’s taxable EAV. Homes that do not increase by at least 7% a year are entitled, in the alternative, to the General Homestead Exemption as discussed above.

The Base Year for purposes of calculation of the Alternative General Homestead Exemption is 2003 for properties located in the North Tri such as the City. The Homestead Value is the EAV of the homestead property minus the General Homestead Exemption for that year: \$5,000 for 2006 and 2007; \$5,500 for 2008 and \$6,000 for the year 2009 and thereafter.

For properties in the City Tri, the Alternative General Homestead Exemption cannot exceed \$33,000 for assessment year 2006 (except as noted below), \$26,000 for assessment year 2007, \$20,000 for assessment year 2008 and \$6,000 thereafter. For properties in the North Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment year 2006, \$33,000 for assessment year 2007, \$26,000 for assessment year 2008, \$20,000 for assessment year 2009 and \$6,000 thereafter. For properties in the South Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment years 2006 and 2007, \$33,000 for assessment year 2008, \$26,000 for assessment year 2009, \$20,000 for assessment year 2010 and \$6,000 thereafter.

Furthermore, only in the City Tri and only for assessment year 2006, the maximum exemption amount may be increased to: (i) \$40,000, provided that the EAV of the property for assessment year 2006 exceeds the EAV of that property for assessment year 2002 by an amount equal to or greater than 100%, or (ii) \$35,000 provided that the EAV of the property for assessment year 2006 exceeds the EAV of that property for assessment year 2002 by an amount greater than 80% but not more than 100%.

Finally, the Long-Time Occupant Homestead Exemption applies to those counties subject to the Alternative General Homestead Exemption, including Cook County. Beginning with assessment year 2007 and thereafter, the EAV of homestead property of a taxpayer who has owned the property for at least 10 years (or 5 years if purchased with certain government assistance) and who has a household income of \$100,000 or less (“Qualified Homestead Property”) may increase by no more than 10% per year. If the taxpayer’s annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties. Individuals applying for this exemption must comply with the following guidelines: (i) continuously occupy their property for 10 years, as of January 1st of the assessment year, and occupy such property as their principal residence or, (ii) continuously occupy their property as their principal

place of residence for 5 years, as of January 1st of the assessment year, provided that the property was purchased with certain government assistance.

In addition, the Homestead Improvement Exemption (“Homestead Improvement Exemption”) applies to residential properties that have been improved and to properties that have been rebuilt in the two years following a catastrophic event. The exemption is limited to \$75,000 per year beginning January 1, 2004, and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption (“Senior Citizens Homestead Exemption”) operates annually to reduce the EAV on a senior citizen’s home by \$3,500 in all counties. In addition, for assessment year 2008 through 2011, the maximum reduction is \$4,000 for all counties. For taxable year 2012, the maximum reduction is \$5,000 in counties with 3,000,000 or more inhabitants and \$4,000 in all other counties. For taxable years 2013 and thereafter, the maximum reduction is \$5,000 in all counties. Furthermore, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a prorata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption (“Senior Citizens Assessment Freeze Homestead Exemption”) freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$50,000 for assessment years 2006 and 2007; for assessment years 2008 and after, the maximum income limitation is \$55,000. In general, the exemption grants qualifying senior citizens an exemption based upon a “freeze” of their home’s Assessed Valuation.

Another exemption, available to disabled veterans, may be applied annually to exempt up to \$70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. However, individuals claiming exemption under the Disabled Persons’ Homestead Exemption (“Disabled Persons’ Homestead Exemption”) or the hereinafter defined Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Furthermore, beginning with assessment year 2007, the Disabled Persons’ Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the Disabled Persons’ Homestead Exemption.

In addition, the Disabled Veterans Standard Homestead Exemption (“Disabled Veterans Standard Homestead Exemption”) provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of \$5,000 and (ii) those veterans with a service-connected disability of less than 75%, but at least 50%, are granted an exemption of \$2,500. Furthermore, the veteran’s surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. Moreover,

if the property is sold by the surviving spouse, then an exemption amount not to exceed the amount specified by the current property tax roll may be transferred to the spouse's new residence, provided that it is the spouse's primary residence and the spouse does not remarry. However, individuals claiming exemption as a disabled veteran or claiming an exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Also, beginning with assessment year 2007, the Returning Veterans' Homestead Exemption ("Returning Veterans' Homestead Exemption") is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, subject to some limitations. Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted.

#### TAX LEVY

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, proceedings are adopted by the designated body for each Unit each year in which it determines to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The Cook County Clerk uses the prior year's EAV to compute the taxing district's maximum allowable levy. The maximum levy that can be raised for a Unit is the maximum tax rate for that Unit multiplied by the prior year, EAV for all property currently in the district. The prior year's EAV includes the prior year's EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the Property Tax Extension Limitation Law ("Limitation Law"). The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV.

#### EXTENSIONS

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

#### COLLECTIONS

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. The first installment is equal to one-half of the prior year's tax bill; beginning in collection year 2010, this estimated amount was raised to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead equal to one-half of the corrected prior year's tax bill. The second installment is for the balance of the current

year's tax bill, and is based on the then current tax year levy, assessed value and Equalization Factor, and reflects any changes from the prior year in those factors. The following table sets forth the second installment penalty date for the last 5 tax levy years in Cook County; the first installment penalty date has been March 1 for all such years.

Tax Levy Year	Second Installment Penalty Date
2009	December 13, 2010
2010	November 2, 2011
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. The County may provide for tax bills to be payable in four installments instead of two. However, the County has not required payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the City promptly credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the "Annual Tax Sale") of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any "automated means." Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

#### TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

## CONTINUING DISCLOSURE

In the Bond Ordinance, the Village has covenanted and agreed, for the benefit of the beneficial owners of the Bonds, to provide certain financial information and operating data relating to the Village within 210 days after the close of the Village's fiscal year (the "Annual Report"); and to provide notices of the occurrence of certain enumerated events in a timely manner not in excess of 10 business days after the occurrence of the event. The Annual Report will be filed by the Village with the Municipal Securities Rulemaking Board (the "MSRB") for disclosure on its Electronic Municipal Market Access ("EMMA") system. The information to be contained in the Annual Report will consist of the Comprehensive Annual Financial Report containing the audited financial statement of the Village, as well as additional financial and statistical information on the Village. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement will be included in the Annual Report and the audited financial statement will be filed promptly after it becomes available. The notices of enumerated events and timely notice of any failure of the Village to file its Annual Report within the 210 day period will be filed by the Village with the MSRB for disclosure on EMMA. The Village's undertaking with respect to enumerated events includes timely notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bondholders;
8. Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Village;
14. The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
15. Appointment of a successor or additional trustee or the change of name of a trustee if material.

The event identified in clause (13) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of



an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Village.

The Village has agreed to the foregoing undertakings in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The Village will provide the foregoing information for so long as Rule 15c2-12(b)(5) is applicable to the Bonds and the Village remains an “obligated person” under the Rule with respect to the Bonds. No provision of the Bond Ordinance limits the remedies available to any beneficial owner of the Bonds with respect to the enforcement of the continuing disclosure covenants of the Village described above. Failure to comply with the continuing disclosure covenants will not constitute an event of default under the Bond Ordinance.

The Village may amend the continuing disclosure undertakings contained in the Bond Ordinance upon a change in circumstances provided that (a) the undertakings, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the Village, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

The Village previously entered into a Continuing Disclosure Agreement in connection with the issuance by the Village of its General Obligation Bonds, Series 2000, Series 2001, Series 2002, Series 2003, Series 2004, Series 2005, Series 2006, Series 2007, Series 2008, Series 2010, Series 2011, Series 2012A and Series 2012B for the benefit of holders of those bonds to provide annual financial information and event notices pursuant to SEC Rule 15c2-12(b)(5). As of the date of this Official Statement, all required information has been submitted to the NRMSIRs or EMMA.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel, whose approving opinion will be delivered with the Bonds (See Appendix A). Bond Counsel has reviewed the statements in this Official Statement appearing under the headings “Description of the Bonds” and “Tax Exemption,” and is of the opinion that the statements contained under such headings are accurate statements or summaries of the matters set forth therein and fairly present the information purported to be shown. Except for the foregoing, however, Bond Counsel has not independently verified the accuracy or completeness of statements and information contained in the Official Statement and does not assume any responsibility for the accuracy or completeness of such statements and information.

## **TAX MATTERS**

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), Bond Counsel is of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Bond Counsel is further of the opinion that the Bonds are not “private activity bonds” within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate

alternative minimum taxable income for tax purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from State of Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of property financed with the proceeds of the Bonds. The Village has covenanted in the Ordinance to comply with these requirements.

#### SERIES 2014A BONDS PURCHASED AT A PREMIUM OR A DISCOUNT

The difference (if any) between the initial price at which a substantial amount of each maturity of the Bonds is sold to the public (the “Offering Price”) and the principal amount payable at maturity of such Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as “bond premium”; if the Offering Price is lower than the maturity value of a Bond, the difference between the two is known as “original issue discount”.

Bond premium and original issue discount are amortized over the term of a Bond on the basis of the owner’s yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period and is subtracted from the owner’s tax basis in the Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Bond for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner’s tax basis in the Bond. A Bond’s adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon disposition of the Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bond).

Owners of Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a year later.

#### EXCLUSION FROM GROSS INCOME REQUIREMENTS

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. Among these requirements are the following:

*Limitations on Private Use.* The Code includes limitations on the amount of Bonds proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

*Investment Restrictions.* Except during certain “temporary periods,” proceeds of the Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of “minor portion”) may generally not be invested in investments having a yield that is “materially higher” (1/8 of one percent) than the yield on the Bonds.

*Rebate of Arbitrage Profit.* Unless the Village qualifies for one of several exemptions, earnings from the investment of the “gross proceeds” of the Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “gross proceeds” includes the original proceeds of the Bonds, amounts received as a result of investing such proceeds, and amounts to be used to pay debt service on the Bonds.

*Covenants to Comply.* The Village has covenanted in the Ordinance to comply with the requirements of the Code relating to the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

#### RISKS OF NON-COMPLIANCE

In the event that the Village fails to comply with the requirements of the Code, interest on the Bonds may become includable in the gross income of the owners thereof for Federal income tax purposes retroactive to the date of issue. In such event, the Ordinance requires neither acceleration of payment of principal of, or interest on, the Bonds nor payment of any additional interest or penalties to the owners of the Bonds.

#### FEDERAL INCOME TAX CONSEQUENCES

Pursuant to Section 103 of the Code, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE BONDS.

#### VERIFICATION REPORT

Causey Demgen & Moore P.C. of Denver, Colorado will verify from information provided to them the mathematical accuracy as of the date of the closing of the Bonds of (i) the computations contained in the provided schedules to determine that the anticipated receipts from the Escrow Securities and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements, if any, of the Refunded Bonds and (ii) the computations of yield on both the Escrow Securities and the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Bonds is excludable from federal income tax purposes. Causey Demgen & Moore P.C. will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

#### ABSENCE OF LITIGATION

The Village is not a party to, nor has it been threatened with, any litigation concerning the Bonds or the Ordinance. At the time of delivery of the Bonds, the Village will certify that there is no litigation or other proceedings pending or, to the knowledge of the Village threatened, in any court, (either state or federal) restraining or enjoining the issuance, sale or delivery of the Bonds, or in any way questioning or affecting (i) the proceedings under which the Bonds are to be issued, (ii) the validity of any provision of the Bonds or the Ordinance, (iii) the levy or collection of the taxes levied and pledged to the payment of the principal of and interest on the Bonds, or (iv) the title to office of the present officials of the Village.

## **RATINGS**

Moody's Investors Service, Inc. ("Moody's"), 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and Standard & Poor's Rating Group ("S&P"), 55 Water Street, New York, New York 10041, have assigned to the Bonds the ratings set forth on the front cover of this Official Statement. The Village supplied certain information to the rating agencies to be considered in evaluating the Bonds. These ratings express only the view of the rating agencies and an explanation of its significance may be obtained only from each respective rating service. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. A revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds were offered for sale by the Village at a public competitive sale on October 14, 2014. The best bid submitted at the sale was by Janney Montgomery Scott, LLC. (the "Underwriter"). The Village awarded the contract for sale of the Bonds to the Underwriter at a price of \$29,193,939.58 (reflecting a premium of \$3,924,488.35 and an underwriting discount of \$45,548.77).

## **CLOSING CERTIFICATE**

The Village will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming to the Underwriter that the Official Statement, together with any supplements to it, at the time of acceptance of the Underwriter's bid and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain any untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

This Official Statement has been duly approved, executed and delivered by the Village.

**APPENDIX A**  
**FORM OF OPINION OF BOND COUNSEL**  
November 3, 2014

The President and Board of Trustees of the  
Village of Northbrook, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of \$25,315,000 principal amount of General Obligation Bonds, Series 2014A (the “Bonds”), of the Village of Northbrook, a municipal corporation and a home rule unit of the State of Illinois situate in the County of Cook. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, and by virtue of an ordinance adopted by the President and Board of Trustees of the Village on October 14, 2014 and entitled: “Ordinance Authorizing the Issuance of General Obligation Bonds, Series 2014A, of the Village of Northbrook, Illinois” (the “Ordinance”).

The Bonds are issuable in the form of fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated November 3, 2014. The Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 1, 2015 and semiannually thereafter on each June 1 and December 1, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ 325,000	3.00%
2016	355,000	3.00
2017	1,635,000	5.00
2018	1,710,000	4.00
2019	1,775,000	5.00
2020	1,870,000	5.00
2021	1,965,000	4.00
2022	2,050,000	5.00
2023	2,155,000	5.00
2024	2,265,000	5.00
2025	2,390,000	4.00
2026	2,485,000	4.00
2027	2,595,000	3.00
2028	1,740,000	3.00

The Bonds maturing on or after December 1, 2025 are subject to redemption prior to maturity at the option of the Village, in such principal amounts and from such maturities as the Village shall determine, and by lot within a single maturity, on December 1, 2024 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In our opinion, the Bonds are valid and legally binding general obligations of the Village of Northbrook and the Village is obligated to levy ad valorem taxes upon all the taxable property within the Village for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

We are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the “Code”), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not “private activity bonds” within the meaning of Section 141(a) of the Code.

Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The Village has covenanted in the Bond Ordinance to comply with these requirements.

With respect to the exclusion from gross income for Federal income tax purposes of interest on the Bonds we have relied on the verification report of Causey Demgen & Moore P.C., certified public accountants, regarding the computation of the arbitrage yield on the Bonds and of certain investments made with the proceeds of the Bonds.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

## APPENDIX B

### BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "*1934 Act*"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "*Commission*"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration

in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Village or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Village or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.



The Village may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the Village takes no responsibility for the accuracy thereof.

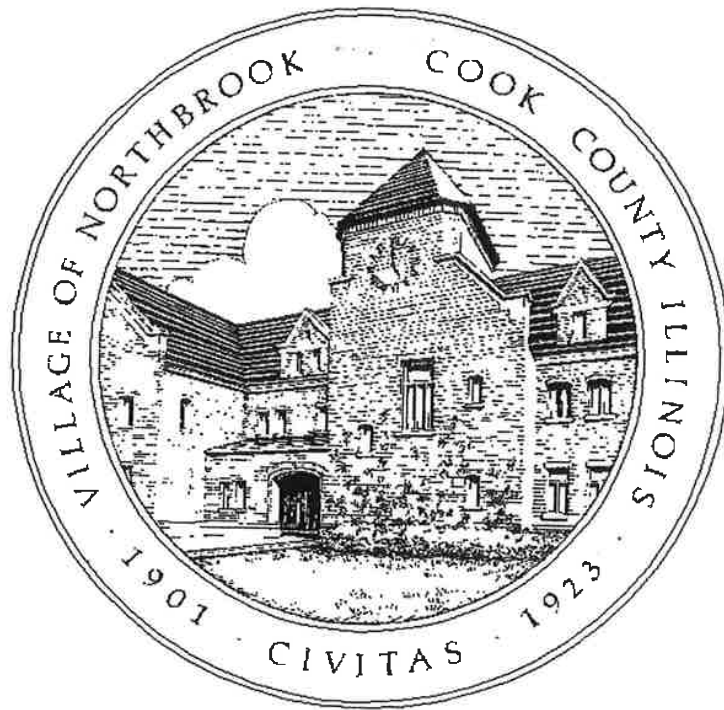
The Village will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

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**APPENDIX C**  
**SELECTED EXCERPTS FROM COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED APRIL 30, 2013**

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# **VILLAGE OF NORTHBROOK, ILLINOIS**



## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended April 30, 2013**

**VILLAGE OF NORTHBROOK, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED APRIL 30, 2013**

Prepared by:  
Finance Department

Jeffrey L. Rowitz, CPA, Director of Finance/Village Treasurer  
Elizabeth M. Garibaldi, CPA, Assistant Director of Finance

# VILLAGE OF NORTHBROOK, ILLINOIS

## TABLE OF CONTENTS

---

	PAGE
<b><u>INTRODUCTORY SECTION</u></b>	
List of Principal Officials.....	i
Organization Chart.....	ii
Transmittal Letter .....	iii - vi
Certificate of Achievement for Excellence in Financial Reporting.....	vii
<b><u>FINANCIAL SECTION</u></b>	
<b>INDEPENDENT AUDITORS' REPORT.....</b>	<b>1 - 2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>MD&amp;A 1 - 12</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements	
Statement of Net Position .....	3 - 4
Statement of Activities.....	5 - 6
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	7 - 8
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position – Governmental Activities.....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	10 - 11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Activities.....	12
Statement of Net Position – Proprietary Funds.....	13 - 14
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	15 - 16
Statement of Cash Flows – Proprietary Funds.....	17 - 18
Statement of Fiduciary Net Position.....	19
Statement of Changes in Fiduciary Net Position .....	20
Notes to the Financial Statements.....	21 - 64

# VILLAGE OF NORTHBROOK, ILLINOIS

## TABLE OF CONTENTS

### PAGE

### FINANCIAL SECTION – Continued

#### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress and Employer Contributions	
Illinois Municipal Retirement Fund.....	65
Police Pension Fund.....	66
Firefighters' Pension Fund.....	67
Other Post-Employment Benefit Plan.....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund.....	69

#### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule of Revenues – Budget and Actual – General Fund .....	70 - 71
Schedule of Expenditures – Budget and Actual – General Fund.....	72 - 73
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Debt Service Fund.....	74
Central Business District – Capital Projects Fund .....	75
Infrastructure – Capital Projects Fund .....	76
Combining Balance Sheet – Nonmajor Governmental Funds .....	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	
Nonmajor Governmental Funds.....	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Cemetery – Permanent Fund.....	79
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Water – Enterprise Fund .....	80
Schedule of Operating Expenses – Budget and Actual – Water – Enterprise Fund .....	81
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Sanitary Sewer – Enterprise Fund.....	82
Schedule of Operating Expenses – Budget and Actual – Sanitary Sewer – Enterprise Fund .....	83
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Senior Housing – Enterprise Fund.....	84
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Stormwater Utility – Enterprise Fund.....	85
Schedule of Operating Expenses – Budget and Actual – Stormwater Utility – Enterprise Fund.....	86
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Revenue Parking – Enterprise Fund .....	87
Schedule of Operating Expenses – Budget and Actual – Revenue Parking – Enterprise Fund .....	88
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Insurance – Internal Service Fund .....	89



# VILLAGE OF NORTHBROOK, ILLINOIS

## TABLE OF CONTENTS

---

	<b>PAGE</b>
<b><u>FINANCIAL SECTION – Continued</u></b>	
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES – Continued</b>	
Combining Statement of Fiduciary Net Position .....	90
Combining Statement of Changes in Fiduciary Net Position .....	91
Schedule of Changes in Fiduciary Net Position – Budget and Actual	
Police Pension.....	92
Firefighters’ Pension.....	93
Schedule of Changes in Assets and Liabilities – Escrow – Agency Fund.....	94
<b>SUPPLEMENTAL SCHEDULES</b>	
Long-Term Debt Requirements	
General Obligation Bonds of 2004A .....	95
General Obligation Bonds of 2004B.....	96
General Obligation Bonds of 2005 .....	97
General Obligation Refunding Bonds of 2006 .....	98
General Obligation Bonds of 2007 .....	99
General Obligation Bonds of 2008 .....	100
General Obligation Bonds of 2010 .....	101
General Obligation Bonds of 2011 .....	102
Taxable General Obligation Refunding Bonds of 2012A.....	103
Taxable General Obligation Refunding Bonds of 2012B.....	104

# VILLAGE OF NORTHBROOK, ILLINOIS

## TABLE OF CONTENTS

---

	PAGE
<b><u>STATISTICAL SECTION (Unaudited)</u></b>	
Net Position by Component – Last Ten Fiscal Years .....	105 - 106
Changes in Net Position – Last Ten Fiscal Years .....	107 - 108
Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	109 - 110
General Governmental Revenues by Source – Last Ten Fiscal Years .....	111 - 112
General Governmental Expenditures by Function – Last Ten Fiscal Years .....	113 - 114
Changes in Fund Balances for Governmental Funds – Last Ten Fiscal Years .....	115 - 116
Schedule of Police and Firefighters' Pension Funds Investment Returns and Pension Expenses by Type – Last Two Fiscal Years .....	117
Taxable Sales by Category – Last Ten Fiscal Years .....	118 - 119
Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years .....	120
Assessed Value and Actual Value of Taxable Property – Last Ten Tax Levy Years .....	121 - 122
Direct and Overlapping Property Tax Rates – Last Ten Tax Levy Years .....	123 - 124
Principal Property Tax Payers – Current Fiscal Year and Nine Fiscal Years Ago .....	125
Property Tax Levies and Collections – Last Ten Fiscal Years .....	126
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	127
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	128
Schedule of Direct and Overlapping Bonded Debt .....	129
Schedule of Legal Debt Margin .....	130
Demographic and Economic Statistics – Last Ten Fiscal Years .....	131
Principal Employers – Current Fiscal Year and Nine Fiscal Years Ago .....	132
Full-Time Equivalent Village Government Employees by Function – Last Ten Fiscal Years .....	133 - 134
Operating Indicators by Function/Program – Last Ten Calendar Years .....	135 - 136
Capital Asset Statistics by Function/Program – Last Ten Calendar Years .....	137 - 138

## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Northbrook including: List of Principal Officials, Organization Chart, Letter of Transmittal from Village Manager and Director of Finance/Village Treasurer, and Certificate of Achievement for Excellence in Financial Reporting.

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **List of Principal Officials**

**April 30, 2013**

---

### **LEGISLATIVE**

#### **VILLAGE BOARD OF TRUSTEES**

Sandra E. Frum, President

James A. Karagianis  
A.C. Buehler, III  
Michael W. Scolaro

Todd A. Heller  
Kathryn L. Ciesla  
Robert P. Israel

Debra J. Ford, Village Clerk

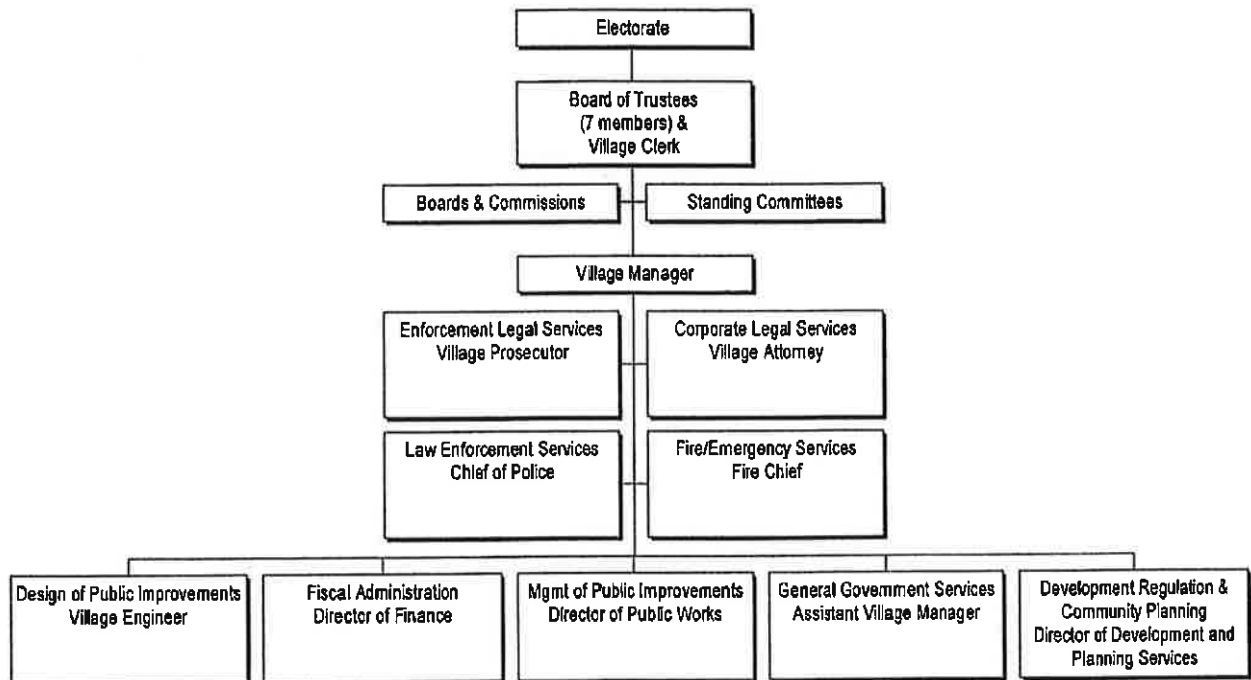
### **ADMINISTRATIVE**

Richard A. Nahrstadt, Village Manager

### **FINANCE DEPARTMENT**

Jeffrey L. Rowitz, CPA, Director of Finance/Village Treasurer  
Elizabeth M. Garibaldi, CPA, Assistant Director of Finance

# Village of Northbrook Organization Chart



## Boards And Commissions

Architectural Control  
 Arts Commission  
 Community Relations  
 Economic Development  
 Electrical  
 Emergency Telephone System  
 Environmental Quality  
 Fire & Police Commissioners  
 Firefighters' Pension  
 Foreign Fire Insurance  
 Industrial & Commercial Development  
 Local Improvements  
 Plan  
 Police Pension  
 Senior Services  
 Stormwater Management  
 Youth  
 Zoning Board of Appeals

## Standing Committees

Administration & Finance  
 Communications & Legislation  
 Planning & Zoning  
 Public Safety  
 Public Works  
 Quality of Life



# Village of Northbrook

1225 Cedar Lane Northbrook, Illinois 60062 847.272.5050 Fax 847.272.9760 [www.northbrook.il.us](http://www.northbrook.il.us)

July 30, 2013

The Honorable Village President Frum  
Members of the Board of Trustees  
Village of Northbrook, Illinois

The Comprehensive Annual Financial Report of the Village of Northbrook for the fiscal year ended April 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Village of Northbrook. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The financial section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations as applicable. The fiscal year ended April 30, 2004 was the first year of implementation for GASB statement 34.

The Village provides a full range of services. These services include police and fire protection; water and sanitary sewer services; the construction and maintenance of highways, streets, and infrastructure; and cultural events. For financial reporting purposes, in conformity with the Governmental Accounting Standards Board Statement No. 14, this report includes all the funds, account groups and component units of the Village. For additional disclosures concerning the Village's reporting entity, see Note 1 to the financial statements.

## ECONOMIC CONDITION AND OUTLOOK

Northbrook is located in northeastern Illinois, approximately 26 miles north of Chicago. While the population increased by 21% during the 1970's, growth moderated to 5% in the following decade. The 2010 census reported a population of 33,170, reflecting a decrease of 249 residents since the 2000 census.

Northbrook combines factors of unusual personal wealth among residents; a strong diversification of employment; a diversity of industrial, commercial and office development and geographic factors that contribute to a strong local economy. As the location for a number of corporate headquarters, it has the additional distinction as a residential community for a number of corporate executives and of high home values. As an industrial community, it offers convenient transportation and proximity to Chicago. With a broad-based distribution of Village revenues and relatively low tax rates, the Village is able to offer a high level of governmental services to its residents.

---

PRESIDENT	BOARD OF TRUSTEES			VILLAGE CLERK	VILLAGE MANAGER
Sandra E. Frum	James A. Karagianis	A.C. Buehler III	Michael W. Scolaro	Debra J. Ford	Richard A. Nahrstadt
	Todd A. Heller	Kathryn L. Ciesla	Robert P. Israel		

The Village's geographic location, east of the Tri-State Tollway, west and south of Interstate 94 and on the Milwaukee Road railroad (40 minutes from downtown Chicago), has made it a prime area for high value residential development. A substantial land area has also permitted development of important corporate offices and commercial shopping centers. Northbrook Court includes, for example, such stores as Neiman Marcus, Macy's, Lord & Taylor and Crate & Barrel and features over 100 specialty shops like Juicy Couture, XXI Forever, Bebe, Coach, Louis Vuitton and True Religion. Corporate headquarters include testing laboratories for Underwriters' Laboratories, Inc. (72,000 square feet); Extel Corporation corporate headquarters and teleprinting manufacturing; the Northern Illinois distribution center for United Parcel Service; Crate and Barrel's corporate headquarters; and some 130 other corporate and light industrial concerns. The careful planning and development of Northbrook should ensure an economically stable community for the foreseeable future. The wise development of the remaining property within the Village will further that stability.

## MAJOR INITIATIVES

### Accomplishments in Fiscal Year 2012/13.

Fiscal Year 2012/13 continued to exemplify careful planning, thoughtful Village governance and leadership, and a deep, abiding respect for Northbrook citizens and businesses. Together, the Village Board and staff have responded to the realities of the last several years with policies and processes that have focused our efforts to meaningfully and appropriately address the short- and long-term financial health of our Village government. Our quarterly budget reviews have transformed the way we manage the Village's finances and enhanced our ability to navigate new challenges as they arise. We have continued to refine the five year Capital Improvement Plan to make it into a valuable planning tool that allows us to look forward and better address the Village's long term capital and infrastructure needs. This careful management by the Village Board and staff has provided the flexibility to adjust our resources as necessary in order to meet the changing service needs of the community. The community is well served by the Village's focus on providing quality, economical public services.

Constraining costs without diminishing quality services, a steady growth in certain revenue streams, and strong legislative and management oversight keeps the Village in a strong and enviable position moving into the coming fiscal years. There is a reason we are one of only three triple-A rated communities in Illinois by both Standard and Poor's and Moody's.

We continue to see evidence that Northbrook's local economy is steadily recovering. Sales tax revenue has exceeded our budget projections in 22 of the past 24 months. At the same time, residents and businesses are investing in their futures in Northbrook, as evidenced by an increase in building permits. Sky Harbor occupancy rates remain high, our retail businesses remain strong, new plans are being proposed for downtown retail space, two new Senior Housing Facilities are currently under construction and more senior housing is being proposed at Covenant Village as well as in the Sanders Rd and Lake -Cook Road area. The Village has received a formal application by a developer to build a Mariano's grocery store, 20,000 square feet of additional retail and a 10-story luxury apartment building for the vacant property at the corner of Dundee Road and Skokie Boulevard. We have also received a proposal for a Wal-Mart Supercenter at 1000 Skokie Boulevard. Whether or not these proposals are ultimately approved by the Village Board, it is clear that the business community continues to see Northbrook as an attractive place to grow and expand.

Highlights of FY 2012/13 included:

- Completed the process of renegotiating the Collective Bargaining Agreements with the four Unions representing employees in the Village.

- Worked with the North Shore Electricity Aggregation Consortium to complete the transfer to a new competitively bid power supplier for all residential and small commercial retail electricity customers. Based on this effort, Northbrook customers saved \$4.4 million in the first year.
- Negotiated a new solid waste franchise agreement, which will provide a 15.7% savings to the typical residential customer.
- Evaluated the strengths and limitations of our existing computer applications and began the process to evaluate replacement with a Village-wide Enterprise Resource Program (ERP). A detailed Request for Proposals (RFP) was sent to qualified vendors in July 2013.
- Studied the prolonged effects of the decreased staffing in the Fire Prevention Bureau, specifically in regards to demand and requirements for fire life safety inspections, new construction plan reviews, fire drill monitoring, and public education. Based on this analysis, staff recommended the addition of one full-time Fire Inspector. This recommendation was endorsed by the Village Board and funding was provided in the FY 2013/14 budget.
- Continued working to develop and implement a Sustainability Plan in conjunction with the Northbrook Park District.
- Continued working with Administration and Finance Committee to monitor economic conditions and the effect on Village revenues.
- Continued working with state and regional associations to analyze financial impacts of proposed legislation.

## FINANCIAL INFORMATION

Management of the Village is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Budgeting Controls.** The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. Activities of the general fund, debt service fund, capital projects funds, enterprise funds, internal service fund and pension trust funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

As demonstrated by the statements and schedules included in the financial section of this report, the Village continues to meet its responsibility of sound financial management.

**General Fund Balance.** The unassigned fund balance of the General Fund at fiscal year ended April 30, 2013 increased by 10.1% from the unassigned fund balance at May 1, 2012. The unassigned fund balance is the equivalent of 46.9% of non-restricted General Fund revenues and operating transfers in, and 48.7% of non-restricted expenditures. This exceeds the fund balance policy previously established by the Village Board of Trustees which calls for an unrestricted fund balance equal to 40% of non-restricted revenues.



**Debt Administration.** At April 30, 2013, the Village had a number of general obligation debt issues outstanding which totaled \$67,563,193. Moody's Investors Service, in April of 1994, upgraded the Village's bond rating from Aa1 to Aaa. In November 2000, the Village also sought a rating from Standard & Poor's. Standard & Poor's also conveyed their highest rating (AAA) to the Village. Both of these ratings were re-affirmed in November 2012. In 2006, Standard & Poor's introduced a Financial Management Assessment (FMA) to their rating process. Northbrook's financial management received their highest rating of "strong". Only 10% of the government agencies rated by Standard & Poor's have received this top rating.

Under current state statutes, home rule communities do not have a legal limit on the amount of debt which can be issued, thus the Village's general obligation bonded debt issuances are not subject to a legal limitation. As of April 30, 2013 the Village's net general obligation bonded debt for governmental funds was \$55,138,810 and debt per capita equaled \$1,662.31. Net general obligation bonded debt is the gross general obligation bonded debt less the fund balance of the Debt Service Fund and debt payable from Enterprise Fund revenues.

#### OTHER INFORMATION

**Independent Audit.** State statutes require an annual audit by independent certified public accountants. The accounting firm of Lauterbach and Amen, LLP, was selected by the Village Board of Trustees. This audit meets the requirements set forth in state statutes. The auditor's report on the basic financial statements and combining and individual fund schedules as well as the information listed as supplemental is included in the financial section of this report.

**Awards.** 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 Northbrook for its Comprehensive Annual Financial Report for the fiscal year ended April 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

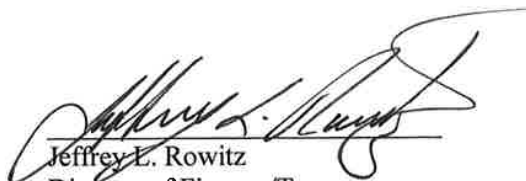
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

**Acknowledgments.** The timely preparation and submission of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department and the assistance of our auditing firm, Lauterbach and Amen, LLP. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Richard A. Nahrstadt  
Village Manager



Jeffrey L. Rowitz  
Director of Finance/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Village of Northbrook  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**April 30, 2012**



Executive Director/CEO

## **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**

July 30, 2013

The Honorable Village President  
Members of the Board of Trustees  
Village of Northbrook, 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 Northbrook, Illinois, as of and for the year ended April 30, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements. We did not audit the financial statements of Northbrook Public Library, discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Northbrook Public Library, is based on the report of the other auditors.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

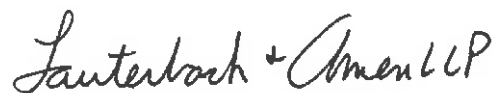
We believe that the audit evidence we have obtained and the report of the other auditors is sufficient and appropriate to provide a basis for our audit opinions.

*Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Northbrook, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Northbrook, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

LAUTERBACH & AMEN, LLP

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

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2013**

---

Our discussion and analysis of the Village of Northbrook's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2013. Please read it in conjunction with the transmittal letter on page iii - vi and the Village's financial statements, which begin on page 3.

### **FINANCIAL HIGHLIGHTS**

- The Village's net position increased by 2.4% as a result of this year's operations. Net position of business-type activities increased by 34.8%. Net position of governmental activities decreased by \$9 million, or 10.3%. These changes are primarily due to the transfer of \$9.2 million in storm water assets from a governmental fund to a newly created enterprise fund.
- During the year, expenses were \$200,000 less than the \$43.9 million generated in program, tax and other revenues for governmental programs.
- During the year, revenues for business-type activities were \$14.1 million while expenses were \$11.4 million, generating an increase in net position before transfers of \$2.7 million.
- The General Fund reported a surplus this year of \$1,674,695. Revenues were \$695,539 higher than anticipated as the Village continued to see evidence of sustained recovery in our local economy. Expenditures were \$985,111 less than the amended budget. This savings is mostly attributed to personnel costs. In addition to the continued decision to leave several vacant positions open, a mild winter produced significant overtime savings.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 6) provide information about the activities of the Village of Northbrook as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.



## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2013**

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#### **USING THIS ANNUAL REPORT - Continued**

##### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 6 of this report.

The Statement of Net Position reports information on all of the Village's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's roads, is needed to assess the overall health of the Village.

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, finance, public safety, highways and streets, community planning, development and engineering. The business-type activities of the Village include waterworks, sewerage, storm water management, parking operations and senior housing.

The Village includes one separate legal entity in its report, the Northbrook Public Library. Although legally separate, this "component unit" is important because the Village is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2013**

---

#### **USING THIS ANNUAL REPORT - Continued**

#### **Fund Financial Statements - Continued**

##### **Governmental Funds**

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

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

The Village maintains eight 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, Debt Service Fund, Pension Contribution Fund, Central Business District Fund, and Infrastructure Capital Projects Fund, all of which are considered major funds. Data from the other three governmental funds are 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 elsewhere in this report.

The Village adopts an annual budget for all funds except the Traffic Impact Fund the Pension Contribution Fund, and the Tax Increment Financing Fund. A budgetary comparison schedule for all other funds has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 7 - 12 of this report.

##### **Proprietary Funds**

The Village maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its waterworks and sewerage, storm water management, senior housing and parking operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2013**

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#### **USING THIS ANNUAL REPORT - Continued**

##### **Fund Financial Statements - Continued**

##### **Proprietary Funds – Continued**

The Village uses an internal service fund to account for its insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sanitary Sewer Fund, Stormwater Utility Fund, and Senior Housing Fund, all of which are considered to be major funds of the Village. The Revenue Parking Fund is reported as a non-major fund.

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

##### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 19 - 20 of this report.

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to a 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 21 - 64 of this report.

##### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's I.M.R.F. and police and firefighters employee pension obligations, the Village's other postemployment benefit obligation, as well as the budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 65 - 69 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 70 - 94 of this report.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets exceeded liabilities by \$124.7 million.

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 57.4	61.0	7.3	5.2	64.7	66.2
Capital Assets	94.0	100.3	52.8	42.9	146.8	143.2
Total Assets	151.4	161.3	60.1	48.1	211.5	209.4
Long-Term Debt Outstanding	(55.3)	(55.4)	(11.7)	(12.3)	(67.0)	(67.7)
Other Liabilities/Deferred Inflows	(18.6)	(18.4)	(2.2)	(1.5)	(20.8)	(19.9)
Total Liabilities	(73.9)	(73.8)	(13.9)	(13.8)	(87.8)	(87.6)
Net Position						
Net Investment in Capital Assets	54.8	60.4	40.0	29.8	94.8	90.2
Restricted	6.8	10.3	-	-	6.8	10.3
Unrestricted	16.9	16.8	6.2	4.5	23.1	21.3
Total Net Position	78.5	87.5	46.2	34.3	124.7	121.8

By far the largest portion of the Village's net position, which is 76.0 percent, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; 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.

An additional portion, or 5.4 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining 18.6 percent, or \$23.1 million, represents unrestricted net position and may be used to meet the Village's ongoing obligations to citizens and creditors.

# VILLAGE OF NORTHBROOK, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position (in millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 8.4	8.1	11.4	8.8	19.8	16.9
Capital Grants/Contributions	-	-	-	-	-	-
Operating Grants/Contributions	1.0	1.1	0.3	0.1	1.3	1.2
General Revenues						
Property Taxes	12.0	10.0	-	-	12.0	10.0
Sales Taxes	14.5	14.0	-	-	14.5	14.0
State Income Taxes	3.1	2.8	-	-	3.1	2.8
Utility Taxes	1.1	1.1	-	-	1.1	1.1
Other Taxes	2.8	2.1	-	-	2.8	2.1
Other General Revenues	1.0	0.9	2.4	0.2	3.4	1.1
Total Revenues	43.9	40.1	14.1	9.1	58.0	49.2
Expenses:						
General Government	4.8	5.2	-	-	4.8	5.2
Public Safety	27.6	27.3	-	-	27.6	27.3
Public Works	8.9	9.2	-	-	8.9	9.2
Interest on Long-Term Debt	2.4	2.2	-	-	2.4	2.2
Water	-	-	7.5	7.0	7.5	7.0
Sewer	-	-	1.2	1.6	1.2	1.6
Storm Water	-	-	1.7	-	1.7	-
Senior Housing	-	-	0.8	0.9	0.8	0.9
Parking Facilities	-	-	0.2	0.2	0.2	0.2
Total Expenses	43.7	43.9	11.4	9.7	55.1	53.6
Increase in Net Position Before Transfers	0.2	(3.8)	2.7	(0.6)	2.9	(4.4)
Transfers	(9.2)	-	9.2	-	-	-
Increase (Decrease) in Net Position	(9.0)	(3.8)	11.9	(0.6)	2.9	(4.4)
Net Position-Beginning	87.5	91.3	34.3	34.9	121.8	126.2
Net Position-Ending	78.5	87.5	46.2	34.3	124.7	121.8

## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the Village's governmental activities decreased by \$9.0 million (\$87.5 million compared to \$78.5 million). During the year, the Village created a Storm Water Utility Fund (enterprise fund) to account for the maintenance and construction of the Village's storm water management system. All activities necessary to provide these services are accounted for in this fund, including, but not limited to, operation, maintenance and repair, construction, and related debt service. Previously, these activities were accounted for in the Infrastructure Capital Projects Fund. With the creation of the Stormwater Utility Fund, the Village transferred \$9.2 million of related assets from the Infrastructure Capital Projects Fund to the new Stormwater Utility Fund. Unrestricted net position of the Village's governmental activities, the part of net position that can be used to finance day-to-day operations without constraints, increased 0.6% from \$16.8 million the previous fiscal year to \$16.9 million at the end of this year.

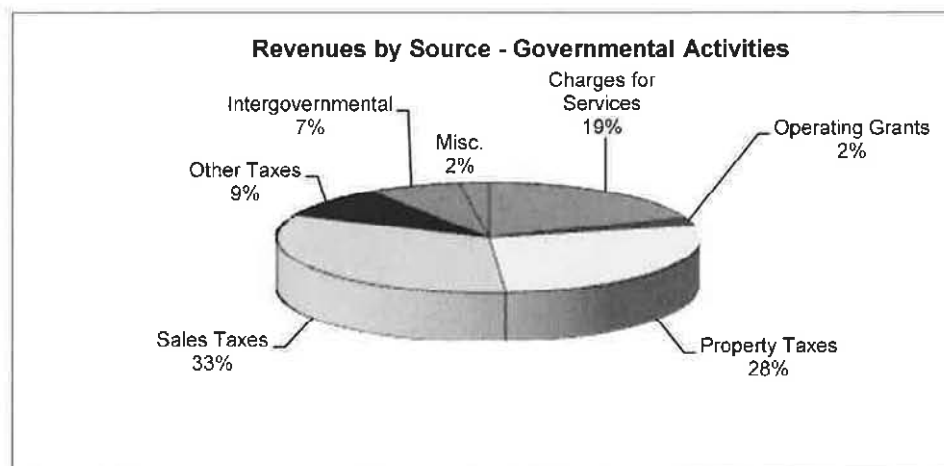
Net position of business-type activities increased 34.7% from the prior year (\$34.3 million compared to \$46.2 million). The Village generally can only use this net position to finance the continuing operations of the waterworks, sewerage, storm water, senior housing and parking operations. The vast majority of this increase is related to the new Stormwater Utility Fund and the transfer of assets to this fund.

Total revenues increased by 17.9% percent, or \$8.8 million. The total cost of all programs and services increased by 2.8%, or \$1.5 million.

#### Governmental Activities

Revenues for governmental activities (excluding special items) were \$43.9 million, while total expenses were \$43.7 million.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance on sales taxes to fund governmental activities. It also clearly identifies the minor percentage the Village receives from other governments.

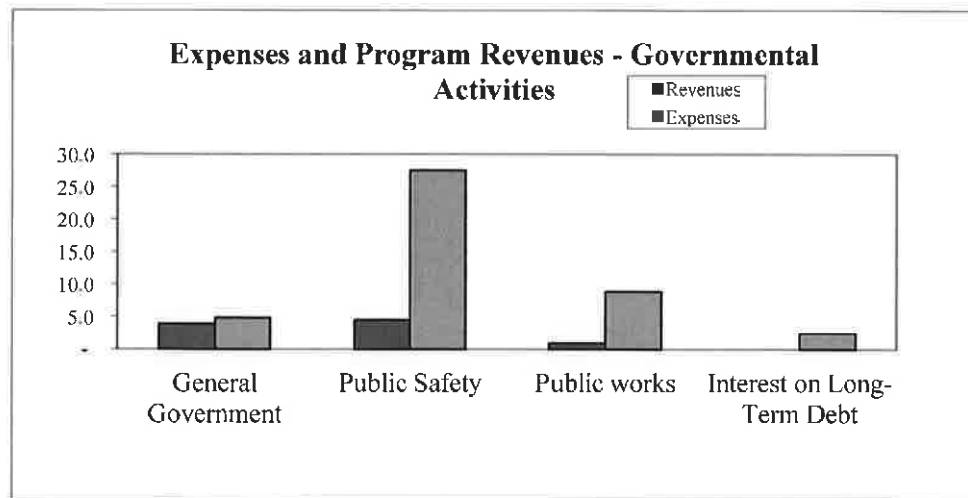


## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

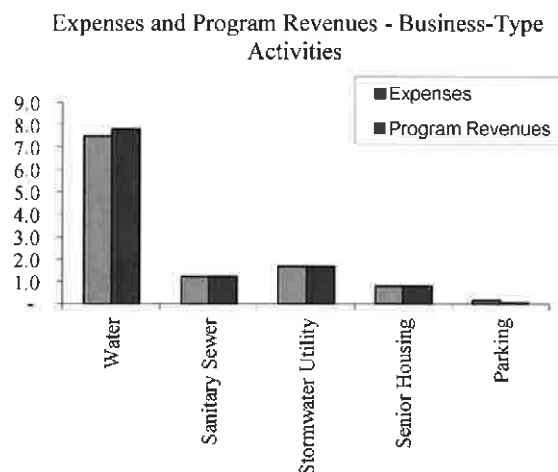
##### Governmental Activities – Continued



The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues. Clearly public safety and public works expenses far exceed any directly allocated revenues.

##### Business-Type Activities

Revenues from business type activities increased by 54.9% (\$14.1 million in 2013 compared to \$9.1 million in 2012) and expenses increased by 17.5%. The revenue increase is primarily due to the creation of the Stormwater Utility Fund. In addition to the new user charge, this fund also received \$2.4 million in reimbursements from Cook County for allocated costs attributed to the Techny Drain storm water project.



## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2013**

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#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

##### **Business-Type Activities – Continued**

The previous graph compares program revenues to expenses for the Village's enterprise operations. A dry summer with below average rain caused the Water Fund to achieve a minor surplus for the year.

#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

##### **Governmental Funds**

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$23.1 million, which is 12.5% lower than last year's total of \$26.4 million. This decrease is due to the planned use of bond proceeds received in the previous fiscal year.

The General Fund experienced an increase of \$1,674,695 which was significantly better than the original budget anticipated. Revenues were \$695,539 higher than expected as the Village continued to see evidence of sustained recovery in our local economy. Expenditures were \$985,111 less than the amended budget. This savings is mostly attributed to personnel costs. In addition to the continued decision to leave several vacant positions open, a mild winter produced significant overtime savings.

The Pension Contribution Fund is used to account for the Village's contributions to the Police and Firefighters' Pension Funds. The Fund reported a deficit of \$418,920 due to timing differences with the property tax cycle.

The Central Business District Fund was closed during the year with the funds transferred to the Debt Service Fund. The Infrastructure Fund reported a decrease in fund balance of approximately \$4.5 million due the planned use of previously issued bond proceeds for road construction.

##### **Proprietary funds**

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Village reports the Water, Sanitary Sewer, Stormwater, and Senior Housing Funds as major proprietary funds.



## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2013**

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#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued**

##### **Proprietary Funds – Continued**

The Water Fund accounts for all of the operations of the municipal water system. The Village is the only municipality in Illinois that is not on the lakefront but pumps its' own water directly from Lake Michigan. Many years ago, the Village constructed a pipeline directly to the lake by purchasing various rights- of- way. Water was sold to all municipal customers at a rate of \$4.08 per thousand gallons.

The Village intends to run the Water Fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects and water consumption. The current fiscal year experienced a surplus of \$748,832.

The Sanitary Sewer Fund accounts for all operations of the Village's sanitary sewer system. Customers are billed at a rate of \$0.80 per thousand gallons of water used. This fund experienced a deficit of \$497,285 for the year, which includes depreciation expense of \$261,307.

The Stormwater Utility Fund is used to account for the maintenance and construction of the Village's storm water management system. All activities necessary to provide these services are accounted for in this fund, including, but not limited to, operation, maintenance and repair, construction, and related debt service. This fund experienced a surplus of \$11,648,735 for the year due to reimbursement from Cook County of \$2,412,959 in costs related to the Techny Drain project and capital contributions received of \$6,580,160.

The Senior Housing Fund accounts for all operations of Crestwood Place, a senior housing apartment complex owned by the Village. Day-to-day operations are handled by a management company. Since the Village owns the buildings, we have been able to keep rents low and still allow this fund to entirely cover its' cost of operations. This fund experienced a modest surplus of \$18,359 for the year.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Village Board revised the budget several times. The Board made several budgetary changes mainly to accommodate capital items that were not anticipated at the time the budget was adopted.

Even with these adjustments, actual expenditures were \$985,111 below the final budget amounts. Savings were primarily achieved in personnel expenditures from temporary vacancies, a mild winter which resulted in lower than expected snow and ice removal costs, as well as a concerted effort by all departments to reduce expenditures wherever possible.

Revenues were slightly better than projected, ending the year \$695,539 above budget.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis

April 30, 2013

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2013 was \$146.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, roads, sidewalks, storm sewers, and bridges.

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 32.0	32.0	3.2	3.2	35.2	35.2
Buildings	10.8	11.0	10.0	7.3	20.8	18.3
Machinery & Equipment	2.7	3.0	4.5	4.3	7.2	7.3
Infrastructure	48.5	54.3	35.1	28.1	83.6	82.4
Total	94.0	100.3	52.8	42.9	146.8	143.2

The fiscal year 2014 capital budget includes projects totaling \$16.2 million. This total includes \$5.2 million for water distributions system improvements, \$4.6 million for street improvements, and \$1.7 million for storm water improvements. Additional information on the Village's capital assets can be found in note 3 on pages 40 - 41 of this report.

### Debt Administration

At year-end, the Village had total outstanding bonded debt of \$67.6 million as compared to \$68.0 million the previous year. The following is a comparative statement of outstanding debt:

	General Obligation Bonds (in Millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 55.2	54.9	12.4	13.1	67.6	68.0

The Village maintains an AAA rating from Standard & Poor's and an Aaa rating from Moody's for general obligation debt. The rating from Moody's has not changed in nineteen years. The Village first sought a rating from Standard & Poor's in November 2000 and was awarded the AAA rating at that time. As a home-rule unit, no legal limit exists on the amount of debt that can be outstanding. Additional information on the Village's long-term debt can be found in Note 3 on pages 44 - 49 of this report.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2013**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2014 budget, tax rates, and fees that will be charged for its governmental and business-type activities. Beginning with FY 2012/13, the Village introduced an expanded two year budget for the General Fund to further assist the Village Board in their discussion of fiscal policy. At that time we projected total General Fund expenses for FY 2013/14 of \$41.8 million, with total operating expenses of \$38.3 million. The approved budget for FY 2013/14 projects expenditures to be 2.1% lower, and total estimated operating expenditures are within ½% of our projections at this time last year. The approved budget estimates a \$400,000 surplus for FY 2013/14 and reserves of \$1.66 million above our 40% policy at April 30, 2014.

FY 2013/14 revenues are projected to be \$2.8 million more than FY 2012/13. We have anticipated continued, but modest, economic recovery. Revenues also include \$1.45 million in bond proceeds for planned capital improvements.

Planned expenditures in the General Fund will be \$3,810,646 more than the FY 2012/13. The increase is primarily due to replacement of capital equipment that has surpassed its useful life, and increased use of contractual inspectors for building and fire plan reviews.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village of Northbrook's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Finance Director, Village of Northbrook, 1225 Cedar Lane, Northbrook, IL 60062.

## **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 NORTHBROOK, ILLINOIS**

**Statement of Net Position**  
**April 30, 2013**

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**See Following Page**

# VILLAGE OF NORTHBROOK, ILLINOIS

## Statement of Net Position April 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Public Library
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 27,325,633	6,310,447	33,636,080	7,179,611
Receivables - Net	11,277,731	1,753,450	13,031,181	3,653,788
Due from Other Governments	1,286,783	-	1,286,783	-
Internal Balances	755,776	(755,776)	-	-
Inventory/Prepays	1,156,871	2,123	1,158,994	-
Total Current Assets	41,802,794	7,310,244	49,113,038	10,833,399
Noncurrent Assets				
Capital Assets				
Land	31,967,683	1,634,404	33,602,087	35,000
Artwork	-	-	-	3,200
Depreciable Capital Assets	116,426,843	124,895,127	241,321,970	24,306,891
Depreciation	(54,401,831)	(73,721,633)	(128,123,464)	(12,991,090)
	93,992,695	52,807,898	146,800,593	11,354,001
Other Assets				
Net Pension Asset	15,628,420	-	15,628,420	-
Total Noncurrent Assets	109,621,115	52,807,898	162,429,013	11,354,001
Total Assets	151,423,909	60,118,142	211,542,051	22,187,400
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on Refunding	930,834	-	930,834	-
Total Assets/Deferred Outflows of Resources	152,354,743	60,118,142	212,472,885	22,187,400

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

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Public Library
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	701,317	558,319	1,259,636	199,298
Accrued Payroll and Related	333,907	8,384	342,291	42,788
Accrued Interest Payable	815,887	183,483	999,370	30,336
Deposits Payable	461,547	127,706	589,253	-
Due to Other Governments	514,240	-	514,240	-
Current Portion Long-Term Debt	2,961,571	858,160	3,819,731	655,231
Total Current Liabilities	5,788,469	1,736,052	7,524,521	927,653
Noncurrent Liabilities				
Compensated Absences Payable	1,689,984	165,822	1,855,806	163,122
Net Pension Obligation	106,542	-	106,542	40,920
Net Other Postemployment Benefit Payable	485,087	-	485,087	9,117
General Obligation Bonds Payable - Net	53,003,394	11,534,230	64,537,624	3,170,060
Total Noncurrent Liabilities	55,285,007	11,700,052	66,985,059	3,383,219
Total Liabilities	61,073,476	13,436,104	74,509,580	4,310,872
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Gain on Refunding	-	487,405	487,405	-
Property Taxes	12,800,650	-	12,800,650	7,049,110
Total Deferred Inflows of Resources	12,800,650	487,405	13,288,055	7,049,110
Total Liabilities/Deferred Inflows of Resources	73,874,126	13,923,509	87,797,635	11,359,982
<b>NET POSITION</b>				
Net Investment in Capital Assets	54,761,060	39,969,558	94,730,618	7,528,710
Restricted				
Infrastructure	176,504	-	176,504	-
Public Safety	301,817	-	301,817	-
Perpetual Care - Nonexpendable	232,106	-	232,106	-
Tax Increment Financing	19,436	-	19,436	-
Capital Projects	6,050,248	-	6,050,248	-
Public Library	-	-	-	54
Unrestricted	16,939,446	6,225,075	23,164,521	3,298,654
Total Net Position	78,480,617	46,194,633	124,675,250	10,827,418

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

# VILLAGE OF NORTHBROOK, ILLINOIS

## Statement of Activities Year Ended April 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 4,772,121	3,867,156	-	-
Public Safety	27,652,937	4,549,841	21,689	-
Highways and Streets	8,873,854	-	939,333	-
Interest on Long-Term Debt	2,429,312	-	-	-
Total Governmental Activities	43,728,224	8,416,997	961,022	-
Business-Type Activities				
Water	7,125,972	7,565,670	288,311	-
Sanitary Sewer	1,667,662	1,167,822	-	-
Senior Housing	828,192	845,504	-	-
Stormwater Utility	1,660,222	1,685,913	-	-
Parking	159,021	152,923	-	-
Total Business-Type Activities	11,441,069	11,417,832	288,311	-
Total Primary Government	55,169,293	19,834,829	1,249,333	-
Component Unit - Public Library	6,717,510	176,566	115,513	-

General Revenues  
Taxes  
    Property Taxes  
    Use Taxes  
    Auto Rental Taxes  
    Utility Taxes  
    Telecommunication Taxes  
    Other Taxes  
Intergovernmental - Unrestricted  
    Sales Taxes  
    State Income Taxes  
Transfers  
Interest  
Miscellaneous

Change in Net Position  
Net Position - Beginning  
Net Position - Ending

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



Net Expense/Revenue			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Public Library
(904,965)	-	(904,965)	-
(23,081,407)	-	(23,081,407)	-
(7,934,521)	-	(7,934,521)	-
(2,429,312)	-	(2,429,312)	-
(34,350,205)	-	(34,350,205)	-
-	728,009	728,009	-
-	(499,840)	(499,840)	-
-	17,312	17,312	-
-	25,691	25,691	-
-	(6,098)	(6,098)	-
-	265,074	265,074	-
(34,350,205)	265,074	(34,085,131)	-
-	-	-	(6,425,431)
12,035,727	-	12,035,727	6,853,718
525,915	-	525,915	-
11,946	-	11,946	-
1,124,312	-	1,124,312	-
1,041,003	-	1,041,003	-
1,275,016	-	1,275,016	121,489
14,533,553	-	14,533,553	-
3,111,609	-	3,111,609	-
(9,207,320)	9,207,320	-	-
829,229	27,927	857,156	5,512
55,152	2,412,944	2,468,096	17,768
25,336,142	11,648,191	36,984,333	6,998,487
(9,014,063)	11,913,265	2,899,202	573,056
87,494,680	34,281,368	121,776,048	10,254,362
78,480,617	46,194,633	124,675,250	10,827,418

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

**VILLAGE OF NORTHBROOK, ILLINOIS****Balance Sheet - Governmental Funds****April 30, 2013**

	General	Debt Service
<b>ASSETS</b>		
Cash and Investments	\$ 17,960,295	1,169,907
Receivables - Net of Allowances		
Property Taxes	4,393,882	1,225,318
Other Taxes	3,170,496	-
Other	765,290	4,723
Due from Other Governments	1,184,063	-
Due from Other Funds	479,374	-
Inventory	42,325	-
Total Assets	27,995,725	2,399,948
<b>LIABILITIES</b>		
Accounts Payable	582,179	-
Accrued Payroll	333,907	-
Deposits Payable	251,992	-
Due to Other Governments	137,415	-
Due to Other Funds	2,138	-
Other Payables	-	-
Total Liabilities	1,307,631	-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	8,286,340	2,326,500
Total Liabilities and Deferred Inflows of Resources	9,593,971	2,326,500
<b>FUND BALANCES</b>		
Nonspendable	42,325	-
Restricted	301,817	73,448
Committed	-	-
Assigned	-	-
Unassigned	18,057,612	-
Total Fund Balances	18,401,754	73,448
Total Liabilities, Deferred Inflows of Resources and Fund Balances	27,995,725	2,399,948

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

Special Revenue Pension Contribution	Capital Projects			Totals
	Central Business District	Infrastructure	Nonmajor	
265,054	-	4,592,179	548,509	24,535,944
1,378,723	-	-	-	6,997,923
-	-	339,299	-	3,509,795
-	-	-	-	770,013
-	-	57,043	-	1,241,106
-	-	276,402	-	755,776
-	-	-	-	42,325
1,643,777	-	5,264,923	548,509	37,852,882
-	-	71,939	539	654,657
-	-	-	-	333,907
-	-	130	209,425	461,547
376,825	-	-	-	514,240
-	-	-	-	2,138
-	-	-	-	-
376,825	-	72,069	209,964	1,966,489
2,187,810	-	-	-	12,800,650
2,564,635	-	72,069	209,964	14,767,139
-	-	-	-	42,325
-	-	176,504	251,542	803,311
-	-	-	87,003	87,003
-	-	5,016,350	-	5,016,350
(920,858)	-	-	-	17,136,754
(920,858)	-	5,192,854	338,545	23,085,743
1,643,777	-	5,264,923	548,509	37,852,882

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

## VILLAGE OF NORTHBROOK, ILLINOIS

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

April 30, 2013

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<b>Total Governmental Fund Balances</b>	<b>\$ 23,085,743</b>
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Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	93,992,695
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A net pension asset is not considered to represent a financial resource and therefore, is not reported in the funds.	15,628,420
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Internal service funds are used by the Village to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	3,905,390
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(2,112,480)
Net Pension Obligation Payable	(106,542)
Net Other Post-Employment Benefit Obligation Payable	(485,087)
General Obligation Bonds Payable - Net of Unamortized Items	(54,611,635)
Accrued Interest Payable	<u>(815,887)</u>

<b>Net Position of Governmental Activities</b>	<b><u>78,480,617</u></b>
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
April 30, 2013**

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**See Following Page**

# VILLAGE OF NORTHBROOK, ILLINOIS

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended April 30, 2013

	General	Debt Service
<b>Revenues</b>		
Taxes	\$ 27,576,697	1,861,027
Intergovernmental	21,689	-
Licenses, Permits and Fees	5,009,552	88,243
Charges for Services	5,374,546	-
Fines and Forfeits	288,406	-
Interest	46,796	24,117
Miscellaneous	42,863	-
Total Revenues	38,360,549	1,973,387
<b>Expenditures</b>		
Current		
General Government	6,496,294	39,542
Public Safety	24,194,353	-
Highways and Streets	6,420,207	-
Debt Service		
Principal Retirement	-	1,863,056
Interest and Fiscal Charges	-	2,504,775
Total Expenditures	37,110,854	4,407,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,249,695	(2,433,986)
<b>Other Financing Sources (Uses)</b>		
Debt Issuance	275,000	11,771,718
Payment to Escrow Agent	-	(11,670,347)
Transfers In	150,000	2,388,912
Transfers Out	-	-
	425,000	2,490,283
Net Change in Fund Balances	1,674,695	56,297
Fund Balances - Beginning	16,727,059	17,151
Fund Balances - Ending	18,401,754	73,448

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

Special Revenue Pension Contribution	Capital Projects			Totals
	Central Business District	Infrastructure	Nonmajor	
2,032,053	-	2,189,304	-	33,659,081
-	-	939,333	-	961,022
-	-	-	-	5,097,795
-	-	-	-	5,374,546
-	-	-	-	288,406
744,599	177	6,241	224	822,154
-	-	1,255	11,034	55,152
2,776,652	177	3,136,133	11,258	46,258,156
-	-	-	63,051	6,598,887
3,195,572	-	-	-	27,389,925
-	-	3,279,879	-	9,700,086
-	-	-	-	1,863,056
-	-	-	-	2,504,775
3,195,572	-	3,279,879	63,051	48,056,729
(418,920)	177	(143,746)	(51,793)	(1,798,573)
-	-	743,560	-	12,790,278
-	-	-	-	(11,670,347)
-	-	-	-	2,538,912
-	(177)	(5,165,895)	-	(5,166,072)
-	(177)	(4,422,335)	-	(1,507,229)
(418,920)	-	(4,566,081)	(51,793)	(3,305,802)
(501,938)	-	9,758,935	390,338	26,391,545
(920,858)	-	5,192,854	338,545	23,085,743

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

## VILLAGE OF NORTHBROOK, ILLINOIS

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

Year Ended April 30, 2013

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (3,305,802)</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

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

Capital Outlays	3,238,022
Depreciation Expense	(2,918,826)
Transfers - Net of Accumulated Depreciation	(6,580,160)

An increase in a net pension asset is not considered to be an increase in a financial assets in the governmental funds.	195,067
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Internal service funds are used by the Village to charge the costs of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(43,342)
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The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Additions to Compensated Absences Payable	(321,679)
Additions to Net Other Post-Employment Benefit Obligation Payable	(93,699)
Additions to Net Pension Obligation Payable	(2,232)
Issuance of Debt	(12,790,278)
Retirement of Debt	12,527,590
Amortization of Debt Related Items	851,889

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.	229,387
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<b>Changes in Net Position of Governmental Activities</b>	<b>(9,014,063)</b>
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The notes to the financial statements are an integral part of this statement.



**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Net Position - Proprietary Funds**  
**April 30, 2013**

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**See Following Page**

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
April 30, 2013**

	ASSETS		
		Water	Sanitary Sewer
Current Assets			
Cash and Investments		\$ 2,758,974	287,362
Receivables - Net of Allowances			
Accounts		1,285,661	179,950
Due from Other Governments		-	-
Due from Other Funds		-	-
Prepays		2,123	-
Total Current Assets		4,046,758	467,312
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets		556,252	-
Depreciable Capital Assets		70,610,579	16,099,570
Accumulated Depreciation		(38,056,823)	(10,913,993)
Total Noncurrent Assets		33,110,008	5,185,577
Total Assets		37,156,766	5,652,889
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable		206,145	38,292
Accrued Payroll		6,780	1,604
Interest Payable		177,025	-
Deposits Payable		40,316	1,973
Due to Other Funds		276,402	-
Compensated Absences Payable		40,184	1,271
General Obligation Bonds Payable		772,305	-
Total Current Liabilities		1,519,157	43,140
Noncurrent Liabilities			
Compensated Absences Payable		160,738	5,084
General Obligation Bonds Payable		10,797,190	-
Total Noncurrent Liabilities		10,957,928	5,084
Total Liabilities		12,477,085	48,224
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on Refunding		487,405	-
Total Liabilities and Deferred Inflows of Resources		12,964,490	48,224
<b>NET POSITION</b>			
Net Investment in Capital Assets		21,053,108	5,185,577
Unrestricted		3,139,168	419,088
Total Net Position		24,192,276	5,604,665

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

Business-Type Activities				Governmental Activities
Senior Housing	Stormwater Utility	Nonmajor Revenue Parking	Totals	Internal Service
1,176,381	2,035,645	52,085	6,310,447	2,789,689
-	287,839	-	1,753,450	-
-	-	-	-	45,677
-	-	-	-	2,138
-	-	-	2,123	1,114,546
1,176,381	2,323,484	52,085	8,066,020	3,952,050
308,732	-	769,420	1,634,404	-
5,913,955	30,965,264	1,305,759	124,895,127	-
(3,194,454)	(20,560,531)	(995,832)	(73,721,633)	-
3,028,233	10,404,733	1,079,347	52,807,898	-
4,204,614	12,728,217	1,131,432	60,873,918	3,952,050
21,704	291,584	594	558,319	46,660
-	-	-	8,384	-
-	6,458	-	183,483	-
79,684	-	5,733	127,706	-
479,374	-	-	755,776	-
-	-	-	41,455	-
-	44,400	-	816,705	-
580,762	342,442	6,327	2,491,828	46,660
-	-	-	165,822	-
-	737,040	-	11,534,230	-
-	737,040	-	11,700,052	-
580,762	1,079,482	6,327	14,191,880	46,660
-	-	-	487,405	-
580,762	1,079,482	6,327	14,679,285	46,660
3,028,233	9,623,293	1,079,347	39,969,558	-
595,619	2,025,442	45,758	6,225,075	3,905,390
3,623,852	11,648,735	1,125,105	46,194,633	3,905,390

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

# VILLAGE OF NORTHBROOK, ILLINOIS

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds Year Ended April 30, 2013

	Water	Sanitary Sewer
Operating Revenues		
Charges for Services	\$ 7,565,670	1,167,822
Interfund Services	-	-
Total Operating Revenues	7,565,670	1,167,822
Operating Expenses		
Administration	1,824,275	478,835
Operations	3,648,295	927,520
Depreciation and Amortization	1,278,390	261,307
Total Operating Expenses	6,750,960	1,667,662
Operating Income (Loss)	814,710	(499,840)
Nonoperating Revenues (Expenses)		
Interest Income	20,823	2,555
Permits/Connection/Recapture Fees	89,861	-
Grants	198,450	-
Other Income	-	-
Interest Expense	(375,012)	-
	(65,878)	2,555
Income (Loss) Before Contributions and Transfers	748,832	(497,285)
Capital Contributions	-	-
Transfers In	-	-
Transfers Out	-	-
Change in Net Position	748,832	(497,285)
Net Position - Beginning	23,443,444	6,101,950
Net Position - Ending	24,192,276	5,604,665

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

Business-Type Activities - Enterprise Funds				Governmental
Senior Housing	Stormwater Utility	Nonmajor Revenue Parking	Totals	Activities Internal Service
845,504	1,685,913	152,923	11,417,832	1,522,113
-	-	-	-	5,668,235
845,504	1,685,913	152,923	11,417,832	7,190,348
117,260	105,240	103,117	2,628,727	13,197
591,628	1,101,835	24,202	6,293,480	7,386,465
119,304	446,689	31,702	2,137,392	-
828,192	1,653,764	159,021	11,059,599	7,399,662
17,312	32,149	(6,098)	358,233	(209,314)
1,062	2,765	722	27,927	7,075
-	-	-	89,861	-
-	-	-	198,450	-
(15)	2,412,959	-	2,412,944	158,897
-	(6,458)	-	(381,470)	-
1,047	2,409,266	722	2,347,712	165,972
18,359	2,441,415	(5,376)	2,705,945	(43,342)
-	6,580,160	-	6,580,160	-
-	2,653,925	-	2,653,925	-
-	(26,765)	-	(26,765)	-
18,359	11,648,735	(5,376)	11,913,265	(43,342)
3,605,493	-	1,130,481	34,281,368	3,948,732
3,623,852	11,648,735	1,125,105	46,194,633	3,905,390

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

# VILLAGE OF NORTHBROOK, ILLINOIS

## Statement of Cash Flows - Proprietary Funds Year Ended April 30, 2013

	Water	Sanitary Sewer
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 7,783,057	1,198,560
Receipts from Interfund Services	-	-
Payments to Employees	(1,624,656)	(314,610)
Payments to Suppliers	(2,919,208)	(1,059,891)
	<u>3,239,193</u>	<u>(175,941)</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	-	-
Transfers Out	-	-
	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(1,103,505)	-
Principal Paid on General Obligation Bonds	(4,789,452)	-
Issuance of Capital Debt	3,265,411	-
Interest Paid on General Obligation Bonds	(375,012)	-
	<u>(3,002,558)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest Received	20,823	2,555
Net Change in Cash and Cash Equivalents	257,458	(173,386)
Cash and Cash Equivalents - Beginning	2,501,516	460,748
Cash and Cash Equivalents - Ending	<u>2,758,974</u>	<u>287,362</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	814,710	(499,840)
Adjustments to Reconcile Operating Income to Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Other Nonoperating Revenues	288,311	-
Depreciation and Amortization Expense	1,278,390	261,307
(Increase) Decrease in Current Assets	(70,924)	30,738
Increase (Decrease) in Current Liabilities	928,706	31,854
Net Cash Provided by Operating Activities	<u>3,239,193</u>	<u>(175,941)</u>
Noncash Capital and Related Financing Activities		
Capital Contributions	-	-

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Senior Housing	Stormwater Utility	Nonmajor Revenue Parking	Totals	Internal Service
847,360	3,811,033	152,923	13,792,933	-
-	-	-	-	7,239,254
-	-	-	(1,939,266)	-
(1,540,963)	(909,033)	(128,710)	(6,557,805)	(7,384,244)
(693,603)	2,902,000	24,213	5,295,862	(144,990)
-	2,653,925	-	2,653,925	-
-	(26,765)	-	(26,765)	-
-	2,627,160	-	2,627,160	-
-	(4,271,262)	(123,783)	(5,498,550)	-
-	-	-	(4,789,452)	-
-	781,440	-	4,046,851	-
-	(6,458)	-	(381,470)	-
-	(3,496,280)	(123,783)	(6,622,621)	-
1,062	2,765	722	27,927	7,075
(692,541)	2,035,645	(98,848)	1,328,328	(137,915)
1,868,922	-	150,933	4,982,119	2,927,604
1,176,381	2,035,645	52,085	6,310,447	2,789,689
17,312	32,149	(6,098)	358,233	(209,314)
(15)	2,412,959	-	2,701,255	158,897
119,304	446,689	31,702	2,137,392	-
1,871	(287,839)	-	(326,154)	(109,991)
(832,075)	298,042	(1,391)	425,136	15,418
(693,603)	2,902,000	24,213	5,295,862	(144,990)
-	6,580,160	-	6,580,160	-

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

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Fiduciary Net Position  
April 30, 2013**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 6,069,255	3,048,945
Investments		
U.S. Government and Agency Securities	8,542,708	-
State and Local Securities	21,428,805	-
Corporate Bonds	10,112,840	-
Mutual Funds	15,901,038	-
Common Stock	20,790,170	-
Receivables		
Accrued Interest	302,016	-
Other	57,095	-
Due from Other Governments	475,695	-
Total Assets	83,679,622	3,048,945
<b>LIABILITIES</b>		
Accounts Payable	52,089	4,470
Deposits Payable	-	3,044,475
Due to Other Governments	45,677	-
Total Liabilities	97,766	3,048,945
<b>NET POSITION</b>		
Net Position Held in Trust for Pension Benefits	83,581,856	-

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



## VILLAGE OF NORTHBROOK, ILLINOIS

### Statement of Changes in Fiduciary Net Position Year Ended April 30, 2013

	Pension Trust
Additions	
Contributions - Employer	\$ 2,477,104
Contributions - Plan Members	1,299,939
Total Contributions	3,777,043
Investment Income	
Interest Earned	4,142,510
Net Change in Fair Value	2,011,336
	6,153,846
Less Investment Expenses	(77,440)
	6,076,406
Total Additions	9,853,449
Deductions	
Administration	75,824
Benefits and Refunds	5,920,882
Total Deductions	5,996,706
Change in Net Position	3,856,743
Net Position Held in Trust for Pension Benefits	
Beginning	79,725,113
Ending	83,581,856

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Northbrook, Illinois, incorporated in 1901, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, water and sanitary sewer services, parking system services, senior housing services and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP in the United States). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations).

#### **REPORTING ENTITY**

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Northbrook
Discretely Presented Component Unit:	Northbrook Public Library

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village.

#### **Police Pension Employees Retirement System**

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **REPORTING ENTITY – Continued**

###### **Firefighters' Pension Employees Retirement System**

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

###### **Discretely Presented Component Unit**

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 39 but do not meet the criteria for blending.

###### **Northbrook Public Library**

The Northbrook Public Library (Library) operates and maintains the Village's public library facilities. The Library's Board is elected by the voters of the Village. The Library may not issue bonded debt, and its annual budget and property tax levy are subject to the Village Board's approval. Separate audited financial statements as of April 30, 2013 are available from the Library's administrative office at 1201 Cedar Lane, Northbrook, Illinois 60062.

#### **BASIS OF PRESENTATION**

##### **Government-Wide Financial Statements**

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **BASIS OF PRESENTATION – Continued**

##### **Government-Wide Financial Statements – Continued**

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

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

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

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

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

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

##### Governmental Funds

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

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

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Governmental Funds – Continued

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one major special revenue fund, the Pension Contribution Fund, which accounts for the Village's employer contribution to the police and firefighters' pension funds. Funding comes from a restricted annual property tax levy.

**Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and accumulates monies for the payment of general obligation debt, with financing provided by the annual tax levy.

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains two major capital projects funds: Infrastructure and Central Business District funds. The Infrastructure Fund accounts for infrastructure improvements including streets and storm water. The Central Business District Fund accounts for the financing of improvements to the Village's central business district.

**Permanent funds** are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs, that is, for the benefit of the Village or its citizenry.

##### Proprietary Funds

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

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Proprietary Funds – Continued

**Enterprise funds** are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains three major enterprise funds: Water, Sanitary Sewer and Senior Housing funds. The Water Fund accounts for the provision of potable water services to the residents of the Village. The Sanitary Sewer Fund accounts for the provision of sewer repair and improvement services to the resident of the Village. The Senior Housing Fund accounts for the provision of housing to the residents of the Village-owned apartment complex. The Stormwater Utility fund accounts for the maintenance and construction of the Village's storm water management system.

**Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains one internal service fund. The Insurance Fund accounts for the Village's workers' compensation, employee health insurance and property and casualty losses, as well as excess insurance purchased to cover major losses. The Village's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the Village's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, highways and streets, etc.).

##### Fiduciary Funds

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

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **BASIS OF PRESENTATION – Continued**

##### **Fund Financial Statements – Continued**

##### **Fiduciary Funds – Continued**

**Agency Funds** are used to account for assets held by the Village in a purely custodial capacity. The Escrow Fund accounts for refundable deposits held by the Village to ensure the completion of public improvements by private developers, with the monies being refunded upon completion of the improvements.

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

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

##### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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



## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

###### Measurement Focus – Continued

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

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

###### Basis of Accounting

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

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

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

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

###### **Basis of Accounting – Continued**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds, and of the Village's internal service funds are charges to customers for sales and services.

The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

###### **Cash and Investments**

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

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

###### **Interfund Receivables, Payables and Activity**

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2013**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Prepays/Inventories**

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

##### **Receivables**

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

##### **Capital Assets**

Capital assets purchased or acquired with an original cost of \$50,000 to \$250,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2013**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Capital Assets – Continued**

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

Land Improvements	20 Years
Buildings	40 - 50 Years
Equipment and Vehicles	5 - 10 Years
System Mains, Lines and Appurtenances	15 - 50 Years
Infrastructure	15 - 50 Years

##### **Compensated Absences**

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

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

##### **Long-Term Obligations**

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

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Net Position**

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

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

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

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

#### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All departments of the Village submit requests for budgets to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function, department and object, and includes information on the past two years, current year estimates, and requested budgets for the next fiscal year. The proposed budget is presented to the Village Board for review. The Board of Trustees holds public hearings and may add to, subtract from, or change budgeted amounts. The Board of Trustees then adopts a management budget for budgetary control purposes.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

##### BUDGETARY INFORMATION – Continued

The manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. The Village does not adopt an annual budget for the Pension Contribution Fund, the Traffic Impact Fund, and the Tax Increment Financing Fund.

Expenditures may not legally exceed budgeted appropriations at the fund level. Appropriations lapse at the end of the fiscal year. During the year budget transfers were necessary.

##### EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
Debt Service	\$ 39,513
Police Pension	302,256
Firefighters' Pension	236,542

##### DEFICIT FUND EQUITY

The following fund had deficit fund equity as of the date of this report:

Fund	Deficit
Pension Contribution	\$ 920,858

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS

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

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

Permitted Deposits and Investments -- Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund. The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds of at least 5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty-five percent of the plan's net position in common and preferred stocks that meet specific restrictions.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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

##### Village Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$14,920,945 and the bank balances totaled \$14,927,079. In addition, the Village had \$9,728,870 invested in the Illinois Funds and \$8,986,265 invested in IMET at year-end.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### **Village Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued**

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that the investment portfolio shall be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. The Village's investment policy further states that unless matched directly to a specific cash flow, the Village will not invest in securities maturing more than two years from date of purchase. Reserve funds may be invested in securities exceeding two years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the Village's investment policy further states that investments shall be limited to the safest types of securities. At year-end, the Village's investment in U.S. agencies are all rated AAA by Standard & Poor's, and the Village's investment in the Illinois Funds was rated AAAM by Standard & Poor's. The Illinois Metropolitan Investment Trust Convenience Fund is rated AAAs by Standard & Poors and the 1-3 year Fund is rated AAs by Standard & Poors.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires that any deposit in excess of the FDIC limits shall be secured by some form of collateral, witnessed by a written agreement, and held at an independent, third-party institution in the name of the Village.

The Village will accept any of the following types of securities as collateral: U.S. Government securities, obligations of federal agencies, obligations of federal instrumentalities, obligations of the State of Illinois, municipal bonds with a rating of Aa or higher. Pledged collateral will be held in safekeeping by a depository designated by the Village and evidenced by a safekeeping agreement. Collateral agreements will preclude the release of pledged assets without the approval of the Village. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the Village's investments in U.S. agencies are all insured or registered with the Village or its agent in the Village's name and the Village's investment in the Illinois Fund and the Illinois Metropolitan Investment Trust are noncategorizable.



## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### Village Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that funds shall be diversified to the best of its ability based upon the type of investments and the cash flow needs of the respective funds. Specifically, the following limits shall apply:

- a. No financial institution shall hold more than 50% of the Village's investment portfolio, exclusive of U.S. government securities held in safekeeping.
- b. Funds deposited in financial institutions shall not exceed 25% of the deposits of that institution.
- c. Commercial paper shall not exceed 33% of the Village's investment portfolio.

At year-end, the Village's investment in the Illinois Fund and the Illinois Metropolitan Investment Trust represents more than 5 percent of the total cash and investment portfolio.

##### Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$21,419 and the bank balances totaled \$21,374.

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Securities	\$ 1,028,763	-	-	330,235	698,528
Federal Home Loan Bank	2,873,387	1,392,537	1,480,850	-	-
Federal Home Loan Mortgage	484,251	-	-	-	484,251
Federal National Mortgage	186,952	-	-	-	186,952
Government National Mortgage	1,083,287	-	151,459	931,828	-
State and Local Securities	11,752,941	1,116,698	1,394,419	-	9,241,824
Corporate Bonds	3,207,375	1,063,949	1,373,547	715,152	54,727
Illinois Funds	2,359,562	2,359,562	-	-	-
	22,976,518	5,932,746	4,400,275	1,977,215	10,666,282

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### **Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued**

*Interest Rate Risk.* The Fund's investment policy states that investments shall be selected to enable the Fund to have available sufficient cash for all operating purposes.

*Credit Risk.* The Fund's investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund's investments in Federal Home Loan Bank Securities, Federal National Mortgage Securities, Government National Mortgage Securities and State and Local Bonds were all rated AAA rated by Standard & Poor's. The Fund's investment in the Illinois Funds was also AAAM rated by Standard & Poor's.

*Custodial Credit Risk.* The Fund's investment policy states that some form of collateral shall secure all deposits in excess of FDIC limits. Direct investments guaranteed by the United States Government do not require collateral. The Fund shall accept any of the following securities as collateral: negotiable full-faith and credit obligations of the United States Government and negotiable obligations of any agency or instrumentality of the United States Government. The amount of collateral provided will not be less than 110% of the fair market value of the net amount of funds secured. Pledged collateral will be held in safekeeping and evidenced by a safekeeping agreement. All investments of the Fund shall be clearly held and accounted for to indicate ownership by the Board. The Fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a state bank, national bank or trust company authorized to do business in the State of Illinois. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's Federal Home Loan Bank Securities, Federal National Mortgage Securities, Government National Mortgage Securities and State and Local Bonds are categorized as insured, registered, or held by the Fund or its agent in the Fund's name. The Fund's investment in the Illinois Funds is noncategorizable.

*Concentration Risk.* The Fund's investment policy states that no financial institution has hold more than 50% of the Fund's portfolio at the current time of investment placement, exclusive of securities held in safekeeping with the Trust Department of the financial institution. At year-end, the Fund is in compliance with the guideline outlined above. In addition to the securities and fair values listed above, the Fund also has \$9,748,493 invested in mutual funds and \$8,181,120 invested in common stock. At year-end, the Fund has over 5 percent of net position available for retirement benefits (other than U.S. Government guaranteed obligations) invested in the Illinois Funds and State and Local Bonds.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

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

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$30,913 and the bank balances totaled \$33,776.

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Securities	\$ 1,100,784	-	-	1,100,784	-
Federal Home Loan Mortgage	538,056	-	-	-	538,056
Federal National Mortgage	467,380	-	-	-	467,380
Government National Mortgage	779,848	-	-	779,848	-
State and Local Securities	9,675,864	3,560,790	529,120	-	5,585,954
Corporate Bonds	6,905,465	2,954,910	2,818,390	1,022,711	109,454
Illinois Funds	3,657,361	3,657,361	-	-	-
	23,124,758	10,173,061	3,347,510	2,903,343	6,700,844

*Interest Rate Risk.* The Fund's investment policy states the duration of the investments must coincide with the cash flow requirements of the Fund to meet short-term and long-term needs.

*Credit Risk.* The Fund's investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund's investments in U.S. Treasury Notes and Strips, Federal Home Loan Bank and Mortgage Securities, Government National Mortgage Securities, Federal Farm Credit Bureau Securities and State and Local Bonds were all rated AAA rated by Standard & Poor's. Standard & Poor's rated the Fund's investment in the Illinois Funds AAAM.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### **Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued**

*Custodial Credit Risk.* The Fund's investment policy states that collateral is required for demand deposits and certificates of deposit at one hundred ten percent (110%) of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States of America and its agencies. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's U.S. Treasury Securities, Federal Home Loan Bank and Mortgage Securities, Federal National Mortgage Securities, Government National Mortgage Securities, and State and Local Securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name. The Fund's investment in the Illinois Funds is noncategorizable.

*Concentration Risk.* The Fund's investment policy states that no more than 40% of the assets of the Fund shall be concentrated in a single instrument or class of instruments other than U.S. Treasury Obligations. At year-end, the Fund is in compliance with the guideline outlined above. In addition to the securities and fair values listed above, the Fund also has \$6,152,545 invested in mutual funds and \$12,609,050 invested in common stock. At year-end, the Fund has over 5 percent of net position available for retirement benefits (other than U.S. Government guaranteed obligations) in State and Local Bonds.

##### **PROPERTY TAXES**

Property taxes for 2012 attach as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Nondepreciable Capital Assets					
Land	\$ 31,967,683	-	-	-	31,967,683
Depreciable Capital Assets					
Buildings	18,364,836	122,374	-	-	18,487,210
Equipment and Vehicles	8,657,230	260,202	167,381	-	8,750,051
Infrastructure	113,028,138	2,855,446	-	(26,694,002)	89,189,582
	140,050,204	3,238,022	167,381	(26,694,002)	116,426,843
Less Accumulated Depreciation					
Buildings	7,347,714	371,518	-	-	7,719,232
Equipment and Vehicles	5,672,155	527,305	167,381	-	6,032,079
Infrastructure	58,744,359	2,020,003	-	(20,113,842)	40,650,520
	71,764,228	2,918,826	167,381	(20,113,842)	54,401,831
Total Net Depreciable Capital Assets	68,285,976	319,196	-	(6,580,160)	62,025,012
Total Net Capital Assets	100,253,659	319,196	-	(6,580,160)	93,992,695

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 93,540
Public Safety	421,060
Highways and Streets	<u>2,404,226</u>
	<u>2,918,826</u>

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS – Continued

##### Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Nondepreciable Capital Assets					
Land	\$ 1,634,404	40,000	-	-	1,674,404
Depreciable Capital Assets					
Land Improvements	2,801,513	-	-	-	2,801,513
Buildings	21,070,662	-	-	-	21,070,662
Equipment and Vehicles	14,593,193	447,184	-	-	15,040,377
System Mains, Lines and Appurtenances	54,237,207	5,011,366	-	26,694,002	85,942,575
	92,702,575	5,458,550	-	26,694,002	124,855,127
Less Accumulated Depreciation					
Land Improvements	1,253,878	54,923	-	-	1,308,801
Buildings	10,715,629	364,127	-	-	11,079,756
Equipment and Vehicles	10,266,058	270,394	-	-	10,536,452
System Mains, Lines and Appurtenances	29,173,908	1,508,874	-	20,113,842	50,796,624
	51,409,473	2,198,318	-	20,113,842	73,721,633
Total Net Depreciable Capital Assets	41,293,102	3,260,232	-	6,580,160	51,133,494
Total Net Capital Assets	42,927,506	3,300,232	-	6,580,160	52,807,898

Depreciation expense was charged to business-type as follows:

Water	\$ 1,339,316
Sanitary Sewer	261,307
Senior Housing	119,304
Revenue Parking	31,702
Stormwater Management	446,689
	<u>2,198,318</u>

**VILLAGE OF NORTHBROOK, ILLINOIS****Notes to the Financial Statements  
April 30, 2013****NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued****CAPITAL ASSETS – Continued****Component Unit – Public Library**

Component Unit – Public Library capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 35,000	-	-	35,000
Artwork	3,200	-	-	3,200
	<u>38,200</u>	<u>-</u>	<u>-</u>	<u>38,200</u>
Depreciable Capital Assets				
Buildings and Improvements	16,353,759	152,493	9,378	16,496,874
Computer and Other Equipment	673,879	44,027	14,913	702,993
Furniture and Shelving	1,155,120	66,741	27,507	1,194,354
Library Materials	5,977,733	590,159	655,222	5,912,670
	<u>24,160,491</u>	<u>853,420</u>	<u>707,020</u>	<u>24,306,891</u>
Less Accumulated Depreciation				
Buildings and Improvements	7,283,355	425,006	-	7,708,361
Computer and Other Equipment	500,558	45,368	14,913	531,013
Furniture and Shelving	800,552	35,902	27,507	808,947
Library Materials	4,058,394	539,597	655,222	3,942,769
	<u>12,642,859</u>	<u>1,045,873</u>	<u>697,642</u>	<u>12,991,090</u>
Total Net Depreciable Capital Assets	<u>11,517,632</u>	<u>(192,453)</u>	<u>9,378</u>	<u>11,315,801</u>
Total Net Capital Assets	<u>11,555,832</u>	<u>(192,453)</u>	<u>9,378</u>	<u>11,354,001</u>

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

##### Interfund Balances

The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Senior Housing	\$ 479,374
Infrastructure	Water	276,402
Internal Service	General	<u>2,138</u>
		<u>757,914</u>

Interfund balances are advances in anticipation of receipts.

##### Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General	Infrastructure	\$ 150,000
Debt Service	Central Business District	177
Debt Service	Infrastructure	2,361,970
Debt Service	Stormwater Utility	26,765
Stormwater Utility	Infrastructure	<u>2,653,925</u>
		<u>5,192,837</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT

##### General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for pension purposes. General obligation bonds are capital-related debt except the 2004A and 2004B series which were issued for pension-related purposes – see Note 4 – Related Party Transaction. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Refundings/ Retirements	Ending Balances
General Obligation Bonds of 2004A (\$9,395,000), due in annual installments of \$65,000 to \$4,980,000 plus interest at 4.80% through December 1, 2034.	Debt Service	\$ 8,810,000	-	100,000	8,710,000
General Obligation Bonds of 2004B (\$7,195,000), due in annual installments of \$50,000 to \$3,810,000 plus interest at 4.80% through December 1, 2034.	Debt Service	6,750,000	-	80,000	6,670,000
General Obligation Bonds of 2005 (\$4,500,000), due in annual installments of \$220,000 to \$365,000 plus interest at 3.50% to 4.00% through December 1, 2021.	Debt Service	2,405,000	-	1,990,000 *	210,000
	Water	685,000	-	565,000 *	60,000
General Obligation Refunding Bonds of 2006 (\$14,395,000), due in annual installments of \$54,131 to \$2,391,282 plus interest at 3.75% to 4.25% through December 1, 2021.	Debt Service	9,669,389	-	8,674,534 *	851,554
	Water	4,443,717	-	3,248,742 *	639,510
General Obligation Bonds of 2007 (\$13,070,000), due in annual installments of \$480,000 to \$975,000 plus interest at 4.000% to 4.375% through December 1, 2027.	Debt Service	6,315,400	-	288,900	6,026,500
	Water	5,264,600	-	246,100	5,018,500

\* Refunded

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Refundings/ Retirements	Ending Balances
General Obligation Bonds of 2008 (\$16,370,000), due in annual installments of \$520,000 to \$1,220,000 plus interest at 3.125% to 4.375% through December 1, 2028.	Infrastructure	\$ 14,740,000	-	595,000	14,145,000
General Obligation Bonds of 2010 (\$7,135,000), due in annual installments of \$185,000 to \$1,175,000 plus interest at 2.00% to 4.00% through December 1, 2029.	Debt Service	3,259,781	-	450,855	2,808,926
	Water	2,700,219	-	114,145	2,586,074
General Obligation Bonds of 2011 (\$3,000,000), due in annual installments of \$115,000 to \$205,000 plus interest at 2.00% to 3.75% through December 1, 2032.	Infrastructure	3,000,000	-	-	3,000,000
Taxable General Obligation Refunding Bonds of 2012A (\$12,745,000), due in annual installments of \$152,551 to \$2,278,423 plus interest at 1.75% to 2.00% through December 1, 2021.	Debt Service	-	9,528,733	-	9,528,733
	Water	-	2,432,725	-	2,432,725
	Stormwater Utility	-	582,171	-	582,171

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### General Obligation Bonds – Continued

Issue			Fund Debt Retired by	Beginning Balances	Issuances	Refundings/ Retirements	Ending Balances
Taxable Refunding (\$7,770,000), installments of \$120,000 to \$452,000 plus interest at 2.00% through December 1, 2027.	General Bonds of 2012B due in annual installments of \$120,000 to plus interest at 2.00% through December 1, 2027.	Obligation of 2012B due in annual installments of \$120,000 to plus interest at 2.00% through December 1, 2027.	Debt Service	\$ -	3,261,545	-	3,261,545
			Water	-	832,686	-	832,686
			Stormwater Utility	-	199,269	-	199,269
				68,043,106	16,837,129	17,317,042	67,563,193

##### Plus/Less Unamortized Items:

Premium on General Obligation Bonds - Governmental Activities	330,211
Loss on Advanced Refunding of General Obligation Bonds - Governmental Activities	(1,049,700)
Gain on Advanced Refunding of General Obligation Bonds - Business-Type Activities	487,405
	<u>67,331,109</u>

#### Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,790,801	643,358	321,679	2,112,480	422,496
Net Pension Obligation	104,310	2,232	-	106,542	-
Net Other Post-Employment Benefit Obligation	391,388	93,699	-	485,087	-
General Obligation Bonds	54,949,570	12,790,278	12,527,590	55,212,258	2,539,075
Plus/Less: Unamortized Items					
Premium on Debt Issuance	364,306	-	34,095	330,211	-
Loss on Advanced Refunding	93,949	(1,005,813)	18,970	(930,834)	-
	<u>57,694,324</u>	<u>12,523,754</u>	<u>12,902,334</u>	<u>57,315,744</u>	<u>2,961,571</u>

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

#### Long-Term Liability Activity – Continued

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Business-Type Activities</b>					
Compensated Absences	\$ 216,998	9,721	19,442	207,277	41,455
General Obligation Bonds	13,093,536	4,046,851	4,789,452	12,350,935	816,705
Plus: Unamortized Gain on Advanced Refunding	-	548,331	60,926	487,405	-
	<u>13,310,534</u>	<u>4,604,903</u>	<u>4,869,820</u>	<u>13,045,617</u>	<u>858,161</u>
<b>Component Unit - Public Library</b>					
Compensated Absences	156,402	13,440	6,720	163,122	32,624
Net Pension Obligation	40,063	857	-	40,920	-
Net Other Post-Employment Benefit Obligation	6,832	2,285	-	9,117	-
General Obligation Bonds	4,456,895	3,677,871	4,402,924	3,731,842	644,237
Plus: Unamortized Premium on Debt Issuance	(48,510)	98,945	(43,014)	93,449	10,994
	<u>4,611,682</u>	<u>3,793,398</u>	<u>4,366,630</u>	<u>4,038,450</u>	<u>687,855</u>

For governmental activities, compensated absences, net pension obligation, and net other post-employment benefit obligation are generally liquidated by the General Fund. The Debt Service Fund makes payments on the general obligation bonds. For business-type activities, compensated absences are being liquidated by the Water and Sanitary Sewer Funds. The Sewer and Stormwater Utility Funds make payments on the general obligation bonds. The Northbrook Public Library discretely presented component unit makes payments on the library general obligation bonds.

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

#### Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities		Component Unit Public Library	
	General		General		General	
	Obligation Bonds		Obligation Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,539,075	2,011,579	816,705	390,764	644,237	73,732
2015	2,672,786	1,930,107	779,600	362,106	687,632	60,804
2016	2,861,984	1,841,642	727,769	332,875	690,247	46,844
2017	2,948,496	1,761,856	744,915	314,451	706,589	33,252
2018	2,928,542	1,675,590	880,390	294,560	726,068	19,302
2019	3,522,164	1,595,394	1,065,760	272,461	277,069	13,096
2020	3,609,776	1,503,583	1,091,253	246,795	-	-
2021	3,713,258	1,403,805	1,116,797	219,058	-	-
2022	3,818,011	1,298,492	1,145,912	189,865	-	-
2023	1,931,678	1,182,628	543,322	188,851	-	-
2024	2,009,541	1,103,921	565,459	201,686	-	-
2025	2,094,876	1,021,303	585,124	215,324	-	-
2026	2,196,704	934,678	608,296	229,475	-	-
2027	2,283,469	844,070	631,531	244,425	-	-
2028	2,397,137	747,629	662,863	259,534	-	-
2029	1,850,950	647,155	189,050	15,410	-	-
2030	658,811	566,660	196,189	7,845	-	-
2031	600,000	529,980	-	-	-	-
2032	635,000	503,400	-	-	-	-
2033	665,000	474,967	-	-	-	-
2034	485,000	445,200	-	-	-	-
2035	8,790,000	421,920	-	-	-	-
	55,212,258	24,445,559	12,350,935	3,985,485	3,731,842	247,030

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **LONG-TERM DEBT – Continued**

###### **Legal Debt Margin**

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

###### **Bond Defeasances**

Currently, the Village issued \$12,745,000 par value Taxable General Obligation Refunding Bond of 2012A and \$7,770,000 par value Taxable General Obligation Refunding Bond of 2012B to partially refund \$2,555,000 of the General Obligation Bonds of 2005 and \$11,923,276 of the General Obligation Refunding Bonds of 2006. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government’s basic financial statements. Through this refunding, the Village reduced its total debt service by \$1,846,515 and obtained an economic gain of \$1,784,448.

In prior years the government defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government’s basic financial statements. Defeased bonds of \$1,850,000 remain outstanding as of the date of this report.

In accordance with GASB Statement No. 23, the Village has deferred the accounting gains/losses and premiums/discounts from the advance refundings. The governmental activities are amortizing \$330,211 and \$1,049,700 for the deferred premium and loss, respectively. The business-type activities are amortizing \$487,405 for the deferred gain. These deferred items are being amortized over the remaining life of the bonds.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets was comprised of the following as of April 30, 2013:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 93,992,695
Less Capital Related Debt:	
General Obligation Bonds of 2005	(210,000)
General Obligation Refunding Bonds of 2006	(851,554)
General Obligation Bonds of 2007	(6,026,500)
General Obligation Bonds of 2008	(14,145,000)
General Obligation Bonds of 2010	(2,808,926)
General Obligation Bonds of 2011	(3,000,000)
Taxable General Obligation Refunding Bonds of 2012A	(9,528,733)
Taxable General Obligation Refunding Bonds of 2012B	(3,261,545)
Premium on Debt Issuance	(330,211)
Loss on Advanced Refunding	<u>930,834</u>
Net Investment in Capital Assets	<u>54,761,060</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	52,807,898
Less Capital Related Debt:	
General Obligation Bonds of 2005	(60,000)
General Obligation Refunding Bonds of 2006	(639,510)
General Obligation Bonds of 2007	(5,018,500)
General Obligation Bonds of 2010	(2,586,074)
Taxable General Obligation Refunding Bonds of 2012A	(3,014,896)
Taxable General Obligation Refunding Bonds of 2012B	(1,031,955)
Gain on Advanced Refunding	<u>(487,405)</u>
Net Investment in Capital Assets	<u>39,969,558</u>

#### FUND BALANCE CLASSIFICATIONS

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

# VILLAGE OF NORTHBROOK, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### FUND BALANCE CLASSIFICATIONS – Continued

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

	General	Debt Service	Special Revenue Pension Contribution	Capital Projects Central Business District	Infrastructure	Nonmajor	Totals
<b>Fund Balances</b>							
<b>Nonspendable</b>							
Prepays	\$ 42,325	-	-	-	-	-	42,325
<b>Restricted</b>							
Public Safety	301,817	-	-	-	-	-	301,817
Debt Service	-	73,448	-	-	-	-	73,448
Infrastructure	-	-	-	-	176,504	-	176,504
Tax Increment Financing	-	-	-	-	-	19,436	19,436
Perpetual Care Cemetery	-	-	-	-	-	232,106	232,106
	301,817	73,448	-	-	176,504	251,542	803,311
<b>Committed</b>							
Traffic Impact	-	-	-	-	-	87,003	87,003
<b>Assigned</b>							
Capital Projects	-	-	-	-	5,016,350	-	5,016,350
<b>Unassigned</b>	18,057,612	-	(688,925)	-	-	-	17,368,687
<b>Total Fund Balances</b>	18,401,754	73,448	(688,925)	-	5,192,854	338,545	23,317,676

**Committed Fund Balance.** The Village reports committed fund balance in the Traffic Impact Fund, a nonmajor fund. The Village Board, through formal action as established by ordinance (budget ordinance), has committed these funds to infrastructure cost mitigation for specific property owners. Board ordinance is required to establish, modify and/or rescind a fund balance commitment.

**Assigned Fund Balance.** The Village reports assigned fund balance in the Central Business District and the Infrastructure, both major funds. The Village's management, under authorization granted by the Board in the Village's fund balance policy, has assigned these funds to future improvements and capital asset acquisitions.

**Minimum Fund Balance Policy.** The Village's policy states that the General Fund should maintain a minimum unassigned fund balance equal to 40% of revenues.



## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 4 – OTHER INFORMATION**

##### **RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks are provided for through a limited insurance program and private insurance coverage. The Village currently reports all its risk management activities in its insurance fund.

##### **Intergovernmental Personnel Benefit Cooperative (IPBC)**

Risks for medical and death benefits for employees and retirees are provided for through the Village's participation in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC acts as an administrative agency to receive, process and pay such claims as may come within the benefit program of each member. IPBC maintains specific reinsurance coverage for claims in excess of \$50,000 per individual employee participant. The Village pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Current year overages or underages for participation in the pool are adjusted into subsequent years experience factor for premiums. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

##### **Intergovernmental Risk Management Agency (IRMA)**

The Village also 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 Cooperations 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. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts about 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 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.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2013**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **CONTINGENT LIABILITIES**

###### **Deferred Compensation Plan**

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan are held in trust on behalf of the employees. Accordingly, the assets are not reported in these financial statements.

###### **Litigation**

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

###### **Grants**

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

##### **RELATED PARTY TRANSACTION**

On November 29, 2004 the Village issued \$16,590,000 general obligation pension funding bonds. The bonds were issued to acquire bonds of the City of Highland Park, a neighboring community, in the amount of \$9,395,000 to meet contribution requirements in the Police Pension Fund and \$7,195,000 to meet contribution requirements in the Firefighters' Pension Fund. The Village's bonds have terms and provisions identical to the City of Highland Park's bonds and were issued via private purchase memorandum in exchange for the City of Highland Park bonds. The bonds are subject to redemption prior to maturity at the option of the Village. Both communities maintained a triple A rating by Moody's and Standard and Poor's at the time of the issuance of the bonds. To further secure the liabilities between the communities each party has agreed to purchase municipal bond insurance to guarantee the payment of principal and interest on the bonds during any period that the rating of said community is lower than triple A. The Village's 2004 general obligation bonds outstanding at year-end are \$15,380,000.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS**

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan, which is also a single-employer pension plan. Separate reports are issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the Village at 1225 Cedar Lane, Northbrook, IL 60062-4582. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

##### **Plan Descriptions, Provisions and Funding Policies**

###### **Illinois Municipal Retirement System (IMRF)**

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 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 percent 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 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution rate for calendar year 2012 used by the employer was 12.42 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 13.32 percent.

###### **Police Pension Plan**

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Plan Descriptions, Provisions and Funding Policies – Continued

#### Police Pension Plan – Continued

At fiscal year end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	52
Current Employees	
Vested	48
Nonvested	<u>17</u>
	<u>117</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be 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. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or  $\frac{1}{2}$  of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

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, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Plan Descriptions, Provisions and Funding Policies – Continued

##### Firefighters' Pension Plan

The Firefighters' Pension Plan is a single-employer defined pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	47
Current Employees	
Vested	52
Nonvested	<u>16</u>
	<u>115</u>

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by  $\frac{1}{12}$  of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or  $\frac{1}{2}$  of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

#### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

#### **Plan Descriptions, Provisions, and Funding Policies – Continued**

#### **Firefighters' Pension Fund – Continued**

Covered employees, if any, are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

#### **Summary of Significant Accounting Policies and Plan Asset Matters**

##### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

##### **Method Used to Value Investments**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

##### **Significant Investments**

The investments in state and local securities in the Police and Firefighters' plans are investments (other than U.S. Government and U.S. Government - guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits (see related party transactions note disclosure). Information for IMRF is not available.

##### **Related Party Transactions**

The investments in state and local securities in the Police and Firefighters' plans are investments with related parties included in net position (see related party transactions note disclosure).

**VILLAGE OF NORTHBROOK, ILLINOIS****Notes to the Financial Statements  
April 30, 2013****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued****Annual Pension Cost and Net Pension Obligation/(Asset)**

The Village annual required contribution for the current year and related information for each plan is as follows:

	IMRF	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	13.32%	17.90%	16.43%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2012	4/30/2012	4/30/2012
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	29 Years	29 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	8.00% Compounded Annually	8.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	4.00%	4.00%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Annual Pension Cost and Net Pension Obligation/(Asset) – Continued

The pension liability as determined in accordance with GASB Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers.” The pension obligation/(asset) for the IMRF, Police and Firefighters’ Pension Plans is as follows:

	IMRF	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 2,005,220	1,272,552	1,368,237
Interest on the NPO/(NPA)	7,824	(781,286)	(453,382)
Adjustment to the ARC	(5,592)	554,271	321,645
Annual Pension Cost	2,007,452	1,045,537	1,236,500
Actual Contribution	(2,005,220)	(1,256,351)	(1,220,753)
Change in NPO/(NPA)	2,232	(210,814)	15,747
NPO/(NPA) - Beginning of Year	104,310	(9,766,075)	(5,667,278)
NPO/(NPA) - End of Year	106,542	(9,976,889)	(5,651,531)
Total NPO - End of Year	106,542		
Total (NPA) - End of Year	(15,628,420)		

Note: The Annual Required Contributions above for the Police Pension and Firefighters’ Pension Plans are calculated in conformity with GASB requirements. Actual contributions for Police Pension of \$1,074,415 and for Firefighters’ Pension of \$1,170,756 represent 100% of the Annual Required Contribution as calculated under current State Statutes.



## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation/asset (NPO/NPA) are as follows. The NPO/NPA is the cumulative difference between the APC and the contributions actually made.

	Fiscal Year	IMRF	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2011	\$ 1,783,316	\$ 1,048,055	\$ 1,210,752
	2012	1,853,594	920,161	1,128,960
	2013	2,007,451	1,045,537	1,236,500
Actual Contributions	2011	1,732,692	1,055,379	1,029,159
	2012	1,818,669	1,103,535	1,046,064
	2013	2,005,220	1,256,351	1,220,753
Percentage of APC Contributed	2011	100.00%	100.70%	85.00%
	2012	98.12%	119.93%	92.66%
	2013	99.89%	120.16%	98.73%
Net Pension Obligation/ (Asset)	2011	69,385	(9,582,701)	(5,750,174)
	2012	104,311	(9,766,075)	(5,667,278)
	2013	106,542	(9,976,889)	(5,651,531)

**VILLAGE OF NORTHBROOK, ILLINOIS****Notes to the Financial Statements  
April 30, 2013****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued****Funded Status and Funding Progress**

The Village's funded status for the current year and related information for each plan is as follows:

	IMRF	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/12	4/30/12	4/30/12
Percent Funded	68.43%	72.30%	82.00%
Actuarial Accrued Liability for Benefits	\$45,408,913	\$54,657,977	\$49,018,498
Actuarial Value of Assets	\$31,795,961	\$39,510,125	\$40,214,988
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$13,612,952)	(\$15,147,852)	(\$8,803,510)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$14,822,876	\$6,165,086	\$6,366,498
Ratio of UAAL to Covered Payroll	91.84%	245.70%	138.28%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

##### OTHER POST-EMPLOYMENT BENEFITS

###### Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund.

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans.

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2013, retirees contributed \$705,780. Active employees do not contribute to the post-employment benefit plan until retirement.

At April 30, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	70
Active Employees	<u>246</u>
Total	<u>316</u>
Participating Employers	1

The Village does not currently have a funding policy.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

#### Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 334,615
Interest on the NOPEBO	15,656
Adjustment to the ARC	<u>(13,046)</u>
Annual OPEB Cost	337,225
Actual Contribution	<u>243,526</u>
Increase in the NOPEBO	93,699
NOPEBO - Beginning of Year	<u>391,388</u>
NOPEBO - End of Year	<u><u>485,087</u></u>

#### Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 141,136	\$ 78,091	55.33%	\$ 132,653
2012	336,826	78,091	23.18%	391,388
2013	337,225	243,526	72.21%	485,087

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Funded Status and Funding Progress

The funded status of the plan as of April 30, 2013 was as follows:

Actuarial Accrued Liability (AAL)	\$ 4,509,667
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	4,509,667
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	26,423,856
UAAL as a Percentage of Covered Payroll	17.07%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2013 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, including a 3.0% inflation assumption, and an initial annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013, was 30 years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule of Funding Progress and Employer Contributions
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
  - Other Post-Employment Benefit Plan
- Budgetary Comparison Schedule – General Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

# VILLAGE OF NORTHBROOK, ILLINOIS

## Illinois Municipal Retirement Fund

### Required Supplementary Information

### Schedule of Funding Progress and Employer Contributions

April 30, 2013

#### Funding Progress

Actuarial Valuation Date December 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 33,625,225	\$ 37,850,331	88.84%	\$ 4,225,106	\$ 13,251,399	31.88%
2008	28,975,981	39,615,937	73.14%	10,639,956	13,899,639	76.55%
2009	30,357,563	42,324,209	71.73%	11,966,646	14,364,213	83.31%
2010	28,284,609	41,333,468	68.43%	13,048,859	14,277,184	91.40%
2011	30,691,548	44,389,093	69.14%	13,697,545	14,213,247	96.37%
2012	31,795,961	45,408,913	70.02%	13,612,952	14,822,876	91.84%

#### Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 1,347,667	\$ 1,347,667	100.00%
2009	1,367,724	1,367,724	100.00%
2010	1,473,768	1,473,768	100.00%
2011	1,732,692	1,782,915	97.18%
2012	1,818,669	1,852,110	98.19%
2013	1,974,407	1,974,407	100.00%

# VILLAGE OF NORTHBROOK, ILLINOIS

## Police Pension Fund

### Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2013

#### Funding Progress

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 38,936,240	\$ 41,529,030	93.76%	\$ 2,592,790	\$ 4,835,778	53.62%
2008	38,322,368	45,147,284	84.88%	6,824,916	5,160,200	132.26%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	36,604,586	50,843,163	72.00%	14,238,577	5,608,148	253.89%
2011	38,864,186	54,144,315	71.78%	15,280,129	5,901,198	258.93%
2012	39,510,125	54,657,977	72.29%	15,147,852	6,165,086	245.70%

#### Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 188,186	\$ 266,963	70.49%
2009	231,193	287,596	80.39%
2010	643,310	628,285	102.39%
2011*	1,055,379	1,179,355	89.49%
2012*	1,103,535	1,142,913	96.55%
2013*	1,256,351	1,272,552	98.73%

N/A - The Village did not have a full actuarial valuation performed at 4/30/09

\*Note: For the year ended April 30, 2011, 2012 and 2013, the Annual Required Contribution was calculated in conformity with GASB requirements. Actual contributions represent 100% of the Annual Required Contribution as calculated under current State Statutes.



# VILLAGE OF NORTHBROOK, ILLINOIS

## Firefighters' Pension Fund

### Required Supplementary Information

### Schedule of Funding Progress and Employer Contributions

April 30, 2013

#### Funding Progress

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 38,553,433	\$ 39,995,685	96.39%	\$ 1,442,252	\$ 5,206,381	27.70%
2008	38,707,476	43,447,480	89.09%	4,740,004	5,430,306	87.29%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	37,599,988	48,507,323	77.51%	10,907,335	5,957,410	183.09%
2011	39,916,590	51,731,002	77.16%	11,814,412	6,124,287	192.91%
2012	40,214,988	49,018,498	82.04%	8,803,510	6,366,498	138.28%

#### Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 499,513	\$ 530,457	94.17%
2009	514,134	545,510	94.25%
2010	788,819	802,799	98.26%
2011*	1,029,159	1,292,090	79.65%
2012*	1,046,064	1,262,624	82.85%
2013*	1,220,753	1,368,237	89.22%

N/A - The Village did not have a full actuarial valuation performed at 4/30/09

\*Note: For the year ended April 30, 2011, 2012 and 2013, the Annual Required Contribution was calculated in conformity with GASB requirements. Actual contributions represent 100% of the Annual Required Contribution as calculated under current State Statutes.

# VILLAGE OF NORTHBROOK, ILLINOIS

## Other Post-Employment Benefit Plan

### Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2013

#### Funding Progress

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2009	-	1,714,137	0.00%	1,714,137	24,490,145	7.00%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	-	4,194,010	0.00%	4,194,010	26,302,669	15.95%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	4,509,667	0.00%	4,509,667	26,423,856	17.07%

#### Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ N/A	\$ N/A	N/A
2009	78,091	142,449	54.82%
2010	137,944	139,976	98.55%
2011	78,091	139,976	55.79%
2012	78,091	334,615	23.34%
2013	243,526	334,615	72.78%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The Village is required to have an actuarial valuation performed biennially.

# VILLAGE OF NORTHBROOK, ILLINOIS

## General Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 27,176,110	27,176,110	27,576,697
Intergovernmental	100,000	100,000	21,689
Licenses, Permits and Fees	4,189,950	4,189,950	5,009,552
Charges for Services	5,552,950	5,552,950	5,374,546
Fines and Forfeitures	302,000	302,000	288,406
Interest	262,000	262,000	46,796
Miscellaneous	82,000	82,000	42,863
Total Revenues	37,665,010	37,665,010	38,360,549
Expenditures			
General Government	6,826,940	6,087,775	6,496,294
Public Safety	24,491,340	25,053,720	24,194,353
Highways and Streets	6,769,905	6,954,470	6,420,207
Total Expenditures	38,088,185	38,095,965	37,110,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(423,175)	(430,955)	1,249,695
Other Financing Sources			
Debt Issuance	275,000	275,000	275,000
Transfers In	150,000	150,000	150,000
	425,000	425,000	425,000
Change in Fund Balance	1,825	(5,955)	1,674,695
Fund Balance - Beginning			16,727,059
Fund Balance - Ending			18,401,754

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedule – Nonmajor Governmental Fund
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedule – Internal Service Fund
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds
- Statement of Changes in Assets and Liabilities – Agency Fund

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

## **GENERAL FUND**

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

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## **SPECIAL REVENUE FUNDS**

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

### **Pension Contribution Fund**

The Pension Contribution Fund is used to account for the employer's contribution to the police and firefighters' pension funds.

### **Traffic Impact Fund**

The Traffic Impact Fund is used to account for monies received from property owners in order to mitigate the effect on the Village's infrastructure caused by the development of such properties.

### **Tax Increment Financing (TIF) Fund**

The Tax Increment Financing Fund is used to account for development in the TIF Districts. Financing is provided by an annual property tax levy.

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## **DEBT SERVICE FUND**

The Debt Service Fund is used account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Financing is provided by the annual tax levy.

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

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds account for all resources used for the acquisition of capital assets by the Village, except those financed by Proprietary and Trust Funds, including general and infrastructure capital assets.

### **Central Business District Fund**

The Central Business District Capital Projects Fund is used to account for the financing of improvements to the Village's Central Business District.

### **Infrastructure Fund**

The Infrastructure Capital Projects Fund is used to account for infrastructure improvements including streets and storm water.

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## **PERMANENT FUND**

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs, that is, for the benefit of the Village or its citizenry.

### **Cemetery Fund**

The Cemetery Fund is used to account for perpetual care trust funds to be used for the perpetual care of the Village's cemetery.

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

## **ENTERPRISE FUNDS**

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

### **Water Fund**

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

### **Sanitary Sewer Fund**

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

### **Senior Housing Fund**

The Senior Housing Fund is used to account for the provision of housing to the residents of the Village-owned apartment complex. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

### **Stormwater Utility Fund**

The Stormwater Utility Fund is used to account for the maintenance and construction of the Village's storm water management system. All activities necessary to provide these services are accounted for in this fund, including, but not limited to, operation, maintenance and repair, construction, and related debt service.

### **Revenue Parking Fund**

The Revenue Parking Fund is used to account for the provision of public parking services for commuters. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

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

## **INTERNAL SERVICE FUND**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

### **Insurance Fund**

The Insurance Fund is used to account for the Village's workers' compensation, employee health insurance and property and casualty losses, as well as excess insurance purchased to cover major losses.

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## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUNDS**

#### **Police Pension Fund**

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

#### **Firefighters' Pension Fund**

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

### **AGENCY FUND**

#### **Escrow Fund**

The Escrow Fund is used to account for refundable deposits held by the Village to ensure the completion of public improvements by private developers. The monies are refunded upon completion of the improvements.

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# VILLAGE OF NORTHBROOK, ILLINOIS

## General Fund

### Schedule of Revenues - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes	\$ 7,820,750	7,820,750	7,685,720
Township Road and Bridge Taxes	380,000	380,000	456,927
Replacement Taxes	387,500	387,500	375,609
Sales Taxes	12,168,525	12,168,525	12,344,249
State Use Tax	524,100	524,100	525,915
State Income Tax	2,660,235	2,660,235	3,111,609
Utility Tax	1,200,000	1,200,000	1,124,312
Telecommunication Tax	1,200,000	1,200,000	1,041,003
Admissions and Entertainment Tax	120,000	120,000	114,267
Hotel Occupancy Tax	700,000	700,000	785,140
Municipal Auto Rental Tax	15,000	15,000	11,946
	<u>27,176,110</u>	<u>27,176,110</u>	<u>27,576,697</u>
<b>Intergovernmental</b>			
Grants	<u>100,000</u>	<u>100,000</u>	<u>21,689</u>
<b>Licenses, Permits and Fees</b>			
<b>Licenses</b>			
Animal	23,000	23,000	21,522
Business/Liquor	335,000	335,000	320,531
Vehicle	605,000	605,000	583,659
<b>Permits</b>			
Building	800,000	800,000	1,469,121
Retail Sales	10,000	10,000	-
Fire Protection	-	-	69,214
Alarm	70,000	70,000	70,615
<b>Fees</b>			
Franchise	600,000	600,000	635,585
Emergency 911 Surcharge	500,000	500,000	461,807
Foreign Fire Insurance	102,000	102,000	114,273
Ambulance Transportation	900,000	900,000	1,000,163
Elevator Inspection	65,450	65,450	50,610
Temporary Certificate of Occupancy	-	-	11,700
Alarm Service	174,500	174,500	200,752
Public Hearing	5,000	5,000	-
	<u>4,189,950</u>	<u>4,189,950</u>	<u>5,009,552</u>

**VILLAGE OF NORTHBROOK, ILLINOIS****General Fund****Schedule of Revenues - Budget and Actual - Continued**  
**Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Charges for Services			
Administrative Services	\$ 2,343,750	2,343,750	2,343,750
Plan Commission Fees	20,000	20,000	17,957
Frontage Deposit Fees	1,500	1,500	1,186
Overtime Reimbursements	60,000	60,000	54,323
Printing Fees	25,000	25,000	-
State Route Maintenance Reimbursement	20,000	20,000	17,524
Reforestation Program	10,000	10,000	15,350
Toll Road Emergency Responses	28,000	28,000	3,150
Police Services	114,000	114,000	108,764
Annexation Fees	50,000	50,000	59,618
Police Training Act Reimbursements	7,500	7,500	-
Fire Training Act Reimbursements	7,500	7,500	-
Antenna Lease Fee	210,500	210,500	224,473
Miscellaneous	145,700	145,700	89,112
Red Center	18,500	18,500	18,500
Northbrook Fire Protection District	2,491,000	2,491,000	2,420,839
	<u>5,552,950</u>	<u>5,552,950</u>	<u>5,374,546</u>
Fines and Forfeitures			
Court Fines	171,000	171,000	156,036
Drug Forfeitures	65,000	65,000	79,620
Ordinance Violations	66,000	66,000	52,750
	<u>302,000</u>	<u>302,000</u>	<u>288,406</u>
Interest			
Investment Income	262,000	262,000	46,796
Miscellaneous			
Rental Income	7,000	7,000	6,981
Sale of Property	75,000	75,000	35,882
	<u>82,000</u>	<u>82,000</u>	<u>42,863</u>
Total Revenues	<u>37,665,010</u>	<u>37,665,010</u>	<u>38,360,549</u>

**VILLAGE OF NORTHBROOK, ILLINOIS****General Fund****Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
General Government			
General Government Department			
Personal Services	\$ 1,972,410	2,108,330	1,822,523
Contractual Services	1,502,425	580,205	1,411,939
Commodities	11,250	11,250	3,935
Capital Outlay	140,000	140,000	123,475
	<u>3,626,085</u>	<u>2,839,785</u>	<u>3,361,872</u>
Finance Department			
Personal Services	1,072,220	1,159,875	1,018,339
Contractual Services	205,410	205,410	207,556
Commodities	26,325	26,325	17,946
Capital Outlay	1,000	1,000	-
	<u>1,304,955</u>	<u>1,392,610</u>	<u>1,243,841</u>
Development and Planning Service Department			
Personal Services	1,564,385	1,523,865	1,480,731
Contractual Services	327,215	327,215	402,882
Commodities	3,400	3,400	6,681
Capital Outlay	900	900	287
	<u>1,895,900</u>	<u>1,855,380</u>	<u>1,890,581</u>
Total General Government	<u>6,826,940</u>	<u>6,087,775</u>	<u>6,496,294</u>

# VILLAGE OF NORTHBROOK, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Public Safety			
Police			
Personal Services	\$ 11,149,800	11,582,240	11,278,097
Contractual Services	1,349,400	1,349,400	1,244,484
Commodities	480,575	480,575	449,952
Capital Outlay	466,000	466,000	382,420
	13,445,775	13,878,215	13,354,953
Fire			
Personal Services	8,926,255	9,056,195	8,834,660
Contractual Services	1,212,130	1,212,130	1,155,792
Commodities	382,180	382,180	381,498
Capital Outlay	525,000	525,000	467,450
	11,045,565	11,175,505	10,839,400
Total Public Safety	24,491,340	25,053,720	24,194,353
Highways and Streets			
Public Works Department			
Personal Services	4,403,845	4,588,410	4,187,516
Contractual Services	1,405,115	1,405,115	1,427,388
Commodities	810,945	810,945	675,533
Capital Outlay	150,000	150,000	129,770
Total Highways and Streets	6,769,905	6,954,470	6,420,207
Total Expenditures	38,088,185	38,095,965	37,110,854

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Debt Service Fund**

### **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2013**

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	\$ 1,900,000	1,900,000	1,861,027
Licenses, Permits and Fees			
Impervious Surface Fees	100,000	100,000	88,243
Interest	20,000	20,000	24,117
Total Revenues	2,020,000	2,020,000	1,973,387
Expenditures			
General Government			
Contractual Services	-	-	39,542
Debt Service			
Principal Retirement	1,863,085	1,863,085	1,863,056
Interest and Fiscal Charges	2,504,775	2,504,775	2,504,775
Total Expenditures	4,367,860	4,367,860	4,407,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,347,860)	(2,347,860)	(2,433,986)
Other Financing Sources (Uses)			
Debt Issuance	-	-	11,771,718
Transfers In	2,388,735	2,388,735	2,388,912
Payment to Escrow Agent	-	-	(11,670,347)
	2,388,735	2,388,735	2,490,283
Change in Fund Balance	40,875	40,875	56,297
Fund Balance - Beginning			17,151
Fund Balance - Ending			73,448

# VILLAGE OF NORTHBROOK, ILLINOIS

## Central Business District - Capital Projects Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	177
Expenditures			
Highways and Streets			
Capital Outlay	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	177
Other Financing (Uses)			
Transfers Out	-	-	(177)
Change in Fund Balance	-	-	-
Fund Balance - Beginning			-
Fund Balance - Ending			-

# VILLAGE OF NORTHBROOK, ILLINOIS

## Infrastructure - Capital Projects Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Sales Tax	\$ 2,163,000	2,163,000	2,189,304
Intergovernmental			
Motor Fuel Tax Allotment	940,000	940,000	939,333
Interest	21,000	21,000	6,241
Miscellaneous	-	-	1,255
Total Revenues	3,124,000	3,124,000	3,136,133
Expenditures			
Highways and Streets			
Capital Outlay			
Engineering Services	8,000	8,000	7,540
Street Maintenance/Improvements	2,963,125	2,963,125	3,272,339
Sidewalks	120,000	120,000	-
Total Expenditures	3,091,125	3,091,125	3,279,879
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,875	32,875	(143,746)
Other Financing Sources (Uses)			
Debt Issuance	1,163,126	1,163,126	743,560
Transfers Out	(4,703,470)	(4,703,470)	(5,165,895)
	(3,540,344)	(3,540,344)	(4,422,335)
Change in Fund Balance	(3,507,469)	(3,507,469)	(4,566,081)
Fund Balance - Beginning			9,758,935
Fund Balance - Ending			5,192,854

**VILLAGE OF NORTHBROOK, ILLINOIS****Combining Balance Sheet****Nonmajor Governmental Funds****April 30, 2013**

	<u>Special Revenue</u>			
	<u>Traffic</u>	<u>Tax</u>	<u>Permanent</u>	
	<u>Impact</u>	<u>Increment</u>	<u>Cemetery</u>	<u>Totals</u>
		<u>Financing</u>		
<b>ASSETS</b>				
Cash and Investments	\$ 296,428	19,436	232,645	548,509
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	-	-	539	539
Deposits Payable	209,425	-	-	209,425
Total Liabilities	209,425	-	539	209,964
<b>Fund Balances</b>				
Restricted	-	19,436	232,106	251,542
Committed	87,003	-	-	87,003
Total Fund Balances	87,003	19,436	232,106	338,545
<b>Total Liabilities and Fund Balances</b>	296,428	19,436	232,645	548,509



**VILLAGE OF NORTHBROOK, ILLINOIS****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds  
Year Ended April 30, 2013**

	<u>Special Revenue</u>			
	<u>Traffic Impact</u>	<u>Tax Increment Financing</u>	<u>Permanent Cemetery</u>	<u>Totals</u>
Revenues				
Interest	\$ 62	5	157	224
Miscellaneous			11,034	11,034
Total Revenues	62	5	11,191	11,258
Expenditures				
General Government	-	30,505	32,546	63,051
Change in Fund Balances	62	(30,500)	(21,355)	(51,793)
Fund Balances - Beginning	86,941	49,936	253,461	390,338
Fund Balances - Ending	87,003	19,436	232,106	338,545

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Cemetery Fund - Permanent**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 5,000	5,000	157
Miscellaneous	3,000	3,000	11,034
Total Revenues	8,000	8,000	11,191
Expenditures			
General Government	57,375	57,375	32,546
Change in Fund Balance	(49,375)	(49,375)	(21,355)
Fund Balance - Beginning			253,461
Fund Balance - Ending			232,106

# VILLAGE OF NORTHBROOK, ILLINOIS

## Water - Enterprise Fund

### Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales	\$ 7,200,000	7,200,000	7,565,670
Operating Expenses			
Administration	1,824,275	1,824,275	1,824,275
Operations	8,969,835	8,969,835	3,648,295
Depreciation and Amortization	-	-	1,278,390
Total Operating Expenses	10,794,110	10,794,110	6,750,960
Operating Income (Loss)	(3,594,110)	(3,594,110)	814,710
Nonoperating Revenues (Expenses)			
Debt Issuance	4,000,000	4,000,000	-
Interest Income	150,000	150,000	20,823
Permits/Connection/Recapture Fees	135,000	135,000	89,861
Grants	-	-	198,450
Other Income	10,000	10,000	-
Interest Expense	-	-	(375,012)
	4,295,000	4,295,000	(65,878)
Change in Net Position	700,890	700,890	748,832
Net Position - Beginning			23,443,444
Net Position - Ending			24,192,276

**VILLAGE OF NORTHBROOK, ILLINOIS****Water - Enterprise Fund****Schedule of Operating Expenses - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Administration			
Administrative Services	\$ 1,647,675	1,647,675	1,647,675
Charges for Services	176,600	176,600	176,600
Total Administration	1,824,275	1,824,275	1,824,275
Operations			
Personal Services	2,347,150	2,347,150	2,355,349
Contractual Services	806,845	806,845	717,348
Commodities	405,770	405,770	337,500
Capital Outlay	6,609,470	6,609,470	1,341,603
	10,169,235	10,169,235	4,751,800
Less Capital Assets Capitalized	(1,199,400)	(1,199,400)	(1,103,505)
Total Operations	8,969,835	8,969,835	3,648,295
Depreciation and Amortization	-	-	1,278,390
Debt Service			
Principal Retirement	1,315,634	1,315,634	975,710
Interest Expense	-	-	375,012
	1,315,634	1,315,634	1,350,722
Less Nonoperating Items			
Debt Service	(1,315,634)	(1,315,634)	(1,350,722)
Total Debt Service	-	-	-
Total Operating Expenses	10,794,110	10,794,110	6,750,960

**VILLAGE OF NORTHBROOK, ILLINOIS****Sanitary Sewer - Enterprise Fund****Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Sanitary Sewer User Fees	\$ 1,055,250	1,055,250	1,167,822
Operating Expenses			
Administration	478,835	478,835	478,835
Operations	983,105	983,105	927,520
Depreciation	-	-	261,307
Total Operating Expenses	1,461,940	1,461,940	1,667,662
Operating Income (Loss)	(406,690)	(406,690)	(499,840)
Nonoperating Revenues			
Interest Income	20,000	20,000	2,555
Change in Net Position	<u>(386,690)</u>	<u>(386,690)</u>	(497,285)
Net Position - Beginning			<u>6,101,950</u>
Net Position - Ending			<u>5,604,665</u>

**VILLAGE OF NORTHBROOK, ILLINOIS****Sanitary Sewer - Enterprise Fund****Schedule of Operating Expenses - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Administration			
Administrative Services	\$ 452,880	452,880	452,880
Charges for Services	25,955	25,955	25,955
Total Administration	478,835	478,835	478,835
Operations			
Personal Services	453,185	453,185	465,703
Contractual Services	170,645	170,645	142,435
Commodities	36,275	36,275	27,546
Capital Outlay	323,000	323,000	291,836
	983,105	983,105	927,520
Less Capital Assets Capitalized	-	-	-
Total Operations	983,105	983,105	927,520
Depreciation	-	-	261,307
Total Operating Expenses	1,461,940	1,461,940	1,667,662

**VILLAGE OF NORTHBROOK, ILLINOIS****Senior Housing - Enterprise Fund****Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Rents	\$ 820,000	820,000	845,504
Operating Expenses			
Administration	117,260	117,260	117,260
Operations	696,010	696,010	591,628
Depreciation	-	-	119,304
Total Operating Expenses	813,270	813,270	828,192
Operating Income	6,730	6,730	17,312
Nonoperating Revenues			
Interest Income	10,000	10,000	1,062
Other Income	1,000	1,000	(15)
	11,000	11,000	1,047
Change in Net Position	17,730	17,730	18,359
Net Position - Beginning			3,605,493
Net Position - Ending			3,623,852

# VILLAGE OF NORTHBROOK, ILLINOIS

## Stormwater Utility - Enterprise Fund

### Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Stormwater Utility Fees	\$ 1,200,000	1,200,000	1,685,913
Operating Expenses			
Administration	105,240	105,240	105,240
Operations	1,574,725	1,574,725	1,101,835
Depreciation	-	-	446,689
Total Operating Expenses	1,679,965	1,679,965	1,653,764
Operating Income (Loss)	(479,965)	(479,965)	32,149
Nonoperating Revenues (Expenses)			
Debt Issuance	436,000	436,000	-
Interest Income	10,000	10,000	2,765
Other Income	3,600,000	3,600,000	2,412,959
Interest Expense	-	-	(6,458)
	4,046,000	4,046,000	2,409,266
Income (Loss) Before Contributions and Transfers	3,566,035	3,566,035	2,441,415
Capital Contributions	-	-	6,580,160
Transfers In	2,191,500	2,191,500	2,653,925
Transfers Out	(26,765)	(26,765)	(26,765)
Change in Net Position	5,730,770	5,730,770	11,648,735
Net Position - Beginning			-
Net Position - Ending			11,648,735



**VILLAGE OF NORTHBROOK, ILLINOIS****Stormwater Utility - Enterprise Fund****Schedule of Operating Expenses - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Administration			
Administrative Services	\$ 70,000	70,000	70,000
Charges for Services	35,240	35,240	35,240
Total Administration	105,240	105,240	105,240
Operations			
Personal Services	500,155	500,155	478,283
Contractual Services	1,055,770	1,055,770	585,414
Commodities	18,800	18,800	17,071
Capital Outlay	5,604,975	5,604,975	5,118,701
	7,179,700	7,179,700	6,199,469
Less Capital Assets Capitalized	(5,604,975)	(5,604,975)	(5,097,634)
Total Operations	1,574,725	1,574,725	1,101,835
Depreciation	-	-	446,689
Total Operating Expenses	1,679,965	1,679,965	1,653,764

**VILLAGE OF NORTHBROOK, ILLINOIS****Revenue Parking - Enterprise Fund****Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Parking Fees	\$ 163,500	163,500	152,923
Operating Expenses			
Administration	100,510	100,510	103,117
Operations	41,970	102,140	24,202
Depreciation	-	-	31,702
Total Operating Expenses	142,480	202,650	159,021
Operating Income (Loss)	21,020	(39,150)	(6,098)
Nonoperating Revenues			
Interest Income	5,000	5,000	722
Change in Net Position	26,020	(34,150)	(5,376)
Net Position - Beginning			1,130,481
Net Position - Ending			1,125,105

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Revenue Parking - Enterprise Fund**

### **Schedule of Operating Expenses - Budget and Actual Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Administration			
Administrative Services	\$ 97,850	97,850	97,850
Charges for Services	2,660	2,660	5,267
Total Administration	100,510	100,510	103,117
Operations			
Contractual Services	39,970	39,970	23,491
Commodities	2,000	2,000	711
Capital Outlay	120,170	180,340	123,783
	162,140	222,310	147,985
Less Capital Assets Capitalized	(120,170)	(120,170)	(123,783)
Total Operations	41,970	102,140	24,202
Depreciation	-	-	31,702
Total Operating Expenses	142,480	202,650	159,021

**VILLAGE OF NORTHBROOK, ILLINOIS****Insurance - Internal Service Fund****Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Billings	\$ 5,693,880	5,693,880	5,668,235
Member Contributions	1,440,000	1,440,000	1,522,113
Total Operating Revenues	7,133,880	7,133,880	7,190,348
Operating Expenses			
Administration			
Claims Administration Fees	25,700	25,700	13,197
Operations			
Insurance	7,907,800	7,907,800	7,351,242
Claims	72,910	72,910	35,223
Total Operating Expenses	8,006,410	8,006,410	7,399,662
Operating Income (Loss)	(872,530)	(872,530)	(209,314)
Nonoperating Revenues			
Interest Income	25,000	25,000	7,075
Other Income	1,000	1,000	158,897
	26,000	26,000	165,972
Change in Net Position	(846,530)	(846,530)	(43,342)
Net Position - Beginning			3,948,732
Net Position - Ending			3,905,390

**VILLAGE OF NORTHBROOK, ILLINOIS****Pension Trust Funds****Combining Statement of Fiduciary Net Position  
April 30, 2013**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,380,981	3,688,274	6,069,255
Investments			
U.S. Government and Agency Securities	5,656,640	2,886,068	8,542,708
State and Local Securities	11,752,941	9,675,864	21,428,805
Corporate Bonds	3,207,375	6,905,465	10,112,840
Mutual Funds	9,748,493	6,152,545	15,901,038
Common Stock	8,181,120	12,609,050	20,790,170
Receivables			
Accrued Interest	127,397	174,619	302,016
Other	46,760	10,335	57,095
Due from Other Governments	231,791	243,904	475,695
Total Assets	41,333,498	42,346,124	83,679,622
<b>LIABILITIES</b>			
Accounts Payable	50,030	2,059	52,089
Due to Other Governments	21,865	23,812	45,677
Total Liabilities	71,895	25,871	97,766
<b>NET POSITION</b>			
Held in Trust for Pension Benefits	41,261,603	42,320,253	83,581,856

## VILLAGE OF NORTHBROOK, ILLINOIS

### Pension Trust Funds

#### Combining Statement of Changes in Fiduciary Net Position Year Ended April 30, 2013

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 1,256,351	1,220,753	2,477,104
Contributions - Plan Members	672,614	627,325	1,299,939
Total Contributions	1,928,965	1,848,078	3,777,043
Investment Income			
Interest	1,599,836	2,542,674	4,142,510
Net Change in Fair Value	1,406,988	604,348	2,011,336
	3,006,824	3,147,022	6,153,846
Less Investment Expenses	(32,495)	(44,945)	(77,440)
Net Investment Income	2,974,329	3,102,077	6,076,406
Total Additions	4,903,294	4,950,155	9,853,449
Deductions			
Administration	16,705	59,119	75,824
Benefits and Refunds	3,135,111	2,785,771	5,920,882
Total Deductions	3,151,816	2,844,890	5,996,706
Change in Net Position	1,751,478	2,105,265	3,856,743
Net Position Held in Trust for Pension Benefits			
Beginning	39,510,125	40,214,988	79,725,113
Ending	41,261,603	42,320,253	83,581,856

# VILLAGE OF NORTHBROOK, ILLINOIS

## Police Pension - Pension Trust Fund

### Schedule of Changes of Fiduciary Net Position - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 1,158,710	1,158,710	1,256,351
Contributions - Plan Members	580,000	580,000	672,614
Total Contributions	1,738,710	1,738,710	1,928,965
<b>Investment income</b>			
Interest	2,006,500	2,006,500	1,599,836
Net Change in Fair Value	-	-	1,406,988
	2,006,500	2,006,500	3,006,824
Less Investment Expenses	(59,000)	(59,000)	(32,495)
Net Investment Income	1,947,500	1,947,500	2,974,329
Total Additions	3,686,210	3,686,210	4,903,294
<b>Deductions</b>			
Administration	12,700	12,700	16,705
Benefits and Refunds	2,832,500	2,832,500	3,135,111
Total Deductions	2,845,200	2,845,200	3,151,816
Change in Net Position	841,010	841,010	1,751,478
<b>Net Position Held in Trust for Pension Benefits</b>			
Beginning			39,510,125
Ending			41,261,603

# VILLAGE OF NORTHBROOK, ILLINOIS

## Firefighters' Pension - Pension Trust Fund

### Schedule of Changes in Fiduciary Net Position - Budget and Actual Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,098,365	1,098,365	1,220,753
Contributions - Plan Members	587,600	587,600	627,325
Total Contributions	1,685,965	1,685,965	1,848,078
Investment income			
Interest	2,000,000	2,000,000	2,542,674
Net Change in Fair Value	-	-	604,348
	2,000,000	2,000,000	3,147,022
Less Investment Expenses	(110,000)	(110,000)	(44,945)
Net Investment Income	1,890,000	1,890,000	3,102,077
Total Additions	3,575,965	3,575,965	4,950,155
Deductions			
Administration	11,000	11,000	59,119
Benefits and Refunds	2,550,000	2,550,000	2,785,771
Total Deductions	2,561,000	2,561,000	2,844,890
Change in Net Position	1,014,965	1,014,965	2,105,265
Net Position Held in Trust for Pension Benefits			
Beginning			40,214,988
Ending			42,320,253



**VILLAGE OF NORTHBROOK, ILLINOIS**

**Escrow - Agency Fund**

**Schedule of Changes in Assets and Liabilities  
Year Ended April 30, 2013**

	Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Cash and Investments	\$ 2,894,338	162,167	7,560	3,048,945
<b>LIABILITIES</b>				
Accounts Payable	12,030	-	7,560	4,470
Deposits Payable	2,882,308	162,167	-	3,044,475
Total Liabilities	2,894,338	162,167	7,560	3,048,945

## **SUPPLEMENTAL SCHEDULES**

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bonds of 2004A April 30, 2013

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Date of Issue	November 29, 2004
Date of Maturity	December 1, 2034
Authorized Issue	\$9,395,000
Denomination of Bonds	\$5,000
Interest Rate	4.80%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Village of Northbrook, Office of Treasurer

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 105,000	418,080	523,080
2015	110,000	413,040	523,040
2016	115,000	407,760	522,760
2017	125,000	402,240	527,240
2018	130,000	396,240	526,240
2019	135,000	390,000	525,000
2020	140,000	383,520	523,520
2021	150,000	376,800	526,800
2022	155,000	369,600	524,600
2023	165,000	362,160	527,160
2024	170,000	354,240	524,240
2025	180,000	346,080	526,080
2026	190,000	337,440	527,440
2027	195,000	328,320	523,320
2028	205,000	318,960	523,960
2029	215,000	309,120	524,120
2030	225,000	298,800	523,800
2031	235,000	288,000	523,000
2032	250,000	276,720	526,720
2033	260,000	264,720	524,720
2034	275,000	252,240	527,240
2035	4,980,000	239,040	5,219,040
	<u>8,710,000</u>	<u>7,533,120</u>	<u>16,243,120</u>
	<u>8,710,000</u>	General Long-Term Debt	

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bonds of 2004B

April 30, 2013

Date of Issue	November 29, 2004
Date of Maturity	December 1, 2034
Authorized Issue	\$7,195,000
Denomination of Bonds	\$5,000
Interest Rate	4.80%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Village of Northbrook, Office of Treasurer

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2014	\$ 80,000	320,160	400,160
2015	85,000	316,320	401,320
2016	90,000	312,240	402,240
2017	95,000	307,920	402,920
2018	100,000	303,360	403,360
2019	105,000	298,560	403,560
2020	110,000	293,520	403,520
2021	115,000	288,240	403,240
2022	120,000	282,720	402,720
2023	125,000	276,960	401,960
2024	130,000	270,960	400,960
2025	135,000	264,720	399,720
2026	145,000	258,240	403,240
2027	150,000	251,280	401,280
2028	155,000	244,080	399,080
2029	165,000	236,640	401,640
2030	175,000	228,720	403,720
2031	180,000	220,320	400,320
2032	190,000	211,680	401,680
2033	200,000	202,560	402,560
2034	210,000	192,960	402,960
2035	3,810,000	182,880	3,992,880
	6,670,000	5,765,040	12,435,040
	6,670,000	General Long-Term Debt	

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bonds of 2005

April 30, 2013

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Date of Issue	July 28, 2005
Date of Maturity	December 1, 2021
Authorized Issue	\$4,500,000
Denomination of Bonds	\$5,000
Interest Rates	3.50% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	<u>\$ 270,000</u>	<u>9,450</u>	<u>279,450</u>
	210,000	General Long-Term Debt	
	<u>60,000</u>	Water Fund	
	<u>270,000</u>		

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Refunding Bonds of 2006 April 30, 2013

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Date of Issue	January 17, 2006
Date of Maturity	December 1, 2021
Authorized Issue	\$14,395,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% to 4.25%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 733,229	59,625	792,854
2015	757,835	30,294	788,129
	<u>1,491,064</u>	<u>89,919</u>	<u>1,580,983</u>
	851,554	General Long-Term Debt	
	<u>639,510</u>	Water Fund	
	<u>1,491,064</u>		

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bonds of 2007

April 30, 2013

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Date of Issue	April 26, 2007
Date of Maturity	December 1, 2027
Authorized Issue	\$13,070,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% to 4.375%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 550,000	471,438	1,021,438
2015	570,000	449,438	1,019,438
2016	595,000	426,638	1,021,638
2017	620,000	402,094	1,022,094
2018	640,000	375,744	1,015,744
2019	670,000	348,544	1,018,544
2020	690,000	320,068	1,010,068
2021	720,000	290,744	1,010,744
2022	750,000	260,144	1,010,144
2023	785,000	260,144	1,045,144
2024	815,000	260,144	1,075,144
2025	850,000	260,144	1,110,144
2026	890,000	260,144	1,150,144
2027	925,000	260,144	1,185,144
2028	975,000	260,144	1,235,144
	<u>11,045,000</u>	<u>4,905,716</u>	<u>15,950,716</u>
	6,026,500	General Long-Term Debt	
	<u>5,018,500</u>	Water Fund	
	<u>11,045,000</u>		

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bonds of 2008 April 30, 2013

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Date of Issue	February 7, 2008
Date of Maturity	December 1, 2028
Authorized Issue	\$16,370,000
Denomination of Bonds	\$5,000
Interest Rates	3.125% to 4.375%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2014	\$ 620,000	596,932	1,216,932
2015	650,000	577,556	1,227,556
2016	675,000	551,556	1,226,556
2017	705,000	522,868	1,227,868
2018	740,000	492,906	1,232,906
2019	770,000	461,456	1,231,456
2020	805,000	428,732	1,233,732
2021	845,000	394,518	1,239,518
2022	880,000	358,606	1,238,606
2023	925,000	321,206	1,246,206
2024	965,000	281,894	1,246,894
2025	1,010,000	240,881	1,250,881
2026	1,060,000	197,956	1,257,956
2027	1,110,000	152,906	1,262,906
2028	1,165,000	104,344	1,269,344
2029	1,220,000	53,375	1,273,375
	14,145,000	5,737,692	19,882,692
	14,145,000	General Long-Term Debt	



# VILLAGE OF NORTHBROOK, ILLINOIS

## Long-Term Debt Requirements

### General Obligation Bonds of 2010 April 30, 2013

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Date of Issue	October 12, 2010
Date of Maturity	December 1, 2029
Authorized Issue	\$7,135,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2014	\$ 585,000	174,729	759,729
2015	605,000	157,279	762,279
2016	625,000	139,239	764,239
2017	645,000	120,599	765,599
2018	185,000	101,354	286,354
2019	190,000	95,909	285,909
2020	200,000	90,424	290,424
2021	205,000	83,819	288,819
2022	210,000	80,199	290,199
2023	215,000	72,299	287,299
2024	225,000	66,259	291,259
2025	230,000	59,542	289,542
2026	235,000	52,188	287,188
2027	245,000	45,220	290,220
2028	255,000	36,890	291,890
2029	265,000	29,165	294,165
2030	275,000	18,845	293,845
	5,395,000	1,423,959	6,818,959
	2,808,926	General Long-Term Debt	
	2,586,074	Water Fund	
	5,395,000		

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bonds of 2011 April 30, 2013

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Date of Issue	November 22, 2011
Date of Maturity	December 1, 2032
Authorized Issue	\$3,000,000
Denomination of Bonds	\$5,000
Interest Rates	2.000% to 3.750%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2014	\$ 115,000	94,060	209,060
2015	120,000	91,760	211,760
2016	120,000	89,360	209,360
2017	125,000	86,960	211,960
2018	125,000	83,210	208,210
2019	130,000	79,460	209,460
2020	130,000	75,560	205,560
2021	135,000	71,660	206,660
2022	140,000	67,610	207,610
2023	140,000	63,410	203,410
2024	145,000	59,210	204,210
2025	150,000	54,860	204,860
2026	155,000	50,285	205,285
2027	160,000	45,325	205,325
2028	170,000	40,045	210,045
2029	175,000	34,265	209,265
2030	180,000	28,140	208,140
2031	185,000	21,660	206,660
2032	195,000	15,000	210,000
2033	205,000	7,687	212,687
	3,000,000	1,159,527	4,159,527
	3,000,000	General Long-Term Debt	

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### Taxable General Obligation Refunding Bonds of 2012A April 30, 2013

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Date of Issue	December 4, 2012
Date of Maturity	December 1, 2021
Authorized Issue	\$12,745,000
Denomination of Bonds	\$5,000
Interest Rate	1.75% to 2.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2014	\$ 152,551	172,715	325,266
2015	152,551	173,556	326,107
2016	949,753	172,794	1,122,547
2017	939,911	167,096	1,107,007
2018	1,436,932	159,576	1,596,508
2019	2,184,924	145,206	2,330,130
2020	2,209,529	117,894	2,327,423
2021	2,239,055	84,752	2,323,807
2022	2,278,423	45,568	2,323,991
	12,543,629	1,239,157	13,782,786
	9,528,733	General Long-Term Debt	
	2,432,725	Water Fund	
	582,171	Stormwater Utility Fund	
	12,543,629		

## VILLAGE OF NORTHBROOK, ILLINOIS

### Long-Term Debt Requirements

#### Taxable General Obligation Refunding Bonds of 2012B April 30, 2013

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Date of Issue	December 4, 2012
Date of Maturity	December 1, 2027
Authorized Issue	\$7,770,000
Denomination of Bonds	\$5,000
Interest Rate	2.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2014	\$ 145,000	85,154	230,154
2015	402,000	82,970	484,970
2016	420,000	74,930	494,930
2017	438,500	66,530	505,030
2018	452,000	57,760	509,760
2019	403,000	48,720	451,720
2020	416,500	40,660	457,160
2021	421,000	32,330	453,330
2022	430,500	23,910	454,410
2023	120,000	15,300	135,300
2024	125,000	12,900	137,900
2025	125,000	10,400	135,400
2026	130,000	7,900	137,900
2027	130,000	5,300	135,300
2028	135,000	2,700	137,700
	4,293,500	567,464	4,860,964
	3,261,545	General Long-Term Debt	
	832,686	Water Fund	
	199,269	Stormwater Utility Fund	
	4,293,500		

## **STATISTICAL SECTION**

### **(Unaudited)**

This part of the 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.

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

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**VILLAGE OF NORTHBROOK, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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**See Following Page**

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Net Position by Component - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>Governmental Activities</b>			
Net Investment in Capital Assets	\$ 62,569,975	60,082,422	59,069,170
Restricted	4,391,054	7,821,350	8,534,487
Unrestricted	19,117,171	16,906,322	16,710,564
<b>Total Governmental Activities Net Position</b>	<b>86,078,200</b>	<b>84,810,094</b>	<b>84,314,221</b>
<b>Business-Type Activities</b>			
Net Investment in Capital Assets	28,405,031	29,582,015	31,379,968
Restricted	-	-	-
Unrestricted	6,443,069	5,537,290	6,843,407
<b>Total Business-Type Activities Net Position</b>	<b>34,848,100</b>	<b>35,119,305</b>	<b>38,223,375</b>
<b>Primary Government</b>			
Net Investment in Capital Assets	90,975,006	89,664,437	90,449,138
Restricted	4,391,054	7,821,350	8,534,487
Unrestricted	25,560,240	22,443,612	23,553,971
<b>Total Primary Government Net Position</b>	<b>120,926,300</b>	<b>119,929,399</b>	<b>122,537,596</b>

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.



2007	2008	2009	2010	2011	2012	2013
51,824,456	58,773,256	58,646,126	62,198,793	62,098,299	60,405,834	54,761,060
14,449,039	10,069,801	14,094,595	9,538,439	8,632,065	10,308,453	6,780,111
19,632,678	21,832,283	22,934,488	23,544,765	20,589,595	16,780,393	16,939,446
85,906,173	90,675,340	95,675,209	95,281,997	91,319,959	87,494,680	78,480,617
32,241,654	28,451,012	28,247,579	29,812,537	28,366,798	29,833,970	39,969,558
-	-	-	-	-	-	-
5,750,071	8,372,474	7,548,997	5,350,127	6,512,590	4,447,398	6,225,075
37,991,725	36,823,486	35,796,576	35,162,664	34,879,388	34,281,368	46,194,633
84,066,110	87,224,268	86,893,705	92,011,330	90,465,097	90,239,804	94,730,618
14,449,039	10,069,801	14,094,595	9,538,439	8,632,065	10,308,453	6,780,111
25,382,749	30,204,757	30,483,485	28,894,892	27,102,185	21,227,791	23,164,521
123,897,898	127,498,826	131,471,785	130,444,661	126,199,347	121,776,048	124,675,250

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Changes in Net Position - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 4,024,195	3,943,138	4,477,828	5,813,027	5,864,570	5,152,883	4,608,518	4,570,679	5,213,800	4,772,121
Public Safety	18,685,484	19,857,799	20,491,253	21,859,520	24,098,930	24,779,673	24,841,399	26,243,715	27,254,854	27,652,937
Highways and Streets	9,959,316	7,651,104	8,840,337	10,247,440	7,453,415	6,451,398	8,733,088	9,845,883	9,246,750	8,873,854
Interest on Long-Term Debt	798,920	1,009,973	1,185,652	1,178,391	1,543,677	1,969,816	1,988,379	1,768,794	2,203,366	2,429,312
Total Governmental Activities Expenses	33,467,915	32,462,014	34,995,070	39,098,378	38,960,592	38,353,770	40,171,384	42,429,071	43,918,770	43,728,224
Business-Type Activities										
Water	5,458,105	5,447,674	5,823,101	6,156,347	7,202,323	7,742,720	6,479,015	7,293,177	7,049,582	7,125,972
Sanitary Sewer	1,267,362	1,293,768	1,339,520	1,391,020	1,168,166	1,582,256	1,316,857	1,579,728	1,574,892	1,667,662
Senior Housing	903,611	957,769	1,030,983	1,306,665	820,395	735,174	837,878	794,509	864,944	828,192
Stormwater Utility	-	-	-	-	-	-	-	-	-	1,660,222
Parking	192,389	211,776	258,740	240,164	275,354	260,163	247,032	253,324	165,928	159,021
Total Business-Type Activities Net Assets	7,821,467	7,910,987	8,452,344	9,094,196	9,466,238	10,320,313	8,880,782	9,920,738	9,655,346	11,441,069
Total Primary Government Expenses	41,289,382	40,373,001	43,447,414	48,192,574	48,426,830	48,674,083	49,052,166	52,349,809	53,574,116	55,169,293
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services										
General Government	4,466,232	4,285,120	4,635,016	6,727,520	5,874,883	5,385,993	3,663,775	3,865,001	3,485,549	3,867,156
Public Safety	2,476,364	2,504,720	3,168,755	3,746,150	3,908,659	4,222,244	4,260,563	4,334,116	4,568,948	4,549,841
Operating Grants/Contributions	1,025,903	1,102,612	1,066,427	1,048,384	1,051,295	1,006,865	922,798	1,027,250	1,132,907	961,022
Total Governmental Activities Program Revenues	7,968,499	7,892,452	8,870,198	11,522,054	10,834,837	10,615,102	8,847,136	9,226,367	9,187,404	9,378,019
Business-Type Activities										
Charges for Services										
Water	6,021,216	5,813,606	7,078,441	6,005,809	6,223,699	5,989,496	5,800,001	5,949,938	6,695,973	7,565,670
Sanitary sewer	870,253	1,239,977	1,392,556	1,190,165	1,224,627	1,119,243	1,067,556	1,103,109	1,053,519	1,167,822
Senior housing	750,523	756,448	777,766	800,989	799,248	800,514	816,614	820,172	830,129	845,504
Stormwater Utility	-	-	-	-	-	-	-	-	-	1,685,913
Parking	155,085	156,595	152,898	156,055	160,942	161,029	157,096	153,254	156,458	152,923
Operating Grants/Contributions	-	-	209,013	163,446	184,732	308,985	127,842	94,071	99,894	288,311
Capital Grants/Contributions	231,389	178,750	1,521,660	-	-	681,000	150,000	-	-	-
Total Business-Type Activities Program Revenues	8,028,466	8,145,376	11,132,334	8,316,464	8,593,248	9,060,267	8,119,109	8,120,544	8,835,973	11,706,143
Total Primary Government Program Revenues	15,996,965	16,037,828	20,002,532	19,838,518	19,428,085	19,675,369	16,966,245	17,346,911	18,023,377	21,084,162

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Revenue (Expenses)										
Governmental Activities	\$ (25,499,416)	(24,569,562)	(26,124,872)	(27,576,324)	(28,125,755)	(27,738,668)	(31,324,248)	(33,202,704)	(34,731,366)	(34,350,205)
Business-Type Activities	206,999	234,389	2,679,990	(777,732)	(872,990)	(1,260,046)	(761,673)	(1,800,194)	(819,373)	265,074
Total Primary Government										
Net Revenue (Expense)	<u>(25,292,417)</u>	<u>(24,335,173)</u>	<u>(23,444,882)</u>	<u>(28,354,056)</u>	<u>(28,998,745)</u>	<u>(28,998,714)</u>	<u>(32,085,921)</u>	<u>(35,002,898)</u>	<u>(35,550,739)</u>	<u>(34,085,131)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	7,376,959	8,451,526	8,566,893	8,968,869	9,257,262	10,465,992	9,360,963	10,514,887	10,017,255	12,035,727
Sales	10,471,124	10,679,431	11,088,010	12,060,296	15,036,506	13,552,946	12,559,042	13,160,916	14,000,067	14,533,553
State Income	1,990,368	2,590,017	2,711,348	2,982,468	3,235,745	2,974,820	2,612,166	2,680,215	2,831,454	3,111,609
Utility	-	-	1,257,567	1,244,177	1,343,327	1,303,397	1,145,038	1,157,167	1,102,266	1,124,312
Other	769,204	882,717	1,053,048	1,081,309	1,205,520	1,596,568	1,970,520	2,158,207	2,078,884	2,853,880
Interest	371,418	459,355	912,269	1,389,631	2,472,759	894,812	481,109	1,050,287	844,764	829,229
Miscellaneous	27,446	233,585	39,864	1,441,526	343,803	1,950,002	2,802,198	(1,388,084)	31,397	55,152
Transfers	-	-	-	-	-	-	-	-	-	(9,207,320)
Total Governmental Activities	<u>21,006,519</u>	<u>23,296,631</u>	<u>25,628,999</u>	<u>29,168,276</u>	<u>32,894,922</u>	<u>32,738,537</u>	<u>30,931,036</u>	<u>29,333,595</u>	<u>30,906,087</u>	<u>25,336,142</u>
Business-Type Activities										
Interest	103,468	23,349	360,913	406,146	494,128	233,125	104,653	60,918	21,353	27,927
Miscellaneous	650	13,467	63,167	139,936	1,410	11	23,108	1,456,000	200,000	2,412,944
Transfers	-	-	-	-	-	-	-	-	-	9,207,320
Total Business-Type Activities	<u>104,118</u>	<u>36,816</u>	<u>424,080</u>	<u>546,082</u>	<u>495,538</u>	<u>233,136</u>	<u>127,761</u>	<u>1,516,918</u>	<u>221,353</u>	<u>11,648,191</u>
Total Primary Government	<u>21,110,637</u>	<u>23,333,447</u>	<u>26,053,079</u>	<u>29,714,358</u>	<u>33,390,460</u>	<u>32,971,673</u>	<u>31,058,797</u>	<u>30,850,513</u>	<u>31,127,440</u>	<u>36,984,333</u>
Changes in Net Position										
Governmental Activities	(4,492,897)	(1,272,931)	(495,873)	1,591,952	4,769,167	4,999,869	(393,212)	(3,869,109)	(3,825,279)	(9,014,063)
Business-Type Activities	311,117	271,205	3,104,070	(231,650)	(377,452)	(1,026,910)	(633,912)	(283,276)	(598,020)	11,913,265
Total Primary Government	<u>(4,181,780)</u>	<u>(1,001,726)</u>	<u>2,608,197</u>	<u>1,360,302</u>	<u>4,391,715</u>	<u>3,972,959</u>	<u>(1,027,124)</u>	<u>(4,152,385)</u>	<u>(4,423,299)</u>	<u>2,899,202</u>

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Fund Balances of Governmental Funds - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

	2004	2005	2006	2007
<b>General Fund</b>				
Reserved	\$ 1,637,509	1,822,502	1,792,693	1,304,051
Unreserved	12,884,973	11,852,554	12,740,859	16,127,511
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>14,522,482</b>	<b>13,675,056</b>	<b>14,533,552</b>	<b>17,431,562</b>
<b>All Other Governmental Funds</b>				
Reserved	6,026,866	6,789,781	6,609,177	7,344,984
Unreserved, Reported in:				
Special Revenues Funds	-	-	-	-
Capital Projects Funds	9,059,811	7,367,951	7,071,647	11,170,959
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>15,086,677</b>	<b>14,157,732</b>	<b>13,680,824</b>	<b>18,515,943</b>
<b>Total Governmental Funds</b>	<b>29,609,159</b>	<b>27,832,788</b>	<b>28,214,376</b>	<b>35,947,505</b>

Data Source: Village Records

The Village implemented GASB 54 in Fiscal Year 2012.

2008	2009	2010	2011	2012	2013
1,171,130	616,059	203,829	209,981	-	-
18,097,473	18,468,003	17,860,913	17,068,792	-	-
-	-	-	-	37,684	42,325
-	-	-	-	296,057	301,817
-	-	-	-	16,393,318	18,057,612
19,268,603	19,084,062	18,064,742	17,278,773	16,727,059	18,401,754
27,523,217	15,889,619	11,155,949	9,123,847	-	-
-	-	-	-	-	-
2,615,225	1,795,549	1,355,533	849,995	-	-
-	-	-	-	847,119	501,494
-	-	-	-	86,941	87,003
-	-	-	-	9,215,213	5,016,350
-	-	-	-	(484,787)	(920,858)
30,138,442	17,685,168	12,511,482	9,973,842	9,664,486	4,683,989
49,407,045	36,769,230	30,576,224	27,252,615	26,391,545	23,085,743

**VILLAGE OF NORTHBROOK, ILLINOIS****General Governmental Revenues by Source - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Source	2004	2005	2006	2007
Taxes	\$ 20,607,655	22,603,691	24,676,866	26,337,119
Intergovernmental	1,025,903	1,102,612	1,066,427	1,048,384
Licenses, Permits and Fees	5,061,339	4,962,201	5,264,017	6,137,946
Charges for Services	3,292,765	3,330,108	4,162,324	6,030,566
Fines and Forfeits	162,732	150,491	129,580	164,028
Interest	364,163	454,525	891,634	1,343,168
Miscellaneous	27,446	233,585	39,864	1,441,526
Total	30,542,003	32,837,213	36,230,712	42,502,737

Includes General, Special Revenue, Debt Service Funds and Capital Projects for the primary government.

Data Source: Village Records

2008	2009	2010	2011	2012	2013
30,078,360	29,893,723	27,647,729	29,671,392	30,029,926	33,659,081
1,051,295	1,006,865	922,798	1,027,250	1,132,907	961,022
5,820,384	5,542,350	4,285,636	4,449,883	4,458,665	5,097,795
5,788,879	5,962,772	5,621,768	5,863,624	5,556,370	5,374,546
144,679	191,750	230,904	221,135	288,064	288,406
2,402,552	868,056	459,333	1,034,540	834,831	822,154
343,803	1,950,002	1,081,534	61,916	31,397	55,152
45,629,952	45,415,518	40,249,702	42,329,740	42,332,160	46,258,156

**VILLAGE OF NORTHBROOK, ILLINOIS**

**General Governmental Expenditures by Function - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Function	2004	2005	2006	2007
General Government	\$ 5,319,736	5,448,441	6,081,800	7,508,548
Public Safety	17,734,500	19,727,586	19,967,500	22,057,683
Highways and Streets	8,419,597	6,892,523	8,677,726	10,173,259
Capital Outlay	1,126,785	-	-	-
Debt Service				
Principal	2,886,056	3,014,416	3,426,975	984,666
Interest and Fiscal Charges	779,129	871,699	1,214,452	1,165,452
Debt Issuance Costs	-	-	331,183	-
Total	36,265,803	35,954,665	39,699,636	41,889,608

Includes General, Special Revenue, Debt Service Funds and Capital Projects for the primary government.

Data Source: Village Records



2008	2009	2010	2011	2012	2013
7,808,549	7,137,250	6,806,457	6,557,849	6,902,454	6,598,887
24,315,396	25,323,090	24,338,610	25,291,476	26,206,664	27,389,925
14,077,137	22,683,220	11,431,732	9,458,425	8,838,987	9,700,086
-	-	-	-	-	-
1,499,845	1,020,345	1,864,200	2,017,300	2,283,224	1,863,056
1,279,766	1,889,428	2,001,709	1,882,761	1,975,091	2,504,775
-	-	-	-	-	-
48,980,693	58,053,333	46,442,708	45,207,811	46,206,420	48,056,729

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

	2004	2005	2006	2007
<b>Revenues</b>				
Taxes	\$ 20,607,655	22,603,691	24,676,866	26,337,119
Intergovernmental	1,025,903	1,102,612	1,066,427	1,048,384
Licenses, Permits and Fees	5,061,339	4,962,201	5,264,017	6,137,946
Charges for Services	3,292,765	3,330,108	4,162,324	6,030,566
Fines and Forfeits	162,732	150,491	129,580	164,028
Interest	364,163	454,525	891,634	1,343,168
Miscellaneous	27,446	233,585	39,864	1,441,526
<b>Total Revenues</b>	<b>30,542,003</b>	<b>32,837,213</b>	<b>36,230,712</b>	<b>42,502,737</b>
<b>Expenditures</b>				
General Government	5,319,736	5,448,441	6,081,800	7,508,548
Public Safety	17,734,500	19,727,586	19,967,500	22,057,683
Highways and Streets	8,419,597	6,892,523	8,677,726	10,173,259
Capital Outlay	1,126,785	-	-	-
Debt Service				
Principal	2,886,056	3,014,416	3,426,975	984,666
Interest and Fiscal Charges	779,129	871,699	1,214,452	1,165,452
Debt Issuance Costs	-	-	331,183	-
<b>Total Expenditures</b>	<b>36,265,803</b>	<b>35,954,665</b>	<b>39,699,636</b>	<b>41,889,608</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(5,723,800)</b>	<b>(3,117,452)</b>	<b>(3,468,924)</b>	<b>613,129</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Bonds	5,000,000	-	13,169,389	7,120,000
Payment to Escrow Agent	-	-	(9,338,206)	-
Transfer In	1,705,247	2,226,063	2,350,542	2,710,823
Transfer Out	(1,705,247)	(2,226,063)	(2,350,542)	(2,710,823)
Premium on Debt Issuance	-	-	19,329	-
Sale of Capital Assets	-	-	-	-
Extraordinary - Issuance of Debt	-	16,590,000	-	-
Extraordinary - Pension Contribution	-	(15,248,919)	-	-
	<b>5,000,000</b>	<b>1,341,081</b>	<b>3,850,512</b>	<b>7,120,000</b>
<b>Net Change in Fund Balances</b>	<b>(723,800)</b>	<b>(1,776,371)</b>	<b>381,588</b>	<b>7,733,129</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>10.43%</b>	<b>10.81%</b>	<b>11.69%</b>	<b>5.40%</b>

Data Source: Village Records

2008	2009	2010	2011	2012	2013
30,078,360	29,893,723	27,647,729	29,671,392	30,029,926	33,659,081
1,051,295	1,006,865	922,798	1,027,250	1,132,907	961,022
5,820,384	5,542,350	4,285,636	4,449,883	4,458,665	5,097,795
5,788,879	5,962,772	5,621,768	5,863,624	5,556,370	5,374,546
144,679	191,750	230,904	221,135	288,064	288,406
2,402,552	868,056	459,333	1,034,540	834,831	822,154
343,803	1,950,002	1,081,534	61,916	31,397	55,152
45,629,952	45,415,518	40,249,702	42,329,740	42,332,160	46,258,156
7,808,549	7,137,250	6,806,457	6,557,849	6,902,454	6,598,887
24,315,396	25,323,090	24,338,610	25,291,476	26,206,664	27,389,925
14,077,137	22,683,220	11,431,732	9,458,425	8,838,987	9,700,086
-	-	-	-	-	-
1,499,845	1,020,345	1,864,200	2,017,300	2,283,224	1,863,056
1,279,766	1,889,428	2,001,709	1,882,761	1,975,091	2,504,775
-	-	-	-	-	-
48,980,693	58,053,333	46,442,708	45,207,811	46,206,420	48,056,729
(3,350,741)	(12,637,815)	(6,193,006)	(2,878,071)	(3,874,260)	(1,798,573)
16,370,000	-	-	4,334,905	3,000,000	12,790,278
-	-	-	(3,325,000)	-	(11,670,347)
1,967,406	2,623,317	3,427,480	2,800,462	3,003,696	2,538,912
(1,967,406)	(2,623,317)	(3,427,480)	(4,250,462)	(3,003,696)	(5,166,072)
440,281	-	-	87,486	13,190	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,810,281	-	-	(352,609)	3,013,190	(1,507,229)
13,459,540	(12,637,815)	(6,193,006)	(3,230,680)	(861,070)	(3,305,802)
6.95%	7.36%	9.49%	9.13%	9.73%	9.75%

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Schedule of Police and Firefighters' Pension Funds Investment Returns and Pension Expenses by Type  
Last Two Fiscal Years  
April 30, 2013 (Unaudited)**

	Police Pension Fund		Firefighters' Pension Fund	
	4/30/2012	4/30/2013	4/30/2012	4/30/2013
Investment Rate of Return	4.20%	4.33%	2.12%	2.38%
Pension Expenses by Type				
Retirement Pensions	\$ 2,623,027	2,732,541	1,981,177	2,213,342
Disability Pensions	31,799	51,775	338,231	390,008
Survivor's Pensions	111,605	162,391	123,529	153,820
Total	<u>2,766,431</u>	<u>2,946,707</u>	<u>2,442,937</u>	<u>2,757,170</u>
Increase (Decrease) in Total Pension Expenses		\$ 180,276		\$ 314,233
% Increase (Decrease) in Total Pension Expenses		6.52%		12.86%

Data Source: Village Records

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Taxable Sales by Category - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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**See Following Page**

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Taxable Sales by Category - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

Fiscal Year	2004	2005	2006	2007
General Merchandise	\$ 141,939,000	155,279,300	135,835,400	166,665,500
Food	64,284,800	66,058,400	67,876,800	69,519,800
Drinking and Eating Places	53,376,900	61,205,900	62,596,600	70,218,300
Apparel	74,109,700	79,840,200	83,968,100	91,695,300
Furniture and H.H. and Radio	76,195,900	69,263,500	72,732,800	81,352,600
Lumber, Building, Hardware	13,225,000	13,952,300	15,014,300	14,196,100
Automobile and Filling Stations	106,652,800	110,626,300	127,787,800	127,110,500
Drugs and Misc. Retail	78,524,000	82,748,000	78,353,100	84,706,800
Agriculture and All Others	101,725,400	96,673,800	106,749,400	103,076,600
Manufacturers	14,356,200	13,551,000	14,834,800	13,234,700
Total	724,389,700	749,198,700	765,749,100	821,776,200
Total Number of Taxpayers	1,574	1,507	1,571	1,587
Village Direct Rate	1.50%	1.50%	1.50%	1.75%

Data Source: Village and State Records

2008	2009	2010	2011	2012	2013
159,375,800	145,003,300	123,671,015	128,467,649	130,626,700	133,120,916
92,819,600	121,225,700	121,444,358	123,347,693	134,829,685	142,511,250
75,480,800	76,877,600	77,418,564	85,536,308	85,026,415	88,324,011
101,450,600	102,199,100	93,590,380	93,855,671	102,155,490	106,696,854
99,058,500	96,946,900	85,454,134	81,687,982	88,258,868	89,565,642
26,805,300	36,637,800	30,233,297	30,105,368	32,414,643	31,456,490
126,351,300	115,816,400	103,588,415	121,864,971	106,706,870	113,469,555
95,285,800	104,414,900	97,601,427	94,453,449	128,037,569	142,177,257
107,580,000	100,518,700	72,248,120	77,660,851	77,809,765	81,060,130
15,381,000	11,207,300	9,236,638	11,566,543	14,439,509	12,647,121
899,588,700	910,847,700	814,486,348	848,546,485	900,305,514	941,029,226
1,490	1,218	1,140	1,165	1,222	1,195
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%

## VILLAGE OF NORTHBROOK, ILLINOIS

### Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years April 30, 2013 (Unaudited)

Fiscal Year	State Rate	RTA Rate	County Home Rule Rate	Village Home Rule Rate*	Total Sales Tax Rate	% Distributed to Village
2004	6.25%	0.75%	0.75%	0.50%	8.25%	1.50%
2005	6.25%	0.75%	0.75%	0.50%	8.25%	1.50%
2006	6.25%	0.75%	0.75%	0.50%	8.25%	1.50%
2007	6.25%	0.75%	0.75%	0.75%	8.50%	1.75%
2008	6.25%	1.00%	1.75%	0.75%	9.75%	1.75%
2009	6.25%	1.00%	1.75%	0.75%	9.75%	1.75%
2010	6.25%	1.00%	1.75%	0.75%	9.75%	1.75%
2011	6.25%	1.00%	1.25%	0.75%	9.25%	1.75%
2012	6.25%	1.00%	1.00%	0.75%	9.00%	1.75%
2013	6.25%	1.00%	0.75%	0.75%	8.75%	1.75%

Data Source: Village and State Records

\* The Village's Home Rule Sales Tax Rate does not apply to groceries, medicine and titled vehicles.



**VILLAGE OF NORTHBROOK, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years  
April 30, 2013 (Unaudited)**

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**See Following Page**

## VILLAGE OF NORTHBROOK, ILLINOIS

### Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years April 30, 2013 (Unaudited)

Tax Levy Year	Residential Property	Farm
2003	\$ 1,131,038,891	\$ 3,188
2004	1,389,830,704	3,188
2005	1,522,110,654	3,188
2006	1,530,248,322	3,188
2007	1,847,982,098	3,188
2008	1,993,265,844	3,188
2009	2,139,565,115	1,992
2010	1,888,236,408	1,992
2011	1,716,072,032	1,992
2012	1,847,982,098	3,188

N/A - Not Available

Data Source: Office of the County Clerk

Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
\$ 458,564,883	\$ 306,184,796	\$ 1,895,791,758	\$ 205,227	\$ 1,895,996,985	0.4272
525,539,925	332,605,910	2,247,979,727	231,442	2,248,211,169	0.3723
556,182,317	342,606,989	2,420,903,148	218,002	2,421,121,150	0.3636
541,731,517	335,716,243	2,407,699,270	151,614	2,407,850,884	0.3840
649,131,288	386,256,850	2,883,373,424	238,683	2,883,612,107	0.3570
709,300,258	406,775,119	3,109,344,409	261,022	3,109,605,431	0.2990
628,565,693	362,682,781	3,130,815,581	314,544	3,131,130,125	0.3150
643,440,675	353,825,268	2,885,504,343	393,474	2,885,897,817	0.3410
564,327,892	311,415,316	2,591,817,232	418,157	2,592,235,389	0.4580
649,131,288	386,256,850	2,883,373,424	238,683	2,883,612,107	0.5240

# VILLAGE OF NORTHBROOK, ILLINOIS

## Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years April 30, 2013 (Unaudited)

Last Ten Tax Levy Years	2003	2004	2005	2006
Village of Northbrook				
General Corporate rate	0.253	0.250	0.308	0.326
Debt Service Rate	0.081	0.095	0.029	0.030
Police Pension	0.044	0.008	0.007	0.008
Fire Pension	0.050	0.020	0.019	0.020
Total Direct Tax Rate	0.427	0.372	0.364	0.384
Overlapping Rates				
Cook County	0.630	0.593	0.533	0.500
Cook County Forest Preserve District	0.059	0.060	0.060	0.057
Suburban TB Sanitarium	0.004	0.001	0.005	0.005
Cook County Consolidated Election Board	0.029	0.000	0.014	0.000
Northfield Township	0.009	0.012	0.011	0.011
Northfield Road and Bridge	0.037	0.033	0.033	0.035
Northfield General Assistance	0.010	0.006	0.008	0.008
Metropolitan Water Reclamation District	0.361	0.347	0.315	0.284
North Shore Mosquito Abatement District	0.009	0.008	0.008	0.009
High School District #225	1.736	1.516	1.475	1.623
Community College District #535	0.186	0.161	0.158	0.166
Northbrook Park District	0.459	0.410	0.385	0.406
School District #28	2.396	2.107	2.052	2.148
School District #30	2.745	2.416	2.331	2.471
Northwest Mosquito Abatement District	0.010	0.009	0.008	0.009
Glenbrook Sanitary District	0.028	0.024	0.024	0.025
High School District #203	1.799	1.621	1.577	1.662
School District #29	2.563	2.155	2.100	2.185
School District #27	2.549	2.248	2.221	2.296
Mission Brook Sanitary District	0.182	0.155	0.149	0.152
School District #31	1.811	1.605	1.542	1.624
Wheeling Township	0.047	0.042	0.041	0.043
Wheeling Road and Bridge	0.013	0.012	0.012	0.013
Wheeling General Assistance	0.010	0.009	0.009	0.010
High School District #214	1.982	1.818	1.759	1.823
Community College District #512	0.310	0.279	0.281	0.288
Consolidated School District #21	3.575	3.262	3.394	3.502
Northbrook Public Library	0.255	0.225	0.215	0.225
Northfield Park District	0.171	0.168	0.169	0.178
Total Direct and Overlapping Tax Rate	24.402	21.674	21.253	22.142

Note: Tax rates for the Village of Northbrook and the Northbrook Public Library are presented separately beginning with the 1993 tax year.

N/A - Not Available

Data Source: Office of the County Clerk

2007	2008	2009	2010	2011	2012
0.287	0.251	0.254	0.255	0.302	0.324
0.045	0.024	0.035	0.035	0.073	0.097
0.007	0.007	0.007	0.015	0.043	0.052
0.018	0.017	0.018	0.036	0.040	0.051
0.357	0.299	0.314	0.341	0.458	0.524
0.446	0.415	0.394	0.423	0.462	0.531
0.053	0.051	0.049	0.051	0.058	0.063
0.000	0.000	0.000	0.000	0.025	0.000
0.012	0.000	0.021	0.000	0.000	0.000
0.010	0.009	0.011	0.011	0.020	0.024
0.030	0.030	0.031	0.036	0.041	0.046
0.008	0.009	0.010	0.011	0.008	0.009
0.263	0.252	0.261	0.274	0.320	0.370
0.008	0.008	0.008	0.009	0.010	0.011
1.403	1.383	1.395	1.609	0.182	2.028
0.141	0.140	0.140	0.160	0.196	0.219
0.342	0.332	0.334	0.375	0.424	0.471
1.843	1.816	1.888	2.072	2.339	2.604
2.138	2.089	2.327	2.327	2.641	2.999
0.008	0.008	0.008	0.009	0.010	0.010
0.023	0.023	0.027	0.026	0.030	0.034
1.299	1.290	1.237	1.474	1.674	1.864
1.838	1.809	1.844	2.173	2.450	2.701
2.051	2.019	1.698	2.334	2.667	2.957
0.130	0.127	0.120	0.142	0.164	0.184
1.405	1.402	1.494	1.730	2.018	2.525
0.038	0.038	0.039	0.043	0.048	0.052
0.012	0.012	0.012	0.014	0.015	0.016
0.009	0.009	0.009	0.005	0.009	0.009
1.621	1.587	1.636	1.839	2.067	2.324
0.260	0.256	0.258	0.295	0.334	0.373
3.154	3.161	3.209	3.658	4.164	4.556
0.200	0.332	0.207	0.231	0.269	0.300
0.157	0.161	0.166	0.189	0.209	0.227
19.259	19.067	19.147	21.861	23.312	28.031

# VILLAGE OF NORTHBROOK, ILLINOIS

## Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2013 (Unaudited)

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Westcoast Estates	\$ 115,769,112	1	4.01%	\$ 64,634,507	1	3.41%
Jones Lang LaSalle	62,336,039	2	2.16%			
Underwriters Laboratory Inc.	27,186,272	3	0.94%	26,851,393	3	1.42%
HP Willow, LLC	24,958,301	4	0.87%			
Village Square of Northbrook	17,590,705	5	0.61%			
Korman Lederer	17,380,078	6	0.60%	18,788,317	6	0.99%
Lake Cook Road 3200/Mid-America	17,219,160	7	0.60%	36,535,647	2	1.93%
400 Skokie Blvd, LLC	15,385,525	8	0.53%			
Walgreen Co	12,592,356	9	0.44%			
Macy's Tax Department	11,725,867	10	0.41%			
Sheraton North Shore Hotel				20,836,283	4	1.10%
Motorola Inc.				19,174,477	5	1.01%
Dayton Hudson				17,049,782	7	0.90%
Combined Center				14,416,760	8	0.76%
Allegis				13,964,129	9	0.74%
RREEF Management Co				10,025,630	10	0.53%
	<u>322,143,415</u>		<u>11.17%</u>	<u>242,276,925</u>		<u>12.78%</u>

Data Source: Office of the County Clerk

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Property Tax Levies and Collections - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2003	\$ 8,075,767	\$ 8,055,628	99.75%	\$ -	\$ 8,055,628	99.75%
2005	2004	8,098,764	8,098,606	100.00%	-	8,098,606	100.00%
2006	2005	8,759,212	8,470,627	96.71%	-	8,470,627	96.71%
2007	2006	9,242,716	9,100,257	98.46%	-	9,100,257	98.46%
2008	2007	10,152,848	10,006,443	98.56%	-	10,006,443	98.56%
2009	2008	9,291,513	8,877,016	95.54%	-	8,877,016	95.54%
2010	2009	9,837,183	9,572,390	97.31%	-	9,572,390	97.31%
2011	2010	10,224,675	10,096,547	98.75%	-	10,096,547	98.75%
2012	2011	12,394,649	12,147,254	98.00%	-	12,147,254	98.00%
2013	2012	11,872,438	6,066,649	51.10%	-	6,066,649	51.10%

Note: Special Service Areas #1 through #5 have been excluded from this table.

Data Source: Office of the County Clerk

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Ratios of Outstanding Debt by Type - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

Fiscal Year	Governmental Activities	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Waterworks and Sewerage Revenue Bonds			
2004	\$ 23,289,770	\$ 11,221,213	\$ 34,510,983	1.08%	\$ 1,032.18
2005	36,865,354	9,339,172	46,204,526	1.44%	1,381.92
2006	37,288,891	8,359,036	45,647,927	1.39%	1,326.24
2007	43,413,624	12,391,483	55,805,107	1.69%	1,621.35
2008	58,713,457	11,988,964	70,702,421	2.15%	2,054.17
2009	57,660,495	11,690,367	69,350,862	2.11%	2,014.90
2010	55,763,678	11,182,698	66,946,376	2.03%	1,945.04
2011	54,723,666	13,519,963	68,243,629	1.82%	2,057.39
2012	55,407,825	13,093,536	68,501,361	1.83%	2,065.16
2013	54,611,635	12,838,340	67,449,975	1.80%	2,033.46

Data Source: Village's Records

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.



# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Equalized Assessed Value (1)	Per Capita (2)
2004	\$ 34,510,983	\$ 440,668	\$ 34,070,315	1.80%	\$ 1,032.18
2005	46,204,526	608,891	45,595,635	2.03%	1,381.92
2006	45,647,927	804,696	44,843,231	1.85%	1,326.24
2007	55,805,107	1,862,799	53,942,308	2.24%	1,621.35
2008	70,702,421	2,276,136	68,426,285	2.37%	2,054.17
2009	69,350,862	2,145,733	67,205,129	2.16%	2,014.90
2010	66,946,376	1,198,781	65,747,595	2.10%	1,945.04
2011	68,243,629	511,899	67,731,730	2.35%	2,057.39
2012	68,501,361	17,151	68,484,210	2.64%	2,065.16
2013	67,449,975	73,271	67,376,704	2.34%	2,033.46

Data Source: Village Records

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

(1) See the Ratios of Outstanding Debt by Type Schedule for Equalized Assessed Value data (Actual Taxable Value of Property).

(2) See the Demographic and Economic Statistics Schedule for the Per Capita Income data.

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Schedule of Direct and Overlapping Bonded Debt April 30, 2013 (Unaudited)**

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village *	Village's Share of Debt
<b>Direct</b>			
Village of Northbrook	\$ 54,611,635	100.00%	\$ 54,611,635
<b>Overlapping</b>			
Cook County	3,706,435,000	1.71%	63,380,039
Forest Preserve District	131,500,000	1.71%	2,248,650
Metropolitan Water Reclamation District	2,492,761,543	1.74%	43,374,051
Northbrook Park District	7,990,000	93.12%	7,440,288
School District 21	47,585,000	1.45%	689,983
School District 29	915,850	14.90%	136,462
School District 30	901,316	65.12%	586,937
School District 31	1,645,000	15.73%	258,759
High School District 203	16,111,456	1.32%	212,671
High School District 214	46,530,000	0.32%	148,896
High School District 225	88,432,885	46.06%	40,732,187
Community College District 512	182,990,000	0.14%	256,186
Community College District 535	25,540,000	11.00%	2,809,400
<b>Total Overlapping</b>	<b>6,749,338,050</b>		<b>162,274,507</b>
<b>Total Direct and Overlapping</b>	<b>\$ 6,803,949,685</b>		<b>\$ 216,886,142</b>

\* Determined by the ratio of assessed value of property in the Village of Northbrook subject to taxation by the Governmental Unit to the total assessed value of property of the Governmental Unit.

Data Source: Cook County Tax Extension Department

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Schedule of Legal Debt Margin April 30, 2013 (Unaudited)**

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The Village is a home rule municipality.

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

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

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

## VILLAGE OF NORTHBROOK, ILLINOIS

### Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2013 (Unaudited)

Fiscal Year	(1) Population	(2) Personal Income (in Thousands)	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
2004	33,435	\$ 95,665	\$ 50,765	44.1	8,278	3.2
2005	33,435	95,665	50,765	44.1	8,278	3.7
2006	34,419	95,665	50,765	44.1	8,278	3.7
2007	34,419	95,665	50,765	44.1	8,278	3.7
2008	34,419	95,665	50,765	44.1	8,278	3.0
2009	34,419	95,665	50,765	44.1	8,278	6.3
2010	34,419	95,665	50,765	44.1	8,278	7.4
2011	33,170	112,827	57,763	48.0	N/A	N/A
2012	33,170	112,827	57,763	48.0	N/A	5.7
2013	33,170	112,827	57,763	48.0	N/A	7.4

#### Data Sources:

(1) U.S. Department of Commerce, Bureau of the Census

(2) Bureau of Economic Research

(3) Annual School Census by Board of Education

(4) Illinois Department of Employment Security

N/A - Not Available

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2013 (Unaudited)**

Employer	2013			2004		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Allstate Insurance Company	6,139	1	N/A	5,000	1	N/A
Kraft	3,068	2	N/A			
Baxter International	1,925	3	N/A			
Underwriters Laboratories	1,600	4	N/A	1,600	3	N/A
Walgreens Company	1,550	5	N/A			
Northbrook Court	1,250	6	N/A			
Astellas Pharma US Inc.	1,068	7	N/A			
CVS/Caremark International	1,000	8	N/A	750	6	N/A
Northfield Township District 225	785	9	N/A			
Glenbrook Hospital	650	10	N/A			
United Parcel Service						
Deluxe Video Services, Inc				1,700	2	N/A
Federal Building Services				1,100	4	N/A
Motorola Automotive Products, Inc				800	5	N/A
Culligan International Co.				681	7	N/A
World Travel BTI				350	8	N/A
Grainger Parts				350	9	N/A
Utilities, Inc				300	10	N/A
	<u>19,035</u>		<u>N/A</u>	<u>12,631</u>		<u>N/A</u>

N/A - Not Available

Data Sources: Village Community Development Department Records and U.S. Census Bureau.

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years April 30, 2013 (Unaudited)**

Function	2004	2005	2006	2007
General Government				
Administration	10	10	11	12
Finance	8	8	8	8
Public Works	37	37	37	37
Police	88	88	88	90
Fire	75	76	76	77
Development/ Planning Services	12	12	12	16
Engineering	8	8	8	8
Water and Sewer	21	21	21	21
Total	259	260	261	269

Data Source: Village Records

2008	2009	2010	2011	2012	2013
12 8	11 8	13 9	13 8	13 8	13 8
43	44	40	38	35	35
94	95	93	93	93	93
76	76	74	74	74	74
21	21	12	12	11	11
-	-	-	-	-	-
21	21	21	22	26	26
275	276	262	260	260	260

# **VILLAGE OF NORTHBROOK, ILLINOIS**

## **Operating Indicators by Function/Program - Last Ten Calendar Years April 30, 2013 (Unaudited)**

Function/Program	2003	2004	2005
<b>Public Works</b>			
Forestry			
Number of Parkway Trees Planted	306	249	270
Number of Parkway Trees Trimmed	2,415	2,422	405
Fleet Services			
Number of Vehicles Maintained	150	150	157
<b>Public Safety</b>			
Fire			
Number of Fire Calls	2,680	2,513	2,455
Number of EMS Calls	2,749	2,696	2,698
ISO Rating	2	2	2
Police			
Calls for Service	21,508	21,780	23,640
Traffic Citations Issued	3,930	3,303	3,080
Parking Citations Issued	2,152	2,013	1,524
<b>Community Development</b>			
Number of Building Permits Issued	381	381	419
Number of Building Inspections	8,765	9,356	9,064
<b>Highways and Streets</b>			
Sidewalk Replaced (Sq. Ft.)	94,106	16,334	64,094
Annual Resurfacing Program (\$)	640,790	770,775	964,046
Crack Sealing (Lbs. Installed)	-	-	-
<b>Water and Sewer</b>			
Water Main Breaks	126	85	110
Hydrants Flushed	2,140	2,145	1,870
Water Meters Read	11,837	11,961	11,992
Water Meter Service Requests	683	706	798
Total Distribution Pumpage (1,000 Gallons)	2,123,255	2,041,500	2,243,204
Average Daily Pumpage (1,000 Gallons)	5,817	5,578	6,145
Sanitary Sewer Televising (Feet)	49,111	57,405	25,071
Sanitary Sewer Repairs	7	8	4

N/A - Not Available

Data Source: Village Records



2006	2007	2008	2009	2010	2011	2012
376	312	333	369	225	524	429
1,275	1,902	2,717	1,830	2,479	1,588	1,863
153	157	N/A	N/A	N/A	N/A	N/A
2,641	2,734	2,731	2,727	2,469	2,692	2,632
2,961	2,868	3,086	2,923	3,007	2,945	3,220
2	2	2	2	2	2	2
21,286	23,884	24,458	23,923	22,510	21,588	21,429
3,233	3,157	3,594	3,951	4,033	3,475	2,841
1,854	1,873	3,254	2,395	1,843	1,910	1,582
475	423	487	268	253	255	270
7,642	7,946	7,884	6,456	4,648	5,543	2,278
62,555	112,962	106,786	74,066	61,827	34,250	33,502
1,020,091	694,902	1,429,317	105,570	1,874,928	888,139	1,112,023
-	-	-	-	-	-	-
64	77	52	70	91	69	219
2,175	2,480	2,735	2,835	2,844	2,748	700
12,058	12,058	12,130	N/A	12,210	12,400	12,400
631	604	717	791	1,058	1,169	1,487
1,913,390	1,993,933	1,970,679	1,919,256	2,094,526	2,000,073	2,197,297
5,242	5,458	5,379	5,250	5,738	5,472	5,999
38,771	40,423	77,636	61,380	70,749	38,605	60,584
4	1	-	-	-	3	3

**VILLAGE OF NORTHBROOK, ILLINOIS****Capital Asset Statistics by Function/Program - Last Ten Calendar Years  
April 30, 2013 (Unaudited)**

Function/Program	2003	2004	2005	2006
Police				
Stations	1	1	1	1
Fire Stations	3	3	3	3
Public Works				
Streets (Miles)	253.75	253.75	253.75	267.50
Streetlights	1,693	1,693	1,712	1,712
Water and Sewer				
Water Mains (Miles)	164.25	165.00	165.00	166.25
Fire Hydrants	2,140	2,254	2,254	2,535
Sanitary Sewers (Miles)	122.50	122.50	124.75	124.75

N/A - Not Available

Data Source: Village Records

2007	2008	2009	2010	2011	2012
1	1	1	1	1	1
3	3	3	3	3	3
267.50 1,712	269.18 1,712	270.26 1,776	270.26 1,779	270.26 1,399	272.66 1,399
166.25 2,535 124.75	171.20 2,735 124.75	N/A 2,835 124.75	171.30 2,748 124.75	179.80 2,747 124.75	183.00 2,751 124.75

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## **CUSIP Numbers**

### **Village of Northbrook, Illinois**

Maturity December 1	CUSIP
2015	663821-UU8
2016	663821-UV6
2017	663821-UW4
2018	663821-UX2
2019	663821-UY0
2020	663821-UZ7
2021	663821-VA1
2022	663821-VB9
2023	663821-VC7
2024	663821-VD5
2025	663821-VE3
2026	663821-VF0
2027	663821-VG8
2028	663821-VH6

