

## **OFFICIAL STATEMENT DATED NOVEMBER 13, 2012**

**New Issues**

**Book-Entry Only**

**Series 2012B Bank Qualified**

**Ratings: Moody's: "Aaa"**  
**Standard and Poor's: "AAA"**  
**See "RATINGS" herein**

*In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series 2012B Bonds will be excluded from gross income for Federal income tax purposes except as described under "TAX EXEMPTION" herein. Such interest is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Taxable Series 2012A Bonds is includable in gross income of their owners for federal income tax purposes. Taxable Series 2012A Bondholders should consult their tax advisors with respect to the inclusion of interest on the Taxable Series 2012A Bonds in gross income for federal income tax purposes. Interest on the Bonds is not exempt from Illinois income taxes. The Series 2012B Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.*



### **VILLAGE OF NORTHBROOK COOK COUNTY, ILLINOIS**

**\$12,745,000 Taxable General Obligation Refunding Bonds, Series 2012A  
\$7,770,000 General Obligation Bonds, Series 2012B**

**Dated:** December 4, 2012

**Due:** December 1, as shown on the inside front cover.

Interest on both the Village of Northbrook Taxable General Obligation Refunding Bonds, Series 2012A (the "Taxable Series 2012A Bonds") and the General Obligation Bonds, Series 2012B Bonds (the "Series 2012B Bonds") (collectively, the "Bonds") is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013. Interest is calculated based on a 360-day year of twelve 30-day months.

The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and any integral multiple thereof. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. So long as DTC or its nominee is the owner of the Bonds, principal of and interest on the Bonds will be paid directly to DTC by Amalgamated Bank of Chicago N.A., Chicago, Illinois, as paying agent and bond registrar (the "Paying Agent" and "Registrar"). See "Book-Entry System" in Appendix B of this Official Statement.

The Series 2012A Bonds are not subject to redemption prior to their maturity.

The Series 2012B Bonds due on or after December 1, 2024 are subject to redemption prior to their maturity on or after December 1, 2022. The Series 2012B Bonds due December 1, 2024 and December 1, 2027 are subject to mandatory sinking fund redemption as described herein.

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 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.

*The Bonds are offered when, as and if issued and received by the Underwriters, 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 December 4, 2012.*

## MATURITIES, AMOUNTS, INTEREST RATES, AND YIELDS

### \$12,745,000 Taxable General Obligation Refunding Bonds, Series 2012A

| DECEMBER 1 | AMOUNT    | INTEREST RATE | YIELD  | DECEMBER 1 | AMOUNT      | INTEREST RATE | YIELD  |
|------------|-----------|---------------|--------|------------|-------------|---------------|--------|
| 2013       | \$155,000 | 0.400%        | 0.400% | 2018       | \$2,220,000 | 1.250%        | 1.250% |
| 2014       | 155,000   | 0.500%        | 0.500% | 2019       | 2,245,000   | 1.500%        | 1.500% |
| 2015       | 965,000   | 0.600%        | 0.600% | 2020       | 2,275,000   | 1.750%        | 1.750% |
| 2016       | 955,000   | 0.800%        | 0.800% | 2021       | 2,315,000   | 2.000%        | 2.000% |
| 2017       | 1,460,000 | 1.000%        | 1.000% |            |             |               |        |

**Underwritten by**



### \$7,770,000 General Obligation Bonds, Series 2012B

| DECEMBER 1 | AMOUNT    | INTEREST RATE | YIELD  | DECEMBER 1 | AMOUNT    | INTEREST RATE | YIELD  |
|------------|-----------|---------------|--------|------------|-----------|---------------|--------|
| 2013       | \$745,000 | 2 %           | 0.300% | 2018       | \$435,000 | 2 %           | 0.800% |
| 2014       | 1,075,000 | 2 %           | 0.350% | 2019       | 450,000   | 2 %           | 1.000% |
| 2015       | 1,095,000 | 2 %           | 0.450% | 2020       | 455,000   | 2 %           | 1.150% |
| 2016       | 1,130,000 | 2 %           | 0.550% | 2021       | 465,000   | 2 %           | 1.350% |
| 2017       | 1,155,000 | 2 %           | 0.700% |            |           |               |        |

\$370,000 2% TERM BONDS DUE DECEMBER 1, 2024, PRICE 102.282%

\$395,000 2% TERM BONDS DUE DECEMBER 1, 2027, PRICE 100.00%

**Underwritten by**



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 Two Series.* The two series consist of the \$12,745,000 Taxable General Obligation Refunding Bonds, Series 2012A (the “Taxable Series 2012A Bonds”) and the \$7,770,000 General Obligation Bonds, Series 2012B Bonds (the “Series 2012B Bonds”) (collectively, the “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, 2013. 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.

*Optional Redemption Provisions.* The Taxable Series 2012A Bonds are not subject to redemption prior to maturity. The Series 2012B Bonds due on or after December 1, 2024 are subject to redemption prior to their maturity on or after December 1, 2022.

*Mandatory Sinking Fund Redemption Provisions.* The Series 2012B Bonds maturing on December 1, 2024 and December 1, 2027 are Term Bonds subject to mandatory redemption from sinking fund installments as described herein.

*Security for the Bonds.* The Bonds constitute the general obligation 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 Bonds are being issued to refund for savings in advance of their maturity certain bonds issued by the Village in 2004, 2005 and 2006 (respectively, the “Series 2004 Bonds”, the “Series 2005 Bonds” and the “Series 2006 Bonds” and collectively, the “Prior Bonds”) and to finance certain capital improvements.

**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  
Assistant Village Manager  
Village Clerk  
Director of Finance/Village Treasurer  
Assistant Director of Finance

Richard A. Nahrstadt  
Philip A. Kiraly  
Debra J. Ford  
Jeffrey L. Rowitz  
Elizabeth M. Garibaldi

**PROFESSIONAL SERVICES**

Bond Counsel  
Katten Muchin Rosenman LLP  
Chicago, Illinois

Village Attorney  
Holland & Knight  
Chicago, Illinois

Financial Advisor  
William Blair & Company, LLC  
Chicago, Illinois

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APPENDIX A Form of Opinion of Bond Counsel

APPENDIX B Book-Entry System

APPENDIX C Selected Excerpts from Comprehensive Annual Financial Report, Fiscal Year 2012

Inside Back Cover - CUSIP Numbers

**OFFICIAL STATEMENT  
VILLAGE OF NORTHBROOK  
\$12,745,000 TAXABLE GENERAL OBLIGATION REFUNDING BONDS, 2012A  
\$7,770,000 GENERAL OBLIGATION BONDS, SERIES 2012B**

**INTRODUCTION**

This Official Statement is furnished by the Village of Northbrook, Cook County, Illinois (the “Village”), in connection with the offering of \$12,745,000 aggregate principal amount of its Taxable General Obligation Refunding Bonds, Series 2012A (the “Taxable Series 2012A Bonds”) and its \$7,770,000 General Obligation Bonds, Series 2012B Bonds (the “Series 2012B Bonds”) (collectively, the “Bonds”).

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 an ordinance of the Village adopted by the President and Board of Trustees of the Village on November 13, 2012 (the “Ordinance”).

The Bonds of each series 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 Bond 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 refund in advance of their maturity certain bonds issued by the Village in 2004, 2005 and 2006 (respectively, the “Series 2004 Bonds,” “Series 2005 Bonds” and the “Series 2006 Bonds” and collectively, the “Prior Bonds”); to pay for storm water, street, ambulance replacement, and vactor replacement projects; and to 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:

|  | <b>Taxable</b><br><b>Series 2012A</b> | <b>Series 2012B</b>   |
|--|---------------------------------------|-----------------------|
| <b>Sources of Funds</b>                              |                                       |                       |
| Par Amount of Bonds                                  | \$12,745,000.00                       | \$7,770,000.00        |
| Net Premium  | 0.00                                  | 360,382.55            |
| Total Sources  | <u>\$12,745,000.00</u>                | <u>\$8,130,382.55</u> |
| <b>Uses of Funds</b>                                 |                                       |                       |
| Project Fund   | \$0.00                                | \$1,800,000.00        |
| Cash Deposit   | 0.10                                  | 3,300,126.43          |
| Purchase of U.S. Treasury Securities                 | 12,605,439.00                         | 2,942,642.00          |
| Costs of Issuance (Including Underwriter's Discount) | <u>139,560.90</u>                     | <u>87,614.12</u>      |
| Total Uses   | <u>\$12,745,000</u>                   | <u>\$8,130,382.55</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 amounts of \$12,745,000 (Taxable General Obligation Refunding Bonds, Series 2012A) and \$7,770,000 (General Obligation Bonds, Series 2012B). 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 inside 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, 2013. 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.

## REDEMPTION PROVISIONS

*Optional Redemption:* The Taxable Series 2012A Bonds are not subject to redemption prior to maturity. The Series 2012B Bonds due on or after December 1, 2024 are subject to redemption prior to their maturity on or after December 1, 2022.

*Mandatory Redemption.* The Series 2012B Bonds maturing December 1, 2024 and December 1, 2027 are Term Bonds and are subject to mandatory redemption, in part, by lot, from mandatory sinking fund payments on December 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption:

For the Term Bonds due December 1, 2024:

| <u>Year</u>     | <u>Redemption Amount</u> |
|-----------------|--------------------------|
| 2022            | \$120,000                |
| 2023            | 125,000                  |
| 2024 (maturity) | 125,000                  |

For the Term Bonds due December 1, 2027:

| <u>Year</u>     | <u>Redemption Amount</u> |
|-----------------|--------------------------|
| 2025            | \$130,000                |
| 2026            | 130,000                  |
| 2027 (maturity) | 135,000                  |

## THE PROJECT

A portion of the proceeds of the Series 2012B Bonds will be used to finance \$1,800,000 in various capital improvement expenditures, as follows:

|                       | \$                 |
|-----------------------|--------------------|
| Storm Water           | 800,000            |
| Streets               | 400,000            |
| Ambulance             |                    |
| Replacement           | 275,000            |
| Vactor Replacement    | <u>325,000</u>     |
| <b>Total Projects</b> | <b>\$1,800,000</b> |

## PLANS OF REFUNDING

A portion of the proceeds of the Series 2012B Bonds will be used to refund the Series 2004 Bonds and the Series 2005 Bonds, further described as follows:

| <b>Series 2004 Library Refunding Bonds</b> |                              |                                |               |            |
|--|------------------------------|--------------------------------|---------------|------------|
| Maturity<br>(December 1)                   | Original<br>Amount<br>Issued | Amount<br>Refunded by<br>Bonds | Call<br>Price | Call Date  |
| 2017                                       | \$3,885,000                  | \$3,295,000                    | 100%          | 12/17/2012 |
| Total                                      | <u>\$3,885,000</u>           | <u>\$3,295,000</u>             |               |            |

| <b>Series 2005 Bonds</b> |                              |                                |               |           |
|--------------------------|------------------------------|--------------------------------|---------------|-----------|
| Maturity<br>(December 1) | Original<br>Amount<br>Issued | Amount<br>Refunded by<br>Bonds | Call<br>Price | Call Date |
| 2014                     | \$310,000                    | \$310,000                      | 100%          | 12/1/2013 |
| 2015                     | 320,000                      | 320,000                        | 100%          | 12/1/2013 |
| 2016                     | 335,000                      | 335,000                        | 100%          | 12/1/2013 |
| 2017                     | 350,000                      | 350,000                        | 100%          | 12/1/2013 |
| 2018                     | 355,000                      | 355,000                        | 100%          | 12/1/2013 |
| 2019                     | 375,000                      | 375,000                        | 100%          | 12/1/2013 |
| 2020                     | 390,000                      | 390,000                        | 100%          | 12/1/2013 |
| 2021                     | 405,000                      | 405,000                        | 100%          | 12/1/2013 |
| Total                    | <u>\$2,840,000</u>           | <u>\$2,840,000</u>             |               |           |

A portion of the proceeds of the Taxable Series 2012A Bonds will be used to refund the Series 2006 Bonds, further described as follows:

| <b>Series 2006 Bonds</b> |                              |                                |               |           |
|--------------------------|------------------------------|--------------------------------|---------------|-----------|
| Maturity<br>(December 1) | Original<br>Amount<br>Issued | Amount<br>Refunded by<br>Bonds | Call<br>Price | Call Date |
| 2015                     | \$800,000                    | \$800,000                      | 100%          | 12/1/2013 |
| 2016                     | 815,000                      | 815,000                        | 100%          | 12/1/2013 |
| 2017                     | 1,350,000                    | 1,350,000                      | 100%          | 12/1/2013 |
| 2018                     | 2,150,000                    | 2,150,000                      | 100%          | 12/1/2013 |
| 2019                     | 2,240,000                    | 2,240,000                      | 100%          | 12/1/2013 |
| 2020                     | 2,330,000                    | 2,330,000                      | 100%          | 12/1/2013 |
| 2021                     | 2,430,000                    | 2,430,000                      | 100%          | 12/1/2013 |
| Total                    | <u>\$12,115,000</u>          | <u>\$12,115,000</u>            |               |           |

Certain proceeds received from the sale of the Bonds will be deposited to Escrow Accounts (the “*Escrow Accounts*”) to be held by Amalgamated Bank of Chicago, Chicago, Illinois (the “*Escrow*

*Agent*”), under the terms of an Escrow Agreement, dated as of the date of issuance of the Bonds (the “*Escrow Agreement*”), between the Village and the Escrow Agent. The moneys so deposited in the Escrow Accounts will be applied by the Escrow Agent to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of, the United States of America (the “*Government Securities*”) and to provide an initial cash deposit. The Government Securities together with interest earnings thereon and a beginning cash deposit will be sufficient to pay when due the redemption prices of the Refunded Bonds on their applicable redemption date and interest on the Refunded Bonds accrued up to and including the redemption date thereof.

### **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 Finance Director, 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. 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 33 years.

**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, Director of Finance/Village Treasurer.** Mr. Rowitz was hired as the Director of Finance and Village Treasurer of Northbrook in 1996. 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.

## VILLAGE EMPLOYEES

The Village is staffed by 260 full time positions, and 9.5 permanent part-time positions and 16 seasonal part-time positions. The Village is party to four collective bargaining agreements, an agreement with the Northbrook Police Association (contract expires 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 \$27,050,550 for the fiscal year ended April 30, 2012, an increase of 2.8% over fiscal year 2011.

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 2011 was 12.42%. The Village rate for 2012 is 13.75%. The unfunded balance of the future IMRF pension benefits (including the Northbrook Public Library and Regional Emergency Dispatch "RED" Center) at January 1, 2012 was \$13,697,545. The following table summarizes the funding status of the IMRF for the last six years.

### Funding Progress

| Actuarial Valuation Dated<br>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%                                  |

## **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%              |

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 \$17,215,128 (police) and \$12,866,164 (fire) or 26.69% of the accrued liability of both funds. The following tables summarize the funding status of the Police and Firefighters' Pension Funds for the last six years.

### **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*                             | 40,639,366                | 57,854,494                        | 70.24%       | 17,215,128          | 6,165,086       | 279.24%                                 |

\*2012 Actuarial Valuation Dated 4/30/2012

## 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%              |

## 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*                             | 42,000,195                | 54,866,359                        | 76.55%       | 12,866,164          | 6,366,498       | 202.09%                                 |

\*2012 Actuarial Valuation Dated 4/30/2012

## 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%              |

## 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 Director of Finance. 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 Finance Director 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 Director of Finance 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 Director of Finance. 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), four enterprise funds, (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 2012, approximately 85% of the Village's governmental purpose revenues and 80% 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 building permits.

*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 [9%] 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 next page. 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                                    | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         | <u>2012</u>         | <u>2011-2012</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|
| Cash and investments                      | \$18,312,146        | \$19,800,560        | \$16,386,763        | \$17,664,579        | \$15,759,206        | -11%             |
| Receivables                               |                     |                     |                     |                     |                     |                  |
| Property Taxes                            | 4,777,683           | 4,036,883           | 4,358,440           | 3,640,724           | 4,579,235           | 26%              |
| Accrued interest                          | 15,653              | 10,201              | 23,126              | 48,889              | -                   | -100%            |
| Other taxes                               | 3,230,375           | 2,693,491           | 3,177,424           | 3,042,489           | 3,579,353           | 18%              |
| Other                                     | 858,507             | 678,460             | 721,770             | 550,484             | 485,829             | -12%             |
| Inventory                                 | 61,218              | 34,683              | 22,463              | 26,153              | 37,684              | 44%              |
| Due from other governments                | 1,173,701           | 1,376,036           | 2,267,938           | 1,149,335           | 1,167,078           | 2%               |
| Due from other funds                      | 667,238             | 549,282             | 586,944             | 526,891             | 1,374,141           | 161%             |
| <b>TOTAL ASSETS</b>                       | <b>\$29,096,521</b> | <b>\$29,179,596</b> | <b>\$27,544,868</b> | <b>\$26,649,544</b> | <b>\$26,982,526</b> | <b>1%</b>        |
| LIABILITIES                               |                     |                     |                     |                     |                     |                  |
| Accounts payable                          | 753,490             | \$959,664           | \$601,830           | \$1,011,988         | \$910,860           | -10%             |
| Accrued payroll                           | 123,658             | 153,086             | 287,437             | 311,388             | 778,881             | 150%             |
| Deferred revenues                         | 8,608,311           | 8,144,571           | 8,339,726           | 7,777,945           | 8,261,064           | 6%               |
| Deposits payable                          | 219,015             | 642,984             | 121,696             | 135,347             | 170,234             | 26%              |
| Due to Other Governments                  | 122,885             | 195,229             | 129,437             | 134,103             | 134,428             | 0%               |
| Due to other funds <sup>(1)</sup>         | 559                 | -                   | -                   | -                   | -                   | -                |
| <b>TOTAL LIABILITIES</b>                  | <b>\$9,827,918</b>  | <b>\$10,095,534</b> | <b>\$9,480,126</b>  | <b>\$9,370,771</b>  | <b>\$10,255,467</b> | <b>9%</b>        |
| FUND BALANCE                              |                     |                     |                     |                     |                     |                  |
| Reserved for inventory                    | \$61,218            | \$34,683            | \$22,463            | \$26,153            | \$37,684            | 44%              |
| Reserved for special revenues             | 1,109,912           | 581,376             | 181,367             | 183,828             | 296,057             | 61%              |
| Unreserved                                | 18,097,473          | 18,468,003          | 17,860,912          | 17,068,792          | 16,393,318          | -4%              |
| <b>TOTAL FUND BALANCE</b>                 | <b>\$19,268,603</b> | <b>\$19,084,062</b> | <b>\$18,064,742</b> | <b>\$17,278,773</b> | <b>\$16,727,059</b> | <b>-3%</b>       |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$29,096,521</b> | <b>\$29,179,596</b> | <b>\$27,544,868</b> | <b>\$26,649,544</b> | <b>\$26,982,526</b> | <b>1%</b>        |

Source: Village of Northbrook Comprehensive Financial Annual Reports, 2008 – 2012.

**VILLAGE OF NORTHBROOK**  
***General Fund Statement of Revenues and Changes in Fund Balance***  
**Past Five Fiscal Years - Years Ended April 30**

|   | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         | <u>2012</u>         | <u>Budget 2013</u>  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>   |                     |                     |                     |                     |                     |
| Property Tax  | \$8,132,270         | \$7,486,278         | \$7,836,484         | \$7,165,982         | \$7,820,750         |
| Sales Tax   | 11,410,634          | 10,536,696          | 11,828,600          | 11,835,236          | 12,168,525          |
| Other Tax   | 6,213,050           | 5,557,125           | 5,996,020           | 6,433,656           | 7,186,835           |
| Licenses, Permits and Fees                                | 5,398,693           | 4,708,539           | 4,042,149           | 4,381,210           | 3,635,950           |
| Intergovernmental Revenue                                 | 105,687             | 54,163              | 7,040               | 309,134             | 100,000             |
| Charges for Services                                      | 5,962,772           | 5,621,768           | 5,863,624           | 5,556,370           | 6,327,750           |
| Interest Earned   | 456,207             | 316,629             | 249,956             | 75,579              | 251,000             |
| Miscellaneous & Other                                     | 291,505             | 338,627             | 283,051             | 319,461             | 598,700             |
| <b>TOTAL REVENUES</b>                                     | <b>\$37,970,818</b> | <b>\$34,619,825</b> | <b>\$36,106,624</b> | <b>\$36,076,628</b> | <b>\$38,090,010</b> |
| <b>EXPENDITURES</b>                                       |                     |                     |                     |                     |                     |
| General Government  | 7,121,243           | 6,795,444           | 6,507,796           | 6,889,931           | 7,599,105           |
| Police  | 13,335,554          | 12,793,290          | 12,525,657          | 13,110,279          | 13,013,335          |
| Fire  | 11,282,081          | 10,134,775          | 10,014,868          | 10,229,313          | 10,915,625          |
| Highway and Streets                                       | 7,716,481           | 7,274,136           | 7,086,643           | 6,898,819           | 6,585,340           |
| <b>TOTAL EXPENDITURES</b>                                 | <b>\$39,455,359</b> | <b>\$36,997,645</b> | <b>\$36,134,964</b> | <b>\$37,128,342</b> | <b>\$38,080,405</b> |
| Excess (Deficiency) before other Financing Sources (Uses) | (\$1,484,541)       | (\$2,377,820)       | (\$28,040)          | (\$1,051,714)       | \$9,605             |
| <b>BEGINNING FUND BALANCE</b>                             | <b>\$19,268,603</b> | <b>\$19,084,062</b> | <b>\$17,971,813</b> | <b>\$17,278,773</b> | <b>\$16,727,059</b> |
| Transfers/Adjustments                                     | 1,300,000           | 1,358,500           | (665,000)           | 500,000             | 150,000             |
| <b>ENDING FUND BALANCE</b>                                | <b>\$19,084,062</b> | <b>\$18,064,742</b> | <b>\$17,278,773</b> | <b>\$16,727,059</b> | <b>\$16,886,664</b> |

Source: Village of Northbrook Comprehensive Financial Annual Reports, 2008 – 2012; Annual Budget, FY 2013.

**Village of Northbrook**  
 Combined Statement - Fund Balances - All Governmental Funds  
 Fiscal Years Ended April 30

|   | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | Fiscal Year Ended April 30, 2012 |                     |                      | <u>Cash &amp; Investments</u> |
|---|----------------------|----------------------|----------------------|----------------------------------|---------------------|----------------------|-------------------------------|
|   |                      |                      |                      | <u>Revenue</u>                   | <u>Expenditure</u>  | <u>Balance</u>       |                               |
| <b>GOVERNMENTAL</b>                                 |                      |                      |                      |                                  |                     |                      |                               |
| General Fund  | \$19,084,062         | \$18,064,742         | \$17,278,773         | \$36,076,628                     | \$37,128,342        | \$16,727,059         | \$15,759,206                  |
| Other Funds   | 1,974,065            | 1,426,241            | 419,396              | 176                              | 12,523              | 390,338              | 604,316                       |
| Capital Projects                                    | 13,565,370           | 9,886,460            | 8,895,547            | 2,994,062                        | 1,940,168           | 9,758,935            | 9,547,899                     |
| Debt Service  | <u>2,145,733</u>     | <u>1,198,781</u>     | <u>511,899</u>       | <u>1,059,871</u>                 | <u>4,258,315</u>    | <u>17,151</u>        | <u>752,959</u>                |
| Total Governmental Fund Types                       | \$36,769,230         | \$30,576,224         | \$27,105,615         | \$40,130,737                     | \$43,339,348        | \$26,893,483         | \$26,664,380                  |
| <b>PROPRIETARY &amp; FIDUCIARY</b>                  |                      |                      |                      |                                  |                     |                      |                               |
| Enterprise Funds <sup>(1)</sup>                     | \$35,796,576         | \$35,162,664         | \$34,879,388         | \$8,736,079                      | \$8,989,209         | \$34,281,368         | 4,982,119                     |
| Internal Service Pension Trust Funds <sup>(2)</sup> | 5,610,825            | 5,260,109            | 4,918,683            | 6,262,875                        | 7,341,720           | 3,948,732            | 2,927,604                     |
| Total Proprietary & Fiduciary                       | <u>67,136,556</u>    | <u>74,204,574</u>    | <u>77,890,776</u>    | <u>5,768,839</u>                 | <u>5,225,677</u>    | <u>79,725,113</u>    | <u>3,025,349</u>              |
| <b>TOTAL ALL FUNDS</b>                              | <b>\$108,543,957</b> | <b>\$114,627,347</b> | <b>\$117,688,847</b> | <b>\$20,767,793</b>              | <b>\$21,556,606</b> | <b>\$117,955,213</b> | <b>\$10,935,072</b>           |
| <b>TOTAL ALL FUNDS</b>                              | <b>\$145,313,187</b> | <b>\$145,203,571</b> | <b>\$144,794,462</b> | <b>\$60,898,530</b>              | <b>\$64,895,954</b> | <b>\$144,848,696</b> | <b>\$37,599,452</b>           |

Sources: Village of Northbrook Comprehensive Financial Annual Reports, 2008 – 2012.

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

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

### **FISCAL YEAR 2012 PERFORMANCE**

The following discussion and analysis of the Village of Northbrook's FY12 financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2012.

#### **FINANCIAL HIGHLIGHTS**

- The Village's net assets decreased by 3.51% as a result of FY12 operations. Net assets of business-type activities decreased by 1.71%. Net assets of governmental activities decreased by \$3.8 million, or 4.19%.

- During the year, expenses were \$3.7 million more than the \$40.1 million generated in tax and other revenues for governmental programs. The vast majority of this difference is attributed to planned capital spending of previous year bond proceeds and planned use of reserves.
- During the year, revenues for business-type activities were \$9.1 million while expenses were \$9.7 million, generating the 1.7% decrease in net assets mentioned above of \$598,020.
- The General Fund reported a deficit this year of \$551,714. This was modestly less than the \$590,220 planned when the budget was adopted and significantly lower than the \$1,106,298 anticipated by the final amended budget.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets 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 \$121.8 million.

#### Net Assets (in Millions)

|                             | Governmental Activities |        | Business-type Activities |        | Total   |         |
|-----------------------------|-------------------------|--------|--------------------------|--------|---------|---------|
|                             | 2012                    | 2011   | 2012                     | 2011   | 2012    | 2011    |
| Current and Other Assets    | \$61.0                  | \$59.9 | \$5.2                    | \$7.6  | \$66.2  | \$67.5  |
| Capital Assets              | 100.3                   | 101.1  | 42.9                     | 41.9   | 143.2   | 143.0   |
| Total Assets                | 161.3                   | 161    | 48.1                     | 49.5   | 209.4   | 210.5   |
| Long-Term Debt Outstanding  | (55.4)                  | (54.0) | (12.3)                   | (13.2) | (67.7)  | (67.2)  |
| Other Liabilities           | (18.4)                  | (15.7) | (1.5)                    | (1.4)  | (19.9)  | (17.1)  |
| Total Liabilities           | (73.8)                  | (69.7) | (13.8)                   | (14.6) | (87.6)  | (84.3)  |
| Net Assets                  |                         |        |                          |        |         |         |
| Invested in Capital Assets, |                         |        |                          |        |         |         |
| Net of debt                 | 60.4                    | 62.1   | 29.8                     | 28.4   | 90.2    | 90.5    |
| Restricted                  | 10.3                    | 8.6    | -                        | -      | 10.3    | 8.6     |
| Unrestricted (Deficit)      | 16.8                    | 20.6   | 4.5                      | 6.5    | 21.3    | 27.1    |
| Total Net Assets            | \$ 87.5                 | \$91.3 | \$34.3                   | \$34.9 | \$121.8 | \$126.2 |

By far the largest portion of the Village's net assets, 74 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 of the Village's net assets, 8 percent, represents resources that are subject to external restrictions on how they may be used. The remaining 18 percent, or \$21.3 million, represents unrestricted net assets and may be used to meet the Village's ongoing obligations to citizens and creditors. Net assets of the Village's governmental activities decreased by \$3.8 million (\$91.3 million compared to \$87.5 million). Unrestricted net assets of the Village's governmental activities, the part of net assets that can be used to finance day-to-day operations without constraints, decreased 18% from \$20.6 million the previous fiscal year to \$16.8 million at the end of this year. This reduction is primarily attributed to planned capital spending of previous year bond proceeds and planned use of reserves.

Net assets of business-type activities decreased 1.7% from the prior year (\$34.3 million compared to \$34.9 million). The Village generally can only use these net assets to finance the continuing operations of the waterworks, sewerage, senior housing and parking operations. Total revenues increased by two percent, or \$1.0 million. The total cost of all programs and services increased by 2%, or \$1.2 million, primarily due to increased pension costs and a planned spend down of reserves.

### Changes in Net Assets (in Millions)

|                                       | Governmental Activities |               | Business-type Activities |               | Total          |                |
|---------------------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
|                                       | 2012                    | 2011          | 2012                     | 2011          | 2012           | 2011           |
|                                       |                         |               |                          |               |                |                |
| <b>Revenues</b>                       |                         |               |                          |               |                |                |
| Program Revenues                      |                         |               |                          |               |                |                |
| Charges for Services                  | \$8.1                   | \$8.2         | \$8.8                    | \$8.0         | \$16.9         | \$16.2         |
| Capital Grants/Contributions          | -                       | -             | -                        | -             | -              | -              |
| Operating Grants/Contributions        | 1.1                     | 1.0           | 0.1                      | 0.1           | 1.2            | 1.1            |
| General Revenues                      |                         |               |                          |               |                |                |
| Property Taxes                        | 10.0                    | 10.5          | -                        | -             | 10.0           | 10.5           |
| Sales Taxes                           | 14.0                    | 13.2          | -                        | -             | 14.0           | 13.2           |
| State Income Taxes                    | 2.8                     | 2.7           | -                        | -             | 2.8            | 2.7            |
| Utility Taxes                         | 1.1                     | 1.2           | -                        | -             | 1.1            | 1.2            |
| Other Taxes                           | 2.1                     | 2.1           | -                        | -             | 2.1            | 2.1            |
| Other General Revenues                | 0.9                     | 1.1           | 0.2                      | 0.1           | 1.1            | 1.2            |
| Total Revenues                        | <u>\$40.1</u>           | <u>\$40.0</u> | <u>\$9.1</u>             | <u>\$8.2</u>  | <u>\$49.2</u>  | <u>\$48.2</u>  |
| <b>Expenses</b>                       |                         |               |                          |               |                |                |
| General Government                    | \$5.2                   | \$4.6         | -                        | -             | \$5.2          | \$4.6          |
| Public Safety                         | 27.3                    | 26.2          | -                        | -             | 27.3           | 26.2           |
| Public Works                          | 9.2                     | 9.8           | -                        | -             | 9.2            | 9.8            |
| Interest on Long-Term Debt            | 2.2                     | 1.8           | -                        | -             | 2.2            | 1.8            |
| Water                                 | -                       | -             | \$7.0                    | \$7.3         | 7.0            | 7.3            |
| Sewer                                 | -                       | -             | 1.6                      | 1.6           | 1.6            | 1.6            |
| Senior Housing                        | -                       | -             | 0.9                      | 0.8           | 0.9            | 0.8            |
| Parking Facilities                    | -                       | -             | 0.2                      | 0.3           | 0.2            | 0.3            |
| Total Expenses                        | <u>\$43.9</u>           | <u>\$42.4</u> | <u>\$9.7</u>             | <u>\$10.0</u> | <u>\$53.6</u>  | <u>\$52.4</u>  |
| Change in Net Assets Before Transfers | (3.8)                   | (2.4)         | (0.6)                    | (1.8)         | (4.4)          | (4.2)          |
| Transfers                             | -                       | (1.5)         | -                        | 1.5           | -              | -              |
| Increase (Decrease) in Net Assets     | (3.8)                   | (3.9)         | (0.6)                    | (0.3)         | (4.4)          | (4.2)          |
| Net Assets--Beginning                 | <u>91.3</u>             | <u>95.2</u>   | <u>34.9</u>              | <u>35.2</u>   | <u>126.2</u>   | <u>130.4</u>   |
| Net Assets--Ending                    | <u>\$87.5</u>           | <u>\$91.3</u> | <u>\$34.3</u>            | <u>\$34.9</u> | <u>\$121.8</u> | <u>\$126.2</u> |

### GOVERNMENTAL ACTIVITIES

Revenues for governmental activities (excluding special items) were \$40.1 million, while total expenses were \$43.9 million. The majority of this difference is attributed to planned capital spending of previous year bond proceeds and planned use of reserves.

## BUSINESS-TYPE ACTIVITIES

Revenues from business type activities increased by 11% (\$9.1 million in 2012 compared to \$8.2 million in 2011), and expenses decreased by 3%.

## 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 the current fiscal year, the governmental funds reported combined ending fund balances of \$26.4 million, which is 3% lower than last year's total of \$27.3 million. This decrease is due primarily to the planned use of reserves.

The Debt Service Fund had a planned deficit of approximately \$500,000 to effectively abate a portion of the property taxes intended to retire debt.

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 \$665,649 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 an increase in fund balance of approximately \$1.7 million due to timing differences between the receipt of bond proceeds and the 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 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 not on the lakefront that 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 minor deficit of \$253,739.

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 \$301,280 for the year, which includes depreciation expense of \$264,328.

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 \$34,025 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 \$341,046 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 \$213,538 above budget.

### **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, 2012 was \$143.2 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          |                |
|-------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
|                         | 2012                    | 2011           | 2012                     | 2011          | 2012           | 2011           |
| Land                    | \$32.0                  | \$31.8         | \$3.2                    | \$3.3         | \$35.2         | \$35.1         |
| Buildings               | 11.0                    | 11.3           | 7.3                      | 7.7           | 18.3           | 19.0           |
| Machinery and Equipment | 3.0                     | 3.7            | 4.3                      | 4.4           | 7.3            | 8.1            |
| Infrastructure          | 54.3                    | 54.3           | 28.1                     | 26.5          | 82.4           | 80.8           |
| <b>Total</b>            | <b>\$100.3</b>          | <b>\$101.1</b> | <b>\$42.9</b>            | <b>\$41.9</b> | <b>\$143.2</b> | <b>\$143.0</b> |

The fiscal year 2012 capital budget includes projects totaling \$17.1 million. Major projects include Phase I of the Dundee Road Water Main Replacement project and Phase III of the Techny Drain Stormwater Project.

#### DEBT ADMINISTRATION

At year-end, the Village had total outstanding bonded debt of \$68.0 million as compared to \$67.7 million the previous year. The following is a comparative statement of outstanding debt:

| <b>General Obligation Bonds (in Millions)</b> |                         |        |                          |        |        |        |
|---|-------------------------|--------|--------------------------|--------|--------|--------|
|   | Governmental Activities |        | Business-type Activities |        | Total  |        |
|   | 2012                    | 2011   | 2012                     | 2011   | 2012   | 2011   |
| General Obligation Bonds                      | \$54.9                  | \$54.2 | \$13.1                   | \$13.5 | \$68.0 | \$67.7 |

#### ECONOMIC FACTORS AND FY13 BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal year 2013 budget, tax rates, and fees that will be charged for its governmental and business-type activities. During the past year, the Board has had in-depth discussions regarding long term capital and infrastructure needs. The Board also reviewed and accepted a revised long term Master Storm Water Management Plan prepared by the Storm Water Commission over the course of two years. This plan identifies more than \$20 million in mitigation projects. To address this need, the Board has created a Storm Water Utility Enterprise Fund and implemented a one dollar per one-thousand gallons storm water utility fee on all water bills, effective May 1, 2012. This fee is expected to generate \$1.2 million in revenue in FY13 (partial year) and will fund all currently identified storm water services, at the currently estimated cost, for the next six years. The storm water management plan will be dynamic and adjustments will be required as new circumstances develop.

FY 2012/13 revenues are projected to be \$1.1 million more than estimated FY 2011/12. Finance staff has anticipated continued, but modest, economic recovery and has included anticipated additional revenue from increasing the telecommunications tax to 6%, effective January 1, 2013. The telecommunication tax is expected to generate \$750,000 in FY13.

Planned expenditures in the General Fund are \$38.1 million, a modest increase of 1.6% from the final 2012 budget of \$37.5 million. The increase is primarily due to increased health insurance costs and replacement of capital equipment that has surpassed its useful life.

#### 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.

#### **Village of Northbrook – Five Year Capital Improvement Plan Detail**

##### **Fiscal 2012 – 2017 Summary by Fund Source**

| <b>Funding Source</b>               | <b>FY 2012-13</b>   | <b>FY 2013-14</b>   | <b>FY 2014-15</b>   | <b>FY 2015-16</b>   | <b>FY 2016-17</b>   | <b>Total</b>        |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Infrastructure Capital Project Fund | \$8,257,624         | \$5,228,469         | \$6,744,500         | \$7,758,579         | \$7,271,492         | \$35,260,664        |
| Water Fund                          | 6,609,470           | 5,559,905           | 4,825,125           | 2,587,915           | 2,043,225           | 21,625,640          |
| Sanitary Sewer Fund                 | 323,000             | 281,100             | 352,200             | 298,300             | 307,200             | 1,561,800           |
| General Fund                        | 1,531,510           | 3,376,730           | 2,572,740           | 1,889,220           | 2,037,320           | 11,407,520          |
| Commuter Parking Fund               | 60,000              | -                   | -                   | -                   | -                   | 60,000              |
| <b>Total Capital Expenses</b>       | <b>\$16,781,604</b> | <b>\$14,446,204</b> | <b>\$14,494,565</b> | <b>\$12,534,014</b> | <b>\$11,659,237</b> | <b>\$69,915,624</b> |

#### **Planned Financing**

| <b>Funding Source</b> | <b>FY 2012-13</b>   | <b>FY 2013-14</b>   | <b>FY 2014-15</b>   | <b>FY 2015-16</b>   | <b>FY 2016-17</b>   | <b>Total</b>        |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bond Proceeds         | \$11,772,124        | \$10,665,919        | \$8,789,400         | \$8,019,779         | \$7,389,892         | \$46,637,114        |
| Designated Revenues   | 3,992,470           | 2,917,005           | 4,402,325           | 2,856,215           | 3,535,425           | 17,703,440          |
| Undesignated Revenues | 1,017,010           | 863,280             | 1,302,840           | 1,658,020           | 733,920             | 5,575,070           |
| <b>Total Proceeds</b> | <b>\$16,781,604</b> | <b>\$14,446,204</b> | <b>\$14,494,565</b> | <b>\$12,534,014</b> | <b>\$11,659,237</b> | <b>\$69,915,624</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 \$72,500,000 in principal amount, prior to issuance of the Series 2012 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 \$13.1 million is payable from the Village water fund. Approximately \$4.5 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 2012 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***

| Aggregate - All Bonds Outstanding <sup>1</sup> |              |              |                     | This Issue   |             |                     | Total GO Debt Outstanding |              |                     |               |
|--|--------------|--------------|---------------------|--------------|-------------|---------------------|---------------------------|--------------|---------------------|---------------|
| Bond Year End                                  | Principal    | Interest     | Annual Debt Service | Principal    | Interest    | Annual Debt Service | Principal                 | Interest     | Annual Debt Service | % Paid        |
| 12/1/12  | \$3,470,000  | \$3,003,029  | \$6,473,029         |              |             |                     | \$3,470,000               | \$3,003,029  | \$6,473,029         |               |
| 12/1/13  | 3,100,000    | 2,142,962    | 5,242,962           | \$900,000    | \$329,593   | \$1,229,593         | 4,000,000                 | 2,472,555    | 6,472,555           |               |
| 12/1/14  | 2,910,000    | 2,032,557    | 4,942,557           | 1,230,000    | 316,843     | 1,546,843           | 4,140,000                 | 2,349,400    | 6,489,400           |               |
| 12/1/15  | 2,220,000    | 1,923,047    | 4,143,047           | 2,060,000    | 294,568     | 2,354,568           | 4,280,000                 | 2,217,615    | 6,497,615           |               |
| 12/1/16  | 2,315,000    | 1,838,826    | 4,153,826           | 2,085,000    | 266,878     | 2,351,878           | 4,400,000                 | 2,105,704    | 6,505,704           | 27.1%         |
| 12/1/17  | 1,920,000    | 1,748,854    | 3,668,854           | 2,615,000    | 236,638     | 2,851,638           | 4,535,000                 | 1,985,492    | 6,520,492           |               |
| 12/1/18  | 2,000,000    | 1,669,864    | 3,669,864           | 2,655,000    | 198,938     | 2,853,938           | 4,655,000                 | 1,868,802    | 6,523,802           |               |
| 12/1/19  | 2,075,000    | 1,587,544    | 3,662,544           | 2,695,000    | 162,488     | 2,857,488           | 4,770,000                 | 1,750,032    | 6,520,032           |               |
| 12/1/20  | 2,170,000    | 1,502,106    | 3,672,106           | 2,730,000    | 119,813     | 2,849,813           | 4,900,000                 | 1,621,919    | 6,521,919           |               |
| 12/1/21  | 2,255,000    | 1,412,674    | 3,667,674           | 2,780,000    | 70,900      | 2,850,900           | 5,035,000                 | 1,483,574    | 6,518,574           | 59.1%         |
| 12/1/22  | 2,355,000    | 1,319,699    | 3,674,699           | 120,000      | 15,300      | 135,300             | 2,475,000                 | 1,334,999    | 3,809,999           |               |
| 12/1/23  | 2,450,000    | 1,222,454    | 3,672,454           | 125,000      | 12,900      | 137,900             | 2,575,000                 | 1,235,354    | 3,810,354           |               |
| 12/1/24  | 2,555,000    | 1,120,004    | 3,675,004           | 125,000      | 10,400      | 135,400             | 2,680,000                 | 1,130,404    | 3,810,404           |               |
| 12/1/25  | 2,675,000    | 1,012,721    | 3,687,721           | 130,000      | 7,900       | 137,900             | 2,805,000                 | 1,020,621    | 3,825,621           |               |
| 12/1/26  | 2,785,000    | 900,056      | 3,685,056           | 130,000      | 5,300       | 135,300             | 2,915,000                 | 905,356      | 3,820,356           | 77.1%         |
| 12/1/27  | 2,925,000    | 780,610      | 3,705,610           | 135,000      | 2,700       | 137,700             | 3,060,000                 | 783,310      | 3,843,310           |               |
| 12/1/28  | 2,040,000    | 655,000      | 2,695,000           |              |             |                     | 2,040,000                 | 655,000      | 2,695,000           |               |
| 12/1/29  | 855,000      | 566,660      | 1,421,660           |              |             |                     | 855,000                   | 566,660      | 1,421,660           |               |
| 12/1/30  | 600,000      | 529,980      | 1,129,980           |              |             |                     | 600,000                   | 529,980      | 1,129,980           |               |
| 12/1/31  | 635,000      | 503,400      | 1,138,400           |              |             |                     | 635,000                   | 503,400      | 1,138,400           | 86.7%         |
| 12/1/32  | 665,000      | 474,968      | 1,139,968           |              |             |                     | 665,000                   | 474,968      | 1,139,968           |               |
| 12/1/33  | 485,000      | 445,200      | 930,200             |              |             |                     | 485,000                   | 445,200      | 930,200             |               |
| 12/1/34  | 8,790,000    | 421,920      | 9,211,920           |              |             |                     | 8,790,000                 | 421,920      | 9,211,920           |               |
|  | \$54,250,000 | \$28,814,135 | \$83,064,135        | \$20,515,000 | \$2,051,155 |                     | \$22,566,155              | \$74,765,000 | \$30,865,290        | \$105,630,290 |

(1) Excludes Series 2004, Series 2005 and Series 2006 Bonds to be refunded.

**Village of Northbrook**  
**Direct and Overlapping General Obligation Debt**  
**As of December 4, 2012**

|   | Outstanding<br>Bonds | Applicable to Village |                             |
|---|----------------------|-----------------------|-----------------------------|
|   |                      | Percentage            | Amount                      |
| <b>Direct Debt</b>  |                      |                       |                             |
| General Obligation Bonds Outstanding (Net of Refunded Bonds)            | \$54,250,000         | 100.000%              | \$54,250,000                |
| The Bonds.....  | 20,515,000           | 100.000%              | 20,515,000                  |
| Total Direct General Obligation Bonded Debt .....                       | <u>\$74,765,000</u>  |                       | <u>\$74,765,000</u>         |
| <b>Overlapping Debt</b>   |                      |                       |                             |
| Cook County .....   | \$3,709,790,000      | 1.708%                | \$63,363,213                |
| Cook County Forest Preserve (See Note 3).....                           | 139,425,000          | 1.708%                | 2,381,379                   |
| Metropolitan Water Reclamation District (See Note 1)                    | 2,496,979,231        | 1.742%                | 43,497,378                  |
| Northbrook Park District.....   | 11,235,000           | 93.123%               | 10,462,369                  |
| Elementary School Districts   |                      |                       |                             |
| Wheeling Comm. Cons. School District #21 (See Note 2)                   | 34,421,057           | 1.449%                | 498,761                     |
| Sunset Ridge School District #29 (See Note 2).....                      | 1,091,487            | 14.900%               | 162,632                     |
| Northbrook/Glenview School District #30 (See Note 2)                    | 1,452,465            | 65.123%               | 945,889                     |
| West Northfield School District #31.....                                | 2,315,000            | 15.729%               | 364,126                     |
| High School Districts   |                      |                       |                             |
| New Trier Township High School District #203 (See Notes 2 and 3)        | 18,721,855           | 1.324%                | 247,877                     |
| Wheeling Township High School District #214 (See Note 4).....           | 48,305,000           | 0.315%                | 152,161                     |
| Northfield Township High School District #225 (See Note 2).....         | 90,899,554           | 46.063%               | 41,871,062                  |
| Community Colleges  |                      |                       |                             |
| William Rainey Harper Comm. College District #512                       | 185,775,000          | 0.144%                | 267,516                     |
| Oakton Comm. College District #535                                      | 27,245,000           | 11.000%               | 2,996,950                   |
| <b>Total Overlapping General Obligation Bonded Debt.....</b>            |                      |                       | <b><u>\$167,211,313</u></b> |
| <b>Total Direct and Overlapping General Obligation Bonded Debt.....</b> |                      |                       | <b><u>\$241,976,313</u></b> |

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.

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

|   |                 |
|---|-----------------|
| Population (2010 Census) .....                          | 33,170          |
| Estimated True Value of Property 2011 .....             | \$7,776,706,167 |
| Equalized Assessed Value of Property 2011 .....         | \$2,592,235,389 |
| True Value Per Capita .....                             | \$234,450       |
| Equalized Assessed Value Per Capita .....               | \$78,150        |
| Direct Debt Per Capita .....                            | \$2,254         |
| Direct and Overlapping Debt Per Capita .....            | \$7,295         |
| Direct Debt/True Value .....                            | 0.96%           |
| Direct and Overlapping Debt/True Value .....            | 3.11%           |
| Direct Debt/Equalized Assessed Value .....              | 2.88%           |
| Direct and Overlapping Debt/Equalized Assessed Value .. | 9.33%           |

**ASSESSED VALUATION OF REAL PROPERTY**

Between tax levy years 1999 and 2011, the Village's EAV grew over 95.9%, rising from \$1,472,939,867 in 1999 to \$2,592,235,389 in 2011. Between 2009 and 2011, the Village's EAV has fallen 17.21%.

**Equalized Assessed Valuations by Classification of Property**

| Type             | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   |
|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Residential..... | \$1,847,982,098        | \$1,993,265,844        | \$2,139,565,115        | \$1,888,236,408        | \$1,716,072,032        |
| Commercial ....  | 649,131,288            | 709,300,258            | 628,565,693            | 643,440,675            | 564,327,892            |
| Industrial ..... | 386,256,850            | 406,775,119            | 362,682,781            | 353,825,268            | 311,415,316            |
| Farm .....       | 3,188                  | 3,188                  | 1,992                  | 1,992                  | 1,992                  |
| Railroad .....   | 238,683                | 261,022                | 314,544                | 393, 474               | 418,157                |
| Total EAV...     | <u>\$2,883,612,107</u> | <u>\$3,109,605,431</u> | <u>\$3,131,130,125</u> | <u>\$2,885,897,817</u> | <u>\$2,592,235,389</u> |

Source: Cook County Clerk's Office.

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)

| <u>Taxing Authorities within the Village</u>                               | 2007    | 2008    | 2009    | 2010    | 2011    |
|--|---------|---------|---------|---------|---------|
| Village of Northbrook Corporate Rate (Including Village Library Fund)..... | \$0.557 | \$0.495 | \$0.522 | \$0.572 | \$0.727 |
| Cook County.....   | 0.446   | 0.415   | 0.394   | 0.423   | 0.462   |
| Cook County Forest Preserve.....   | 0.053   | 0.051   | 0.049   | 0.051   | 0.058   |
| Suburban T B Sanitarium.....   | --      | --      | --      | --      | 0.000   |
| Consolidated Elections .....   | 0.012   | --      | 0.021   | --      | 0.025   |
| Northfield Township .....  | 0.010   | 0.009   | 0.010   | 0.013   | 0.020   |
| Northfield Township Road and Bridge.....                                   | 0.030   | 0.030   | 0.031   | 0.036   | 0.041   |
| Northfield Township General Assistance.....                                | 0.008   | 0.009   | 0.010   | 0.011   | 0.008   |
| Met. Water Reclamation Dist. of Chicago.....                               | 0.263   | 0.252   | 0.261   | 0.274   | 0.320   |
| North Shore Mosquito Abatement.....  | 0.008   | 0.008   | 0.008   | 0.009   | 0.010   |
| North Suburban Mass Transit District.....                                  | --      | --      | --      | --      | 0.000   |
| Northbrook Park District .....   | 0.342   | 0.332   | 0.334   | 0.375   | 0.424   |
| School District Number 28.....   | 1.843   | 1.816   | 1.888   | 2.072   | 2.339   |
| Northfield Twp. High School District Number 225                            | 1.403   | 1.383   | 1.395   | 1.609   | 1.819   |
| Oakton Community College District #535 .....                               | 0.141   | 0.140   | 0.140   | 0.160   | 0.196   |
| Total Representative Tax .....   | \$5.116 | \$4.940 | \$5.063 | \$5.605 | \$6.449 |
| Village Share of Total Levy .....  | 10.887% | 10.020% | 10.310% | 10.205% | 11.273% |

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 specialty shops like

Juicy Couture, XXI Forever, Bebe, Coach, Louis Vuitton and True Religion. Corporate headquarters include Crate & Barrel, testing laboratories for Underwriters' Laboratories, Inc.; Extel Corporation corporate headquarters and teleprinting manufacturing; and the Northern Illinois distribution center for United Parcel Service.

Major corporate entities adjacent to Northbrook include: Allstate Insurance Company's 122 acre corporate headquarters' site; Accenture Consulting's 69 acre site; the corporate headquarters of IMC-International Mineral & Chemicals; and the Corporate Headquarters of Dart-Kraft.

#### PRINCIPAL TAXPAYERS

| Name                            | Type of Business or Property           | 2011 EAV             | Percent of Village's Total 2011 EAV |
|---------------------------------|--|----------------------|-------------------------------------|
| Westcoast Estates               | Northbrook Court Shopping Center       | \$115,769,112        | 4.47%                               |
| Jones Lang LaSalle              | Commercial office buildings            | 62,336,039           | 2.40%                               |
| Underwriters Laboratory, Inc.   | Equipment testing                      | 27,186,272           | 1.05%                               |
| HP Willow, LLC                  | Shopping center; Mixed-use commercial  | 24,958,301           | 0.96%                               |
| Village Square of Northbrook    | Portion of Village Sq. Shopping Center | 17,590,705           | 0.68%                               |
| Korman Lederer                  | Commercial and industrial property     | 17,380,078           | 0.67%                               |
| Lake Cook Road 3200/Mid-America | Portion of Village Sq. Shopping Center | 17,219,160           | 0.66%                               |
| 400 Skokie Blvd, LLC            | Commercial office buildings            | 15,385,525           | 0.59%                               |
| Walgreen Co.                    | Industrial property                    | 12,592,356           | 0.49%                               |
| Macy's Tax Department           | Macy's Department Store                | 11,725,867           | 0.45%                               |
|                                 |  | <b>\$322,143,414</b> | <b>12.43%</b>                       |

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

Note: Includes only those parcels of property with a 2011 equalized assessed valuation of approximately \$297,000 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 |
|---------------|-----------------|----------------|-----------------|-------------------|
| 2002          | 2003            | 7,337,287      | 7,139,318       | 97.30%            |
| 2003          | 2004            | 8,075,767      | 8,055,628       | 99.75%            |
| 2004          | 2005            | 8,098,764      | 8,086,606       | 100.00%           |
| 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*           | 12,394,109     | 5,298,162       | 42.75%            |

Source: Cook County Treasurer as of 8/31/2012.

\* 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 ¾ 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 | FY2010       | FY2011       | FY2012       | FY2013 Year-to-Date | 2013 Budget  |
|--|------------------|--------------------|--------------|--------------|--------------|---------------------|--------------|
| February                                       | March            | May                | \$ 865,582   | \$ 885,373   | \$ 993,014   |                     | \$ 990,175   |
| March  | April            | June               | 1,085,532    | 1,142,555    | 1,179,767    |                     | 1,225,770    |
| April  | May              | July               | 967,598      | 1,013,811    | 1,082,343    | \$1,122,109         | 1,105,820    |
| May  | June             | August             | 988,707      | 1,078,377    | 1,193,929    | 1,204,629           | 1,198,070    |
| June   | July             | September          | 1,135,466    | 1,153,113    | 1,258,768    | 1,333,790           | 1,271,935    |
| July   | August           | October            | 969,579      | 1,038,674    | 1,022,824    | 1,059,683           | 1,088,900    |
| August   | September        | November           | 1,039,981    | 1,040,610    | 1,147,063    |                     | 1,153,525    |
| September                                      | October          | December           | 1,123,137    | 1,118,357    | 1,183,982    |                     | 1,214,750    |
| October  | November         | January            | 1,026,086    | 1,055,850    | 1,081,807    |                     | 1,128,430    |
| November                                       | December         | February           | 1,024,897    | 1,145,298    | 1,183,531    |                     | 1,229,200    |
| December                                       | January          | March              | 1,469,248    | 1,545,773    | 1,702,654    |                     | 1,712,860    |
| January  | February         | April              | 870,366      | 942,125      | 975,448      |                     | 1,012,090    |
|  |                  |                    | \$12,566,179 | \$13,159,916 | \$14,005,130 | \$4,720,211         | \$14,331,525 |
| FY 13 Budgeted Sales Tax Revenue               |                  |                    |              |              |              | \$14,331,525        |              |
| Percent Collected                              |                  |                    |              |              |              | 32.94%              |              |
| Current Year Projection Based on Recent Trends |                  |                    |              |              |              | \$14,536,079        |              |
| Over (Under) Budget                            |                  |                    |              |              |              | \$204,554           |              |
| Percentage Over (Under) Budget                 |                  |                    |              |              |              | 1.43%               |              |

Source: The Village of Northbrook. Note that FY2013 is unaudited and subject to change.

## 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.

#### 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 (2010-11 enrollment of 2,134) 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 2010, 96% 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 2009-11 American Community Survey Estimate. The Village ranked second in median household income (note that median household income figures are estimated as of 2009 – 2011).

### Illinois' Ten Wealthiest Communities with 25,000 plus Population

| Rank              | Municipality      | County             | Population     |                |                 |                 | Median Household Income |                     |                    |
|-------------------|-------------------|--------------------|----------------|----------------|-----------------|-----------------|-------------------------|---------------------|--------------------|
|                   |                   |                    | 2010<br>Census | 2000<br>Census | 2010 v.<br>2000 | 2010 v.<br>2000 | 2009-11<br>Amount       | % of U.S.<br>Median | % Below<br>Poverty |
| 1                 | Wilmette          | Cook               | 27,087         | 27,651         | -564            | -2.00%          | \$117,526               | 228.28%             | 1.80%              |
| 2                 | <b>Northbrook</b> | <b>Cook</b>        | 33,170         | 33,435         | -265            | -0.80%          | <b>\$113,089</b>        | <b>219.66%</b>      | <b>4.10%</b>       |
| 3                 | Naperville        | DuPage and Will    | 141,853        | 128,358        | 13,495          | 10.50%          | 104,548                 | 203.07%             | 2.90%              |
| 4                 | Highland Park     | Lake               | 29,763         | 31,365         | -1,602          | -5.10%          | 104,080                 | 202.16%             | 4.40%              |
| 5                 | Bartlett          | Cook, DuPage, Kane | 41,208         | 36,706         | 4,502           | 12.30%          | 91,198                  | 177.14%             | 4.20%              |
| 6                 | Glen Ellyn        | DuPage             | 27,450         | 26,999         | 451             | 1.70%           | 90,349                  | 175.49%             | 4.10%              |
| 7                 | Glenview          | Cook               | 44,692         | 41,847         | 2,845           | 6.80%           | 90,037                  | 174.88%             | 2.60%              |
| 8                 | Buffalo Grove     | Cook and Lake      | 41,496         | 42,909         | -1,413          | -3.30%          | 89,992                  | 174.80%             | 2.60%              |
| 9                 | Wheaton           | DuPage             | 52,894         | 55,416         | -2,522          | -4.60%          | 83,221                  | 161.64%             | 4.30%              |
| 10                | Gurnee            | Lake               | 31,295         | 28,834         | 2,461           | 8.50%           | 80,224                  | 155.82%             | 2.80%              |
| State of Illinois |                   |                    | 12,830,632     | 12,419,293     | 411,339         | 3.30%           | 55,044                  | 106.91%             | 10.2%              |
| United States     |                   |                    | 308,745,538    | 281,421,906    | 27,323,632      | 9.70%           | 51,484                  |                     | 11.1%              |

Source: U.S. Bureau of the Census, 2000 Census for community rankings; U.S. Bureau of the Census, 2010 Census for population data; US Bureau of the Census, American Community Survey 2009 – 2011 estimates for household income data.

According to the U.S. Bureau of the Census, per capita money income of Northbrook residents rose 13.5% between 2000 and the 2006 – 2010 estimate from \$50,765 to \$57,619.

### Northeastern Illinois Per Capita Income

|                | 1980<br>Census | 1990<br>Census | 2000<br>Census | 2010<br>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

|             |        | Income Bracket            |                             |                             |                             |
|-------------|--------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
|             |        | <u>\$100,000 and Over</u> | <u>\$75,000 to \$99,999</u> | <u>\$50,000 to \$74,999</u> | <u>\$25,000 to \$49,999</u> |
| Northbrook  | 64.20% | 10.10%                    | 10.80%                      | 9.40%                       | 5.40%                       |
| Cook County | 23.00% | 12.40%                    | 18.00%                      | 22.90%                      | 23.60%                      |
| Illinois    | 23.00% | 13.20%                    | 18.80%                      | 23.20%                      | 21.80%                      |

Source: U.S. Bureau of the Census, American Community Survey 2006-2010 estimates – may not sum to 100% due to rounding.

## HOUSING

The 2006-10 American Community Survey estimates revealed that the Village's housing stock continues to be predominantly single family, owner occupied with 91.0% of the units so categorized. Cook County reported 60.4% single-family housing units and the State 69.2%. The Village's 2006 – 2010 estimated Median Home Value of \$553,400 was 273.3% greater than the Statewide Median of \$202,500. The following table compares the Median Home Value by the value groupings in the 2006 - 2010 Census estimates of the Village of Northbrook, Cook County and the total State.

## **Northbrook, Cook County, and Illinois**

### Median Home Values

|  | <u>Northbrook</u> | <u>Cook County</u> | <u>Illinois</u> |
|--|-------------------|--------------------|-----------------|
| Median Home Value <sup>(1)</sup>             | \$553,400         | \$265,800          | \$202,500       |
| Number of Single Family Homes <sup>(1)</sup> | 11,247            | 1,169,991          | 3,300,691       |
| Percent of Homes Valued                      |                   |                    |                 |
| Under \$50,000                               | 0.50%             | 2.50%              | 6.5%            |
| \$50,000 - \$99,999                          | 1.60%             | 4.40%              | 13.7%           |
| \$100,000 - \$149,999                        | 1.50%             | 9.40%              | 13.8%           |
| \$150,000 - \$199,999                        | 2.40%             | 14.80%             | 15.3%           |
| \$200,000 - \$299,999                        | 7.60%             | 26.80%             | 21.9%           |
| Above \$300,000                              | <u>86.3%</u>      | <u>42.00%</u>      | <u>28.7%</u>    |
| Total  | 100.00%           | 100.00%            | 100.00%         |

(1) Owner-occupied non-condominium units.

Source: U.S. Bureau of the Census, American Community Survey 2006-2010 estimates - may not sum to 100% due to rounding.

## 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 \$134,086 in 2000 to \$167,787 in 2012, an increase of 25.1%.

**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     |

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

Calendar Year 2010 and 2011 and August 2012

|                       | August 2012 | 2011  | 2010  |
|-----------------------|-------------|-------|-------|
| Village of Northbrook | 6.4%        | 6.9%  | 7.0%  |
| Cook County           | 9.3%        | 10.4% | 10.8% |
| State of Illinois     | 9.1%        | 10.4% | 10.8% |

Source: Illinois Department of Employee Security; U.S. Bureau of Labor Statistics.

Note: August 2012 unemployment rates not seasonally adjusted.

## MAJOR EMPLOYERS

| Name                                   | Product/Service   | Estimated Employment |
|--|---|----------------------|
| Allstate Insurance Company             | Insurance (Home Office and offices in adjacent communities)               | 6,139                |
| Kraft <sup>(1)(2)</sup>                | Food Products (Corporate Headquarters Glenview)                           | 1,049                |
|  | Tech Center   | 474                  |
|  | Northfield  | 1,545                |
| Baxter Healthcare Corp. <sup>(1)</sup> | Pharmaceutical & health care products (Corporate Headquarters)            | 1,925                |
| Underwriters Laboratories              | Product Testing (Corporate Headquarters)                                  | 1,600                |
| Walgreen Company <sup>(1)</sup>        | Drugstore Chain (Corporate Headquarters), Northbrook and Deerfield stores | 1,550                |
| Northbrook Court                       | Shopping Center   | 1,250                |
| Astellas Pharma US Inc.                | Company headquarters and product testing                                  | 1,068                |
| CVS/Caremark International             | Health Care   | 1,000                |
| Glenbrook High School District #225    | Public high schools: Northbrook – 326 and Glenview - 459                  | 785                  |
| Glenbrook Hospital <sup>(1)(3)</sup>   | Hospital  | 650                  |
| United Parcel Service                  | Parcel Delivery Service Distribution Center                               | 607                  |
| Crate & Barrel                         | Corporate Headquarters  | 500-600              |
| Weiss, Janney, Eister Associates       | Structural engineering and architecture                                   | 500                  |
| Highland Baking                        | Bakery Distribution   | 420                  |
| Tennex                                 | Manufactures of flipbooks and markers                                     | 300                  |

Sources: 2010 Illinois Manufacturer's Directory; 2012 Illinois Service Directory; 2012 Harris Industrial Directory; Northbrook Chamber of Commerce; Phone Canvass.

<sup>(1)</sup> In immediate adjacent communities.

<sup>(2)</sup> Unconfirmed by phone canvass; most recent number not released.

<sup>(3)</sup> Excludes outside contracted employees that work full-time at the hospital.

## 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 2005-2009 estimates, 60.6% of the Village's employed work force was engaged in managerial and professional occupations, versus 36.4% in Cook County and 35.1% statewide.

### Select Occupation Categories

| Type of Occupation                                 | Number | Percentage |
|--|--------|------------|
| Management, professional and related               | 8,922  | 58.7%      |
| Service occupations                                | 980    | 6.4%       |
| Sales and office occupations                       | 4,347  | 28.6%      |
| Construction, extraction and maintenance           | 269    | 1.8%       |
| Production, transportation, material moving, other | 676    | 4.4%       |
| Total  | 15,194 | 100%       |

Source: U.S. Bureau of the Census, American Community Survey 2006-2010 estimates - may not sum to 100% due to rounding.

## **ECONOMIC DEVELOPMENT AND INITIATIVES**

Northbrook continues to be a highly attractive place to live and conduct business. The Willow Festival development—a 417,000 square foot retail development at the corner of Willow and Waukegan Roads opened in the Spring of 2007 and has already spurred tremendous growth along the Village's southern border with Glenview. With anchor tenants including Whole Foods, REI, Best Buy, Lowe's, Starbucks, HomeGoods and CVS, Willow Festival is becoming one of the premier retail destinations on the North Shore.

Despite ongoing economic challenges throughout the nation, other new businesses have opened or will soon open in the Village. These include but are not limited to, national retailers such as Clarks Shoes and Monita Italian Leather in Northbrook Court mall and Verizon Wireless at Willow Festival, as well as local and regional stores and restaurants along Dundee Road such as Rosati's Pizza and Payton Rose. In the downtown, new stores that have opened include Caribou Coffee, Dollar Tree, Edible Arrangements, and a Sherwin Williams paint store. In addition, the first phase of a 130-unit Essex independent senior living facility is under construction, and the Village Board recently approved plans for a 188-unit assisted living facility by Senior Lifestyles.

In addition, Nestle USA relocated their recently acquired pizza division's national corporate headquarters and center for research and product development into a 74,600 square foot building at 885 Sunset Ridge Road in Northbrook. Nestle invested \$15 million in this facility, which will employs 168 individuals with an average annual salary of \$110,000 and a total annual payroll of \$18.5 million.

The Village has also recently completed construction of a new water tower on a site in the Sky Harbor Business Park. The tower enhances water service on the west side of town and allows Northbrook to increase the amount of water sales to the Village of Riverwoods in the future due to increased capacity.

The Village is also currently working to share services and equipment with the Northbrook Park District. In the coming months the Village will explore further public-private partnerships as well as intergovernmental sharing of services with neighboring municipalities. The management team will also continue to explore restructuring its organization where doing so enhances services and/or reduces costs.

Finally, Astellas Pharma, US, a major pharmaceutical company has completed construction of its new North American Headquarters on Willow Road adjacent to the Tollway on a section of the former Culligan property. This will add several hundred new jobs to the area and potentially many visitors as they are an overseas company. A revenue sharing agreement negotiated as part of the Willow Road Corridor Agreement between Northbrook and Glenview calls for a mixed use development on the former Culligan properties. The land has been annexed to and is served by the Village of Glenview. Northbrook has received 50% of the annexation fees and will receive 30% of the ongoing revenue stream (sales, property, and other taxes) now that the property is under development. The intent is for the Office

Headquarters to eventually spur the remaining mixed-use development and have a positive impact on the Northbrook economy.

## **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 Village. 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 such property located within the boundaries of the Village, 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 Village is located in the North Tri and was last reassessed for the 2010 tax levy year.

In response to the downturn of the real estate market, the Assessor reduced the 2009 assessed value on suburban residential properties (specifically, those properties located in the South Tri and the North Tri) not originally scheduled for reassessment in 2009. For tax year 2009, each suburban township received an adjustment percentage for tax year 2009, lowering the existing assessed values of all residential properties in such township within a range of 4% to 15%, beginning with the second-installment tax bills payable in the fall of 2010.

Real property in the County is separated into classes for assessment purposes. After the 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. Such 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 tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 – not-for-profit (25%); Class 5a – commercial (25%); and Class 5b – industrial (25%).

In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:

| Class | Description of Qualifying Property  | Assessment Percentage  | Reverts to Class |
|-------|---|--|------------------|
| 6b    | Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties       | 10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12 | 5b               |
| C     | Industrial property that has undergone environmental testing and remediation  | 10% for first 10 years, 15% in year 11, 20% in year 12   | 5b               |
|       | Commercial property that has undergone environmental testing and remediation  | 10% for first 10 years, 15% in year 11, 20% in year 12   | 5a               |
| 7a/7b | Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development     | 10% for first 10 years, 15% in year 11, 20% in year 12   | 5a               |
| 8     | Industrial properties in enterprise communities or zones in need of substantial revitalization                          | 10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12 | 5b               |
|       | Commercial properties in enterprise communities or zones in need of substantial revitalization                          | 10% for first 10 years, 15% in year 11, 20% in year 12   | 5a               |
| 9     | New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones | 10% for first 10 years and any 10-year renewal   | As Applicable    |
| S     | Class 3 properties subject to Section 8 contracts renewed under the “Mark up to Market” option                          | 10% for term of Section 8 contract renewal and any subsequent renewal                          | 3                |
| L     | Substantially rehabilitated Class 3, 4 or 5b properties qualifying as “Landmark” or                                     | 10% for first 10 years and any 10-year renewal; if not renewed, 15%                            | 3, 4, or 5b      |

| Class | Description of Qualifying Property   | Assessment Percentage                                  | Reverts to Class |
|-------|--|--|------------------|
|       | “Contributing” buildings   | in year 11, 20% in year 12                             |                  |
|       | Substantially rehabilitated Class 5a properties qualifying as “Landmark” or “Contributing” buildings | 10% for first 10 years, 15% in year 11, 20% in year 12 | 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 (the “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 residential property having 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 (the “Circuit Court”) 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. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. 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 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 certain 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 10 tax levy years.

| TAX LEVY YEAR | EQUALIZATION FACTOR |
|---------------|---------------------|
| 2002          | 2.4689              |
| 2003          | 2.4598              |
| 2004          | 2.5757              |
| 2005          | 2.7320              |
| 2006          | 2.7076              |
| 2007          | 2.8439              |
| 2008          | 2.9786              |
| 2009          | 3.3701              |
| 2010          | 3.3000              |
| 2011          | 2.9706              |

#### EXEMPTIONS

The Illinois Property Tax Code, as amended (the “Property Tax Code”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for assessment year 2009 and thereafter.

The Alternative General Homestead Exemption limits EAV increases for homeowners (who also reside on the property as their principal place of residence) to 7% a year, up to a certain maximum dollar amount each year as defined by 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.

For properties in the City Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment year 2009, \$16,000 for assessment year 2010 and \$12,000 for assessment year 2011. For properties in the North Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment years 2009 and 2010, \$16,000 for assessment year 2011 and \$12,000 for assessment year 2012. For properties in the South Tri, the Alternative General Homestead Exemption cannot exceed \$26,000 for assessment year 2009, \$20,000 for assessment year 2010 and 2011 and \$12,000 for assessment year 2012.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer's homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less ("Qualified Homestead Property"). 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.

The 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, as defined in the Property Tax Code. The exemption is limited to \$75,000 per year, to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. The maximum exemption is \$4,000. Beginning in tax year 2010, County taxpayers seeking to claim this exemption must reapply for the exemption on an annual basis.

The 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 \$55,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (i) the current EAV of the residence and (ii) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Three exemptions are available to veterans of the United States armed forces. The Disabled Veterans' Exemption exempts up to \$70,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs.

The Disabled Veterans' Standard Homestead Exemption provides an annual homestead exemption of (i) \$5,000 to those veterans with a service-connected disability of 70% (75% for exemptions

granted from 2007 to 2009) and (ii) \$2,500 to those veterans with a service-connected disability of less than 70% (75% for exemptions granted from 2007 to 2009), but at least 50%.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of \$5,000.

Finally, 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 disabled persons who meet State-mandated guidelines.

#### TAX LEVY

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings 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 County Clerk computes the Unit's maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year's EAV for all property currently in the Village. The prior year's EAV includes 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 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 also serves as 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. Beginning with the first installment payable in 2010, the first installment is equal 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 based on the certain percentage of the *corrected* prior year's tax bill. The second installment covers the balance of the current year's tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has been the first business day in March for each of the last ten years. However, for 2010, the first installment penalty date was established as April 1 by statute. The following table sets forth the second installment penalty dates for the last ten tax levy years in the County.

| TAX LEVY YEAR | SECOND INSTALLMENT<br>PENALTY DATE |
|---------------|------------------------------------|
| 2002          | October 1, 2003                    |
| 2003          | November 15, 2004                  |
| 2004          | November 1, 2005                   |
| 2005          | September 1, 2006                  |
| 2006          | December 3, 2007                   |
| 2007          | November 3, 2008                   |
| 2008          | December 2, 2009                   |
| 2009          | December 13, 2010                  |
| 2010          | November 2, 2011                   |
| 2011          | August 1, 2012                     |

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. In the future, the County may provide for tax bills to be payable in four installments instead of two.

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 Village promptly credits the taxes received to the funds for which they were levied.

Within 90 days following the second installment due date, 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 a 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. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds.

#### 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 disclosures 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 disclosures 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 or 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, and Series 2011 for the benefit of holders of those bonds to provide annual financial information and event notices pursuant to SEC Rule 15c2-12(b)(5). In 2007, the Village’s annual financial information was submitted 30 days late. 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 opinions will be delivered with the Bonds. 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

Series 2012A Bonds. Interest on the Taxable Series 2012A Bonds is includable in gross income for federal income tax purposes. Interest on the Taxable Series 2012A Bonds is not exempt from Illinois income taxes. Prospective purchasers of the Taxable 2012A Bonds should consult their tax advisors with respect to the inclusion of interest on the Taxable Series 2012A Bonds in gross income for federal income tax purposes.

Series 2012B Bonds. Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Series 2012B 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 Series 2012B 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 Series 2012B Bonds are not “private activity bonds” within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series 2012B Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Series 2012B 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 Series 2012B 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 Series 2012B Bonds. These requirements relate to the use and investment of the proceeds of the Series 2012B Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series 2012B Bonds and the use of property financed with the proceeds of the Series 2012B Bonds. The Village has covenanted in the Bond Ordinance to comply with these requirements.

## SERIES 2012B 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 Series 2012B 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 Series 2012B Bond, the difference between the two is known as “bond premium”; if the Offering Price is lower than the maturity value of a Series 2012B 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 Series 2012B 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 Series 2012B 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 Series 2012B 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 Series 2012B Bond. A Series 2012B 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 Series 2012B Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Series 2012B Bond).

Owners of Series 2012B Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Series 2012B Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Series 2012B 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 Series 2012B Bonds. Among these requirements are the following:

*Limitations on Private Use.* The Code includes limitations on the amount of Series 2012B 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 Series 2012B 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 Series 2012B Bonds.

*Rebate of Arbitrage Profit.* Unless the Village qualifies for one of several exemptions, earnings from the investment of the "gross proceeds" of the Series 2012B 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 Series 2012B 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 Series 2012B Bonds, amounts received as a result of investing such proceeds, and amounts to be used to pay debt service on the Series 2012B Bonds.

*Covenants to Comply.* The Village has covenanted in the Bond 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 Series 2012B Bonds.

## RISKS OF NON-COMPLIANCE

In the event that the Village fails to comply with the requirements of the Code, interest on the Series 2012B 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 Bond Ordinance requires neither acceleration of payment of principal of, or interest on, the Series 2012B Bonds nor payment of any additional interest or penalties to the owners of the Series 2012B Bonds.

## FEDERAL INCOME TAX CONSEQUENCES

Pursuant to Section 103 of the Code, interest on the Series 2012B 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 Series 2012B 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 SERIES 2012B BONDS.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS—SERIES 2012B BONDS**

“Section 265(b)(3)(B) of the Code provides that certain issues designated or deemed as “qualified tax-exempt obligations” and purchased by financial institutions (either from the issuer or in a secondary market transaction) may be disregarded in computing the proportional disallowance of interest expense provided in such Section. In the Bond Ordinance, the Village has designated the Series 2012B Bonds as “qualified tax-exempt obligations”. In addition, as required by Section 265 of the Code, the Village has represented that the reasonably anticipated amount of “tax-exempt obligations” that are required to be taken into account under Section 265 of the Code and will be issued by the Village and all subordinate entities of the Village during 2012 does not exceed \$10,000,000 except to the extent that refunding bonds may be deemed as “qualified tax-exempt obligations” in excess of \$10,000,000, and has covenanted that it will not designate and issue more than \$10,000,000 aggregate principal amount of “tax-exempt obligations” during 2012. For purposes of the foregoing sentence, the term “tax-exempt obligations” includes “qualified 501(c)(3) bonds” (as defined in Section 145 of the Internal Revenue Code of 1986), but does not include other “private activity bonds” (as defined in Section 141(a) of the Code).”

The Taxable Series 2012A Bonds will not be designated as qualified tax-exempt obligations.

### **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 Taxable Series 2012A Bonds were offered for sale by the Village at a public competitive sale on November 13, 2012. The best bid submitted at the sale was by BMO Capital Markets GKST Inc. (the "Taxable Series 2012A Underwriter"). The Village awarded the contract for sale of the Taxable Series 2012A Bonds to the Underwriter at a price of \$12,670,186.85 (reflecting an underwriting discount of \$74,813.15).

The Series 2012B Bonds were offered for sale by the Village at a public competitive sale on November 13, 2012. The best bid submitted at the sale was by Stifel Nicolaus & Company (the "Series 2012B Underwriter"). The Village awarded the contract for sale of the Series 2012B Bonds to the Underwriter at a price of \$8,096,886.08 (reflecting an underwriting discount of \$33,496.47).

### **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.

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**APPENDIX A**  
**FORM OF OPINION OF BOND COUNSEL**

December 4, 2012

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 \$12,745,000 principal amount of Taxable General Obligation Refunding Bonds, Series 2012A (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 November 13, 2012 and entitled: "Ordinance Authorizing the Issuance of Taxable General Obligation Refunding Bonds, Series 2012A and General Obligation Bonds, Series 2012B, of the Village of Northbrook, Illinois" (the "Bond 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 December 4, 2012. The Bonds mature (without option of prior redemption) 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, 2013 and semiannually thereafter on June 1 and December 1, at the respective rate of interest per annum set forth opposite such year:

| Year | Principal Amount | Interest Rate |
|------|------------------|---------------|
| 2013 | \$ 155,000       | 0.40%         |
| 2014 | 155,000          | 0.50          |
| 2015 | 965,000          | 0.60          |
| 2016 | 955,000          | 0.80          |
| 2017 | 1,460,000        | 1.00          |
| 2018 | 2,220,000        | 1.25          |
| 2019 | 2,245,000        | 1.50          |
| 2020 | 2,275,000        | 1.75          |
| 2021 | 2,315,000        | 2.00          |

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.

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

Very truly yours,

LG:be

December 4, 2012

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 \$7,770,000 principal amount of General Obligation Bonds, Series 2012B (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 November 13, 2012 and entitled: "Ordinance Authorizing the Issuance of Taxable General Obligation Refunding Bonds, Series 2012A and General Obligation Bonds, Series 2012B, of the Village of Northbrook, Illinois" (the "Bond 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 December 4, 2012. 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, 2013 and semiannually thereafter on June 1 and December 1, at the respective rate of interest per annum set forth opposite such year:

| Year | Principal Amount | Interest Rate |
|------|------------------|---------------|
| 2013 | \$ 745,000       | 2.00%         |
| 2014 | 1,075,000        | 2.00          |
| 2015 | 1,095,000        | 2.00          |
| 2016 | 1,130,000        | 2.00          |
| 2017 | 1,155,000        | 2.00          |
| 2018 | 435,000          | 2.00          |
| 2019 | 450,000          | 2.00          |
| 2020 | 455,000          | 2.00          |
| 2021 | 465,000          | 2.00          |
| 2024 | 370,000          | 2.00          |
| 2027 | 395,000          | 2.00          |

The Bonds maturing on or after December 1, 2024 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, 2022 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on December 1, 2024 are subject to mandatory redemption, in part and by lot, on December 1 in the years and in the respective principal amounts set forth in the following table, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

| Year | Principal Amount |
|------|------------------|
| 2022 | \$120,000        |
| 2023 | 125,000          |

The Bonds maturing on December 1, 2027 are subject to mandatory redemption, in part and by lot, on December 1 in the years and in the respective principal amounts set forth in the following table, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

| Year | Principal Amount |
|------|------------------|
| 2025 | \$130,000        |
| 2026 | 130,000          |

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.

Pursuant to the Bond Ordinance, the Village has designated the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

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

Very truly yours,

LG/be

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## **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 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, 2012**

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## **INDEPENDENT AUDITORS' REPORT**

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

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## INDEPENDENT AUDITORS' REPORT

August 2, 2012

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, 2012, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Village of Northbrook, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Northbrook Public Library. 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 the Northbrook Public Library, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Northbrook, Illinois as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

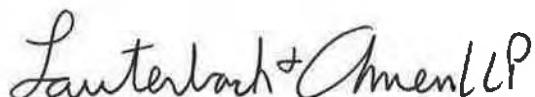
Village of Northbrook, Illinois

August 2, 2012

Page 2

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Northbrook, Illinois' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents 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 in the audit of the financial statements and certain 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.



LAUTERBACH & AMEN, LLP

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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, 2012. 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 assets decreased by 3.51% as a result of this year's operations. Net assets of business-type activities decreased by 1.71%. Net assets of governmental activities decreased by \$3.8 million, or 4.19%.
- During the year, expenses were \$3.7 million more than the \$40.1 million generated in tax and other revenues for governmental programs. The vast majority of this difference is attributed to planned capital spending of previous year bond proceeds and planned use of reserves.
- During the year, revenues for business-type activities were \$9.1 million while expenses were \$9.7 million, generating a modest decrease in net assets of \$598,020, or 1.7%.
- The General Fund reported a deficit this year of \$551,714. This was modestly less than the \$590,220 planned when the budget was adopted and significantly lower than the \$1,106,298 anticipated by the final amended budget.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets 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, 2012**

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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 manner 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 Assets reports information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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, 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, 2012**

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#### **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, 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, 2012**

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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, 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 - 63 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 64 - 68 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 69 - 91 of this report.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis April 30, 2012

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets 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 \$126.2 million.

|                             | Net Assets (in Millions) |        |                          |        |        |        |
|-----------------------------|--------------------------|--------|--------------------------|--------|--------|--------|
|                             | Governmental Activities  |        | Business-type Activities |        | Total  |        |
|                             | 2012                     | 2011   | 2012                     | 2011   | 2012   | 2011   |
| Current and Other Assets    | \$ 61.0                  | 59.9   | 5.2                      | 7.6    | 66.2   | 67.5   |
| Capital Assets              | 100.3                    | 101.1  | 42.9                     | 41.9   | 143.2  | 143.0  |
| Total Assets                | 161.3                    | 161.0  | 48.1                     | 49.5   | 209.4  | 210.5  |
| Long-Term Debt Outstanding  | (55.4)                   | (54.0) | (12.3)                   | (13.2) | (67.7) | (67.2) |
| Other Liabilities           | (18.4)                   | (15.7) | (1.5)                    | (1.4)  | (19.9) | (17.1) |
| Total Liabilities           | (73.8)                   | (69.7) | (13.8)                   | (14.6) | (87.6) | (84.3) |
| Net Assets                  |                          |        |                          |        |        |        |
| Invested in Capital Assets, |                          |        |                          |        |        |        |
| Net of Debt                 | 60.4                     | 62.1   | 29.8                     | 28.4   | 90.2   | 90.5   |
| Restricted                  | 10.3                     | 8.6    | -                        | -      | 10.3   | 8.6    |
| Unrestricted (Deficit)      | 16.8                     | 20.6   | 4.5                      | 6.5    | 21.3   | 27.1   |
| Total Net Assets            | 87.5                     | 91.3   | 34.3                     | 34.9   | 121.8  | 126.2  |

By far the largest portion of the Village's net assets, which is 74 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 8 percent, of the Village's net assets represents resources that are subject to external restrictions on how they may be used. The remaining 18 percent, or \$21.2 million, represents unrestricted net assets 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, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

|  | Changes in Net Assets (in millions) |              |                          |              |              |              |
|--|-------------------------------------|--------------|--------------------------|--------------|--------------|--------------|
|  | Governmental Activities             |              | Business-type Activities |              | Total        |              |
|  | 2012                                | 2011         | 2012                     | 2011         | 2012         | 2011         |
| <b>Revenues</b>                              |                                     |              |                          |              |              |              |
| Program Revenues                             |                                     |              |                          |              |              |              |
| Charges for Services                         | \$ 8.1                              | 8.2          | 8.8                      | 8.0          | 16.9         | 16.2         |
| Capital Grants/Contributions                 | -                                   | -            | -                        | -            | -            | -            |
| Operating Grants/Contributions               | 1.1                                 | 1.0          | 0.1                      | 0.1          | 1.2          | 1.1          |
| General Revenues                             |                                     |              |                          |              |              |              |
| Property Taxes                               | 10.0                                | 10.5         | -                        | -            | 10.0         | 10.5         |
| Sales Taxes                                  | 14.0                                | 13.2         | -                        | -            | 14.0         | 13.2         |
| State Income Taxes                           | 2.8                                 | 2.7          | -                        | -            | 2.8          | 2.7          |
| Utility Taxes                                | 1.1                                 | 1.2          | -                        | -            | 1.1          | 1.2          |
| Other Taxes                                  | 2.1                                 | 2.1          | -                        | -            | 2.1          | 2.1          |
| Other General Revenues                       | 0.9                                 | 1.1          | 0.2                      | 0.1          | 1.1          | 1.2          |
| <b>Total Revenues</b>                        | <b>40.1</b>                         | <b>40.0</b>  | <b>9.1</b>               | <b>8.2</b>   | <b>49.2</b>  | <b>48.2</b>  |
| <b>Expenses:</b>                             |                                     |              |                          |              |              |              |
| General Government                           | 5.2                                 | 4.6          | -                        | -            | 5.2          | 4.6          |
| Public Safety                                | 27.3                                | 26.2         | -                        | -            | 27.3         | 26.2         |
| Public Works                                 | 9.2                                 | 9.8          | -                        | -            | 9.2          | 9.8          |
| Interest on Long-Term Debt                   | 2.2                                 | 1.8          | -                        | -            | 2.2          | 1.8          |
| Water  | -                                   | -            | 7.0                      | 7.3          | 7.0          | 7.3          |
| Sewer  | -                                   | -            | 1.6                      | 1.6          | 1.6          | 1.6          |
| Senior Housing                               | -                                   | -            | 0.9                      | 0.8          | 0.9          | 0.8          |
| Parking Facilities                           | -                                   | -            | 0.2                      | 0.3          | 0.2          | 0.3          |
| <b>Total Expenses</b>                        | <b>43.9</b>                         | <b>42.4</b>  | <b>9.7</b>               | <b>10.0</b>  | <b>53.6</b>  | <b>52.4</b>  |
| <b>Change in Net Assets Before Transfers</b> | <b>(3.8)</b>                        | <b>(2.4)</b> | <b>(0.6)</b>             | <b>(1.8)</b> | <b>(4.4)</b> | <b>(4.2)</b> |
| <b>Transfers</b>                             | <b>-</b>                            | <b>(1.5)</b> | <b>-</b>                 | <b>1.5</b>   | <b>-</b>     | <b>-</b>     |
| <b>Increase (Decrease) in Net Assets</b>     | <b>(3.8)</b>                        | <b>(3.9)</b> | <b>(0.6)</b>             | <b>(0.3)</b> | <b>(4.4)</b> | <b>(4.2)</b> |
| <b>Net Assets-Beginning</b>                  | <b>91.3</b>                         | <b>95.2</b>  | <b>34.9</b>              | <b>35.2</b>  | <b>126.2</b> | <b>130.4</b> |
| <b>Net Assets-Ending</b>                     | <b>87.5</b>                         | <b>91.3</b>  | <b>34.3</b>              | <b>34.9</b>  | <b>121.8</b> | <b>126.2</b> |

## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis April 30, 2012

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net assets of the Village's governmental activities decreased by \$3.8 million (\$91.3 million compared to \$87.5 million). Unrestricted net assets of the Village's governmental activities, the part of net assets that can be used to finance day-to-day operations without constraints, decreased 18% from \$20.6 million the previous fiscal year to \$16.8 million at the end of this year. This reduction is primarily attributed to planned capital spending of previous year bond proceeds and planned use of reserves.

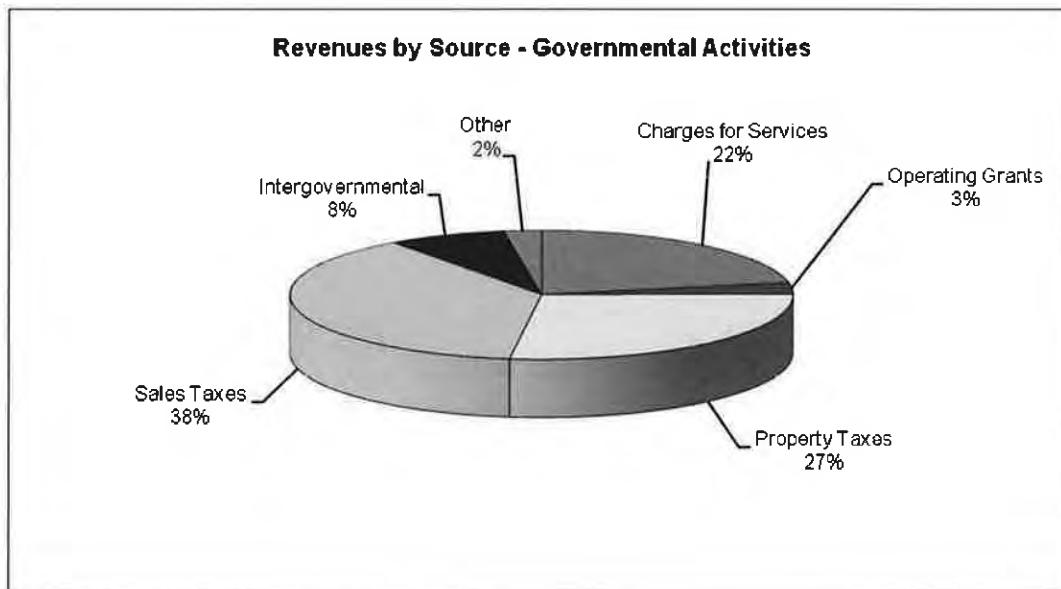
Net assets of business-type activities decreased 1.7% from the prior year (\$34.9 million compared to \$34.3 million). The Village generally can only use these net assets to finance the continuing operations of the waterworks, sewerage, senior housing and parking operations.

Total revenues increased by two percent, or \$1.0 million. The total cost of all programs and services increased by 2%, or \$1.2 million primarily due to increased pension costs and a planned spend down of reserves.

#### Governmental Activities

Revenues for governmental activities (excluding special items) were \$40.1 million, while total expenses were \$43.9 million. The vast majority of this difference is attributed to planned capital spending of previous year bond proceeds and planned use of reserves.

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.

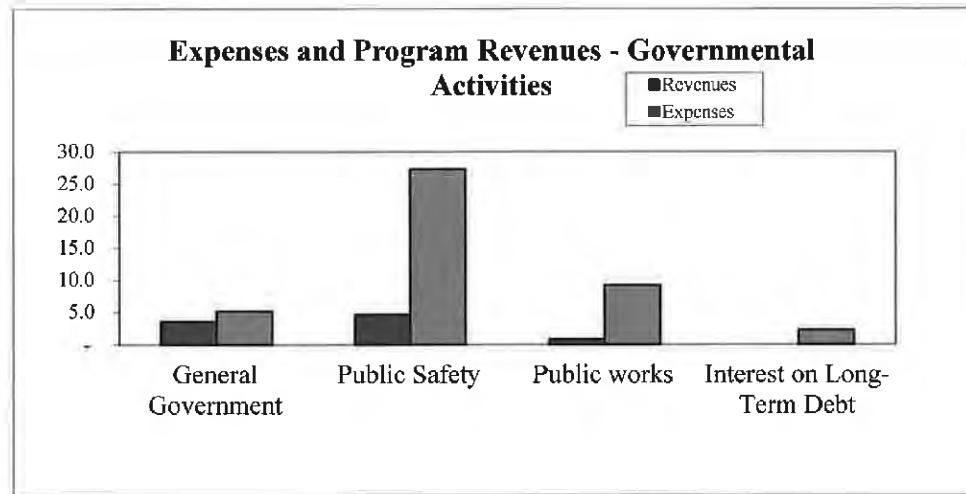


## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis April 30, 2012

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

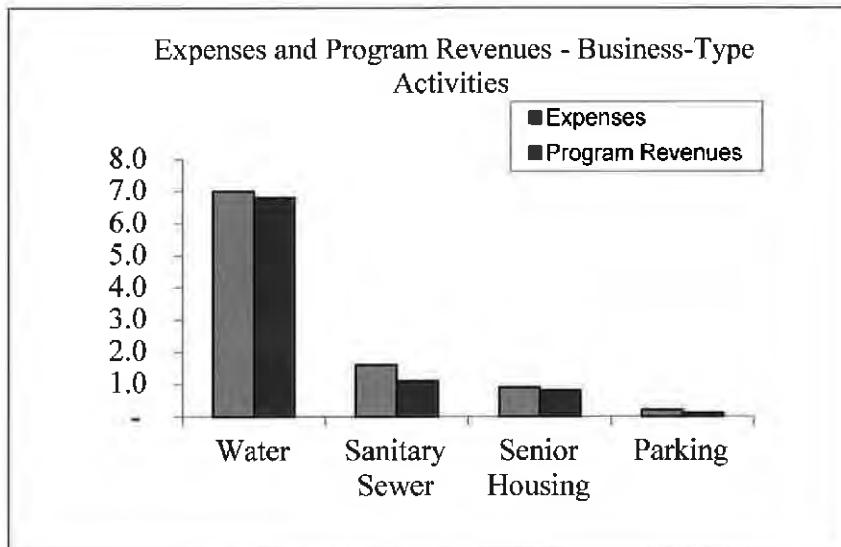
##### Governmental Activities – Continued



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 11% (\$9.1 million in 2012 compared to \$8.2 million in 2011) and expenses decreased by 3%.



## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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. The minor deficit in the Water Fund and Sanitary Sewer Fund is primarily due to above average rain causing a reduction in sales.

### **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, 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 the current fiscal year, the governmental funds reported combined ending fund balances of \$26.4 million, which is 3% lower than last year's total of \$27.3 million. This decrease is due primarily to the planned use of reserves.

The General Fund experienced a decrease of \$551,714 which was modestly less than the \$590,220 planned when the budget was adopted and significantly lower than the \$1,106,298 anticipated by the final amended budget.

The Debt Service Fund had a planned deficit of approximately \$500,000 to effectively abate a portion of the property taxes attributable to debt retirement.

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 \$665,649 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 an increase in fund balance of approximately \$1.7 million due to timing differences between the receipt of bond proceeds and the 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 and Senior Housing Funds as major proprietary funds.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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 minor deficit of \$253,739.

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 \$301,280 for the year, which includes depreciation expense of \$264,328.

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 \$34,025 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 \$\$341,046 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 \$213,538 above budget.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Management's Discussion and Analysis April 30, 2012

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## 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, 2012 was \$143.2 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        |              |
|                       | 2012   | 2011         | 2012                     | 2011        | 2012         | 2011         |
| Land                  | \$ 32.0  | 31.8         | 3.2                      | 3.3         | 35.2         | 35.1         |
| Buildings             | 11.0   | 11.3         | 7.3                      | 7.7         | 18.3         | 19.0         |
| Machinery & Equipment | 3.0  | 3.7          | 4.3                      | 4.4         | 7.3          | 8.1          |
| Infrastructure        | 54.3   | 54.3         | 28.1                     | 26.5        | 82.4         | 80.8         |
| <b>Total</b>          | <b>100.3</b>                                       | <b>101.1</b> | <b>42.9</b>              | <b>41.9</b> | <b>143.2</b> | <b>143.0</b> |

The fiscal year 2012 capital budget includes projects totaling \$17.1 million. Major projects include Phase I of the Dundee Road Water Main Replacement project and Phase III of the Techny Drain Stormwater Project. 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 \$68.0 million as compared to \$67.7 million the previous year. The following is a comparative statement of outstanding debt:

|                          | General Obligation Bonds (in Millions) |      |                          |      |       |      |
|--------------------------|--|------|--------------------------|------|-------|------|
|                          | Governmental Activities                |      | Business-type Activities |      | Total |      |
|                          | 2012                                   | 2011 | 2012                     | 2011 | 2012  | 2011 |
| General Obligation Bonds | \$ 54.9                                | 54.2 | 13.1                     | 13.5 | 68.0  | 67.7 |

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 seventeen 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 - 48 of this report.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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 2013 budget, tax rates, and fees that will be charged for its governmental and business-type activities. During the past year, the Board has had in-depth discussions regarding our long term capital and infrastructure needs. The Board also reviewed and accepted a revised long term Master Storm Water Management Plan prepared by the Storm Water Commission over the course of two years. This plan identifies more than \$20 million in mitigation projects. To address this need, the Board has created a Storm Water Utility Enterprise Fund and implemented a one dollar per one-thousand gallons storm water utility fee on all water bills, effective May 1, 2012. This fee is expected to provide sufficient revenue to fund all currently identified storm water services, at the currently estimated cost, for the next six years. The storm water management plan will be dynamic and adjustments will be required as new circumstances develop.

FY 2012/13 revenues are projected to be \$1.1 million more than estimated FY 2011/12. We have anticipated continued, but modest, economic recovery and have included anticipated additional revenue from increasing the telecommunications tax to 6%, effective January 1, 2013.

Planned expenditures in the General Fund are \$38.1 million, a modest increase of 1.6% from the final 2012 budget of \$37.5 million. The increase is primarily due to increased health insurance costs and replacement of capital equipment that has surpassed its useful life.

#### **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 Assets**

**April 30, 2012**

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**See Following Page**

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Net Assets**  
**April 30, 2012**

|                                 | Primary Government         |                             |                    | Component<br>Unit |
|---------------------------------|----------------------------|-----------------------------|--------------------|-------------------|
|                                 | Governmental<br>Activities | Business-Type<br>Activities | Total              | Public<br>Library |
|                                 |                            |                             |                    |                   |
| <b>ASSETS</b>                   |                            |                             |                    |                   |
| <b>Current Assets</b>           |                            |                             |                    |                   |
| Cash and Investments            | \$ 30,168,115              | 4,982,119                   | 35,150,234         | 7,001,578         |
| Receivables - Net               | 11,422,722                 | 1,427,296                   | 12,850,018         | 3,394,267         |
| Due from Other Governments      | 1,538,438                  | -                           | 1,538,438          | -                 |
| Internal Balances               | 1,277,420                  | (1,277,420)                 | -                  | -                 |
| Inventory/Prepays               | 1,000,624                  | 2,123                       | 1,002,747          | -                 |
| <b>Total Current Assets</b>     | <b>45,407,319</b>          | <b>5,134,118</b>            | <b>50,541,437</b>  | <b>10,395,845</b> |
| <b>Noncurrent Assets</b>        |                            |                             |                    |                   |
| Capital Assets                  |                            |                             |                    |                   |
| Land                            | 31,967,683                 | 1,634,404                   | 33,602,087         | 35,000            |
| Artwork                         | -                          | -                           | -                  | 3,200             |
| Depreciable Capital Assets      | 140,050,204                | 92,702,575                  | 232,752,779        | 24,160,491        |
| Depreciation                    | (71,764,228)               | (51,409,473)                | (123,173,701)      | (12,642,859)      |
|                                 | <b>100,253,659</b>         | <b>42,927,506</b>           | <b>143,181,165</b> | <b>11,555,832</b> |
| Other Assets                    |                            |                             |                    |                   |
| Unamortized Bond Issuance Costs | 206,989                    | -                           | 206,989            | 35,354            |
| Net Pension Asset               | 15,433,353                 | -                           | 15,433,353         | -                 |
|                                 | <b>15,640,342</b>          | <b>-</b>                    | <b>15,640,342</b>  | <b>35,354</b>     |
| <b>Total Noncurrent Assets</b>  | <b>115,894,001</b>         | <b>42,927,506</b>           | <b>158,821,507</b> | <b>11,591,186</b> |
| <b>Total Assets</b>             | <b>161,301,320</b>         | <b>48,061,624</b>           | <b>209,362,944</b> | <b>21,987,031</b> |

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

|   | Primary Government      |                          |                    | Component Unit    |
|---|-------------------------|--------------------------|--------------------|-------------------|
|   | Governmental Activities | Business-Type Activities | Total              | Public Library    |
|   |                         |                          |                    |                   |
| <b>LIABILITIES</b>                                      |                         |                          |                    |                   |
| <b>Current Liabilities</b>                              |                         |                          |                    |                   |
| Accounts Payable  | 948,286                 | 154,403                  | 1,102,689          | 171,779           |
| Accrued Payroll and Related                             | 778,881                 | 35,550                   | 814,431            | 48,455            |
| Claims Payable  | -                       | -                        | -                  | -                 |
| Accrued Interest Payable                                | 1,045,274               | 141,636                  | 1,186,910          | 65,681            |
| Deposits Payable  | 379,790                 | 138,133                  | 517,923            | -                 |
| Due to Other Governments                                | 1,076,754               | -                        | 1,076,754          | -                 |
| Unearned/Deferred Revenues                              | 11,883,331              | -                        | 11,883,331         | 6,835,074         |
| Current Portion Long-Term Debt                          | 2,253,849               | 1,019,110                | 3,272,959          | 653,694           |
| Total Current Liabilities                               | 18,366,165              | 1,488,832                | 19,854,997         | 7,774,683         |
| <b>Noncurrent Liabilities</b>                           |                         |                          |                    |                   |
| Compensated Absences Payable                            | 1,432,641               | 173,598                  | 1,606,239          | 125,122           |
| Net Pension Obligation                                  | 104,310                 | -                        | 104,310            | -                 |
| Net Other Postemployment Benefit Payable                | 391,388                 | -                        | 391,388            | -                 |
| General Obligation Bonds Payable - Net                  | 53,512,136              | 12,117,826               | 65,629,962         | 3,832,866         |
| Total Noncurrent Liabilities                            | 55,440,475              | 12,291,424               | 67,731,899         | 3,957,988         |
| Total Liabilities                                       | 73,806,640              | 13,780,256               | 87,586,896         | 11,732,671        |
| <b>NET ASSETS</b>                                       |                         |                          |                    |                   |
| <b>Invested in Capital Assets - Net of Related Debt</b> | 60,405,834              | 29,833,970               | 90,239,804         | 7,182,801         |
| <b>Restricted</b>                                       |                         |                          |                    |                   |
| Infrastructure  | 543,722                 | -                        | 543,722            | -                 |
| Public Safety   | 296,057                 | -                        | 296,057            | -                 |
| Perpetual Care - Nonexpendable                          | 253,461                 | -                        | 253,461            | -                 |
| Capital Projects  | 9,215,213               | -                        | 9,215,213          | -                 |
| Public Library  | -                       | -                        | -                  | 54                |
| Unrestricted  | 16,780,393              | 4,447,398                | 21,227,791         | 3,071,505         |
| <b>Total Net Assets</b>                                 | <b>87,494,680</b>       | <b>34,281,368</b>        | <b>121,776,048</b> | <b>10,254,360</b> |

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, 2012**

|  | <b>Program Revenues</b>             |  |  |
|--|-------------------------------------|--|--|
|  | <b>Charges<br/>for<br/>Services</b> | <b>Operating<br/>Grants/<br/>Contributions</b> | <b>Capital<br/>Grants/<br/>Contributions</b> |
| <b>Expenses</b>                        |                                     |  |  |
| <b>Governmental Activities</b>         |                                     |  |  |
| General Government                     | \$ 5,213,800                        | 3,485,549                                      | -  |
| Public Safety                          | 27,254,854                          | 4,568,948                                      | 309,134                                      |
| Highways and Streets                   | 9,246,750                           | -  | 823,773                                      |
| Interest on Long-Term Debt             | 2,203,366                           | -  | -  |
| <b>Total Governmental Activities</b>   | <b>43,918,770</b>                   | <b>8,054,497</b>                               | <b>1,132,907</b>                             |
| <b>Business-Type Activities</b>        |                                     |  |  |
| Water                                  | 7,049,582                           | 6,695,973                                      | 82,322                                       |
| Sanitary Sewer                         | 1,574,892                           | 1,053,519                                      | 17,572                                       |
| Senior Housing                         | 864,944                             | 830,129  | -  |
| Parking                                | 165,928                             | 156,458  | -  |
| <b>Total Business-Type Activities</b>  | <b>9,655,346</b>                    | <b>8,736,079</b>                               | <b>99,894</b>                                |
| <b>Total Primary Government</b>        | <b>53,574,116</b>                   | <b>16,790,576</b>                              | <b>1,232,801</b>                             |
| <b>Component Unit - Public Library</b> | <b>6,479,687</b>                    | <b>165,835</b>                                 | <b>44,740</b>                                |

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

**Change in Net Assets**  
**Net Assets - Beginning**  
**Net Assets - 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     |
| (1,728,251)             | -                        | (1,728,251)         | -                  |
| (22,376,772)            | -                        | (22,376,772)        | -                  |
| (8,422,977)             | -                        | (8,422,977)         | -                  |
| (2,203,366)             | -                        | (2,203,366)         | -                  |
| <b>(34,731,366)</b>     | <b>-</b>                 | <b>(34,731,366)</b> | <b>-</b>           |
| <br>                    | <br>                     | <br>                | <br>               |
| -                       | (271,287)                | (271,287)           | -                  |
| -                       | (503,801)                | (503,801)           | -                  |
| -                       | (34,815)                 | (34,815)            | -                  |
| -                       | (9,470)                  | (9,470)             | -                  |
| <b>-</b>                | <b>(819,373)</b>         | <b>(819,373)</b>    | <b>-</b>           |
| <br>                    | <br>                     | <br>                | <br>               |
| <b>(34,731,366)</b>     | <b>(819,373)</b>         | <b>(35,550,739)</b> | <b>-</b>           |
| <br>                    | <br>                     | <br>                | <br>               |
| -                       | -                        | -                   | <b>(6,269,112)</b> |
| <br>                    | <br>                     | <br>                | <br>               |
| 10,017,255              | -                        | 10,017,255          | 6,522,433          |
| 484,119                 | -                        | 484,119             | -                  |
| 12,525                  | -                        | 12,525              | -                  |
| 1,102,266               | -                        | 1,102,266           | -                  |
| 408,334                 | -                        | 408,334             | -                  |
| 1,173,906               | -                        | 1,173,906           | 122,536            |
| <br>                    | <br>                     | <br>                | <br>               |
| 14,000,067              | -                        | 14,000,067          | -                  |
| 2,831,454               | -                        | 2,831,454           | -                  |
| 844,764                 | 21,353                   | 866,117             | 8,142              |
| 31,397                  | 200,000                  | 231,397             | 12,899             |
| <b>30,906,087</b>       | <b>221,353</b>           | <b>31,127,440</b>   | <b>6,666,010</b>   |
| <br>                    | <br>                     | <br>                | <br>               |
| (3,825,279)             | (598,020)                | (4,423,299)         | 396,898            |
| <br>                    | <br>                     | <br>                | <br>               |
| <b>91,319,959</b>       | <b>34,879,388</b>        | <b>126,199,347</b>  | <b>9,857,462</b>   |
| <br>                    | <br>                     | <br>                | <br>               |
| <b>87,494,680</b>       | <b>34,281,368</b>        | <b>121,776,048</b>  | <b>10,254,360</b>  |

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

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Balance Sheet - Governmental Funds**  
**April 30, 2012**

|  | General        | Debt<br>Service |
|--|----------------|-----------------|
| <b>ASSETS</b>                            |                |                 |
| Cash and Investments                     | \$ 15,759,206  | 752,959         |
| Receivables - Net of Allowances          |                |                 |
| Property Taxes                           | 4,579,235      | 1,040,469       |
| Other Taxes                              | 3,579,353      | -               |
| Other                                    | 485,829        | 3,300           |
| Due from Other Governments               | 1,167,078      | -               |
| Due from Other Funds                     | 1,374,141      | 100,000         |
| Inventory                                | 37,684         | -               |
| <br>Total Assets                         | <br>26,982,526 | <br>1,896,728   |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                |                 |
| Liabilities                              |                |                 |
| Accounts Payable                         | 910,860        | -               |
| Accrued Payroll                          | 778,881        | -               |
| Deposits Payable                         | 170,234        | -               |
| Due to Other Governments                 | 134,428        | -               |
| Due to Other Funds                       | -              | -               |
| Unearned/Deferred Revenues               | 8,261,064      | 1,879,577       |
| Total Liabilities                        | <br>10,255,467 | <br>1,879,577   |
| <br>Fund Balances                        |                |                 |
| Nonspendable                             | 37,684         | -               |
| Restricted                               | 296,057        | -               |
| Committed                                | -              | -               |
| Assigned                                 | -              | -               |
| Unassigned                               | 16,393,318     | 17,151          |
| Total Fund Balances                      | <br>16,727,059 | <br>17,151      |
| <br>Total Liabilities and Fund Balances  | <br>26,982,526 | <br>1,896,728   |

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

| Pension Contribution | Capital Projects                |                  |                   | Total<br>Governmental<br>Funds |
|----------------------|---------------------------------|------------------|-------------------|--------------------------------|
|                      | Central<br>Business<br>District | Infrastructure   | Nonmajor<br>Funds |                                |
| 576,131              | -                               | 9,547,899        | 604,316           | 27,240,511                     |
| 1,351,763            | -                               | -                | -                 | 6,971,467                      |
| -                    | -                               | 382,773          | -                 | 3,962,126                      |
| -                    | -                               | -                | -                 | 489,129                        |
| 255,184              | -                               | 64,396           | -                 | 1,486,658                      |
| -                    | -                               | -                | -                 | 1,474,141                      |
| -                    | -                               | -                | -                 | 37,684                         |
| <b>2,183,078</b>     | <b>-</b>                        | <b>9,995,068</b> | <b>604,316</b>    | <b>41,661,716</b>              |
| <hr/>                |                                 |                  |                   |                                |
| -                    | -                               | 1,632            | 4,552             | 917,044                        |
| -                    | -                               | -                | -                 | 778,881                        |
| -                    | -                               | 130              | 209,426           | 379,790                        |
| 942,326              | -                               | -                | -                 | 1,076,754                      |
| -                    | -                               | 234,371          | -                 | 234,371                        |
| 1,742,690            | -                               | -                | -                 | 11,883,331                     |
| <b>2,685,016</b>     | <b>-</b>                        | <b>236,133</b>   | <b>213,978</b>    | <b>15,270,171</b>              |
| <hr/>                |                                 |                  |                   |                                |
| -                    | -                               | -                | -                 | 37,684                         |
| -                    | -                               | 543,722          | 303,397           | 1,143,176                      |
| -                    | -                               | -                | 86,941            | 86,941                         |
| -                    | -                               | 9,215,213        | -                 | 9,215,213                      |
| (501,938)            | -                               | -                | -                 | 15,908,531                     |
| (501,938)            | -                               | 9,758,935        | 390,338           | 26,391,545                     |
| <b>2,183,078</b>     | <b>-</b>                        | <b>9,995,068</b> | <b>604,316</b>    | <b>41,661,716</b>              |

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 Assets - Governmental Activities**

**April 30, 2012**

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|   |                      |
|---|----------------------|
| <b>Total Governmental Fund Balances</b> | <b>\$ 26,391,545</b> |
|---|----------------------|

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

|   |             |
|---|-------------|
| Capital assets used in governmental activities are not financial<br>resources and therefore, are not reported in the funds. | 100,253,659 |
|---|-------------|

|   |            |
|---|------------|
| A net pension asset is not considered to represent a financial resource and<br>therefore, is not reported in the funds. | 15,433,353 |
|---|------------|

|   |         |
|---|---------|
| Unamortized bond issuance costs are not considered to represent a financial<br>resource and therefore, are not reported in the funds. | 206,989 |
|---|---------|

|   |           |
|---|-----------|
| Internal service funds are used by the Village to charge the costs of<br>insurance to individual funds. The assets and liabilities of the<br>internal service fund are included in the governmental activities<br>in the Statement of Net Assets. | 3,948,732 |
|---|-----------|

|   |                    |
|---|--------------------|
| Long-term liabilities are not due and payable in the current<br>period and therefore are not reported in the funds. |                    |
| Compensated absences payable  | (1,790,801)        |
| Net pension obligation payable  | (104,310)          |
| Net other postemployment benefit obligation payable   | (391,388)          |
| General obligation bonds payable - net of unamortized items   | (55,407,825)       |
| Accrued interest payable  | <u>(1,045,274)</u> |

|  |                          |
|--|--------------------------|
| <b>Net Assets of Governmental Activities</b> | <b><u>87,494,680</u></b> |
|--|--------------------------|

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, 2012**

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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, 2012**

|  | General            | Debt<br>Service    |
|--|--------------------|--------------------|
| <b>Revenues</b>                        |                    |                    |
| Taxes                                  | \$ 25,434,874      | 973,337            |
| Intergovernmental                      | 309,134            | -                  |
| Licenses, Permits and Fees             | 4,381,210          | 77,455             |
| Charges for Services                   | 5,556,370          | -                  |
| Fines and Forfeits                     | 288,064            | -                  |
| Interest                               | 75,579             | 9,079              |
| Miscellaneous                          | 31,397             | -                  |
| <b>Total Revenues</b>                  | <b>36,076,628</b>  | <b>1,059,871</b>   |
| <b>Expenditures</b>                    |                    |                    |
| Current                                |                    |                    |
| General Government                     | 6,889,931          | -                  |
| Public Safety                          | 23,339,592         | -                  |
| Highways and Streets                   | 6,898,819          | -                  |
| Debt service                           |                    |                    |
| Principal Retirement                   | -                  | 2,283,224          |
| Interest and Fiscal Charges            | -                  | 1,975,091          |
| <b>Total Expenditures</b>              | <b>37,128,342</b>  | <b>4,258,315</b>   |
| <b>Excess (Deficiency) of Revenues</b> |                    |                    |
| <b>Over (Under) Expenditures</b>       | <b>(1,051,714)</b> | <b>(3,198,444)</b> |
| <b>Other Financing Sources (Uses)</b>  |                    |                    |
| Debt Issuance                          | 200,000            | -                  |
| Premium on Debt Issuance               | -                  | -                  |
| Transfers In                           | 300,000            | 2,703,696          |
| Transfers Out                          | -                  | -                  |
|  | <b>500,000</b>     | <b>2,703,696</b>   |
| <b>Net Change in Fund Balances</b>     | <b>(551,714)</b>   | <b>(494,748)</b>   |
| <b>Fund Balances - Beginning</b>       | <b>17,278,773</b>  | <b>511,899</b>     |
| <b>Fund Balances - Ending</b>          | <b>16,727,059</b>  | <b>17,151</b>      |

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

| Pension Contribution | Capital Projects          |                |                | Total Governmental Funds |
|----------------------|---------------------------|----------------|----------------|--------------------------|
|                      | Central Business District | Infrastructure | Nonmajor Funds |                          |
| 1,456,884            | -                         | 2,164,831      | -              | 30,029,926               |
| -                    | -                         | 823,773        | -              | 1,132,907                |
| -                    | -                         | -              | -              | 4,458,665                |
| -                    | -                         | -              | -              | 5,556,370                |
| -                    | -                         | -              | -              | 288,064                  |
| 744,539              | 163                       | 5,295          | 176            | 834,831                  |
| -                    | -                         | -              | -              | 31,397                   |
| 2,201,423            | 163                       | 2,993,899      | 176            | 42,332,160               |
| <hr/>                |                           |                |                |                          |
| -                    | -                         | -              | 12,523         | 6,902,454                |
| 2,867,072            | -                         | -              | -              | 26,206,664               |
| -                    | -                         | 1,940,168      | -              | 8,838,987                |
| -                    | -                         | -              | -              | 2,283,224                |
| -                    | -                         | -              | -              | 1,975,091                |
| 2,867,072            | -                         | 1,940,168      | 12,523         | 46,206,420               |
| <hr/>                |                           |                |                |                          |
| (665,649)            | 163                       | 1,053,731      | (12,347)       | (3,874,260)              |
| <hr/>                |                           |                |                |                          |
| -                    | -                         | 2,800,000      | -              | 3,000,000                |
| -                    | -                         | 13,190         | -              | 13,190                   |
| -                    | -                         | -              | -              | 3,003,696                |
| -                    | (850,158)                 | (2,153,538)    | -              | (3,003,696)              |
| -                    | (850,158)                 | 659,652        | -              | 3,013,190                |
| <hr/>                |                           |                |                |                          |
| (665,649)            | (849,995)                 | 1,713,383      | (12,347)       | (861,070)                |
| 163,711              | 849,995                   | 8,045,552      | 402,685        | 27,252,615               |
| <hr/>                |                           |                |                |                          |
| (501,938)            | -                         | 9,758,935      | 390,338        | 26,391,545               |

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, 2012

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**Net Change in Fund Balances - Total Governmental Funds** \$ (861,070)

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      | 2,437,441   |
| Depreciation Expense | (3,275,747) |

An increase in a net pension asset is not considered to be an increase in a  
financial assets in the governmental funds.

100,478

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.

(969,951)

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                        | (4,529)     |
| Additions to Net Other Postemployment Benefit Obligation Payable | (258,735)   |
| Additions to Net Pension Obligation Payable                      | (34,925)    |
| Issuance of Debt   | (3,000,000) |
| Retirement of Debt   | 2,283,224   |
| Amortization of Issuance Costs                                   | (20,699)    |
| Amortization of Premium on Debt Issuance                         | 23,222      |
| Amortization of Gain on Advanced Refunding                       | 9,395       |

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.

(253,383)

**Changes in Net Assets of Governmental Activities**

(3,825,279)

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

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Net Assets - Proprietary Funds**

**April 30, 2012**

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**See Following Page**

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Net Assets - Proprietary Funds**  
**April 30, 2012**

| <b>ASSETS</b>   |                     | <b>Water</b> |
|---|---------------------|--------------|
| <b>Current Assets</b>                                   |                     |              |
| Cash and Investments                                    | \$ 2,501,516        |              |
| Receivables - Net of Allowances                         |                     |              |
| Accounts  | 1,214,737           |              |
| Due from Other Governments                              | -                   |              |
| Due from Other Funds                                    | -                   |              |
| Prepays   | 2,123               |              |
| Total Current Assets                                    | <u>3,718,376</u>    |              |
| <b>Noncurrent Assets</b>                                |                     |              |
| Capital Assets  |                     |              |
| Nondepreciable Capital Assets                           | 556,252             |              |
| Depreciable Capital Assets                              | 69,507,074          |              |
| Accumulated Depreciation                                | <u>(36,717,507)</u> |              |
| Total Noncurrent Assets                                 | <u>33,345,819</u>   |              |
| Total Assets  | <u>37,064,195</u>   |              |
| <b>LIABILITIES</b>                                      |                     |              |
| <b>Current Liabilities</b>                              |                     |              |
| Accounts Payable  | 101,180             |              |
| Accrued Payroll   | 32,374              |              |
| Interest Payable  | 141,636             |              |
| Deposits Payable  | 40,316              |              |
| Due to Other Funds                                      | -                   |              |
| Compensated Absences Payable                            | 42,342              |              |
| General Obligation Bonds Payable                        | 975,710             |              |
| Total Current Liabilities                               | <u>1,333,558</u>    |              |
| <b>Noncurrent Liabilities</b>                           |                     |              |
| Compensated Absences Payable                            | 169,367             |              |
| General Obligation Bonds Payable                        | <u>12,117,826</u>   |              |
| Total Noncurrent Liabilities                            | <u>12,287,193</u>   |              |
| Total Liabilities                                       | <u>13,620,751</u>   |              |
| <b>NET ASSETS</b>                                       |                     |              |
| <b>Invested in Capital Assets - Net of Related Debt</b> | 20,252,283          |              |
| <b>Unrestricted</b>                                     | <u>3,191,161</u>    |              |
| <b>Total Net Assets</b>                                 | <u>23,443,444</u>   |              |

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

| Business-Type Activities |                  |                             |                   | Governmental Activities |
|--------------------------|------------------|-----------------------------|-------------------|-------------------------|
| Sanitary Sewer           | Senior Housing   | Nonmajor Revenue<br>Parking | Totals            | Internal Service        |
| 460,748                  | 1,868,922        | 150,933                     | 4,982,119         | 2,927,604               |
| 210,688                  | 1,871            | -                           | 1,427,296         | -                       |
| -                        | -                | -                           | -                 | 51,780                  |
| -                        | -                | -                           | -                 | 37,650                  |
| -                        | -                | -                           | 2,123             | 962,940                 |
| <b>671,436</b>           | <b>1,870,793</b> | <b>150,933</b>              | <b>6,411,538</b>  | <b>3,979,974</b>        |
| <br>                     | <br>             | <br>                        | <br>              | <br>                    |
| -                        | 308,732          | 769,420                     | 1,634,404         | -                       |
| 16,099,570               | 5,913,955        | 1,181,976                   | 92,702,575        | -                       |
| (10,652,686)             | (3,075,150)      | (964,130)                   | (51,409,473)      | -                       |
| <b>5,446,884</b>         | <b>3,147,537</b> | <b>987,266</b>              | <b>42,927,506</b> | -                       |
| <b>6,118,320</b>         | <b>5,018,330</b> | <b>1,138,199</b>            | <b>49,339,044</b> | <b>3,979,974</b>        |
| <br>                     | <br>             | <br>                        | <br>              | <br>                    |
| 5,446                    | 45,792           | 1,985                       | 154,403           | 31,242                  |
| 3,176                    | -                | -                           | 35,550            | -                       |
| -                        | -                | -                           | 141,636           | -                       |
| 2,459                    | 89,625           | 5,733                       | 138,133           | -                       |
| -                        | 1,277,420        | -                           | 1,277,420         | -                       |
| 1,058                    | -                | -                           | 43,400            | -                       |
| -                        | -                | -                           | 975,710           | -                       |
| <b>12,139</b>            | <b>1,412,837</b> | <b>7,718</b>                | <b>2,766,252</b>  | <b>31,242</b>           |
| <br>                     | <br>             | <br>                        | <br>              | <br>                    |
| 4,231                    | -                | -                           | 173,598           | -                       |
| -                        | -                | -                           | 12,117,826        | -                       |
| <b>4,231</b>             | <b>-</b>         | <b>-</b>                    | <b>12,291,424</b> | <b>-</b>                |
| <b>16,370</b>            | <b>1,412,837</b> | <b>7,718</b>                | <b>15,057,676</b> | <b>31,242</b>           |
| <br>                     | <br>             | <br>                        | <br>              | <br>                    |
| 5,446,884                | 3,147,537        | 987,266                     | 29,833,970        | -                       |
| 655,066                  | 457,956          | 143,215                     | 4,447,398         | 3,948,732               |
| <b>6,101,950</b>         | <b>3,605,493</b> | <b>1,130,481</b>            | <b>34,281,368</b> | <b>3,948,732</b>        |

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 Assets - Proprietary Funds**  
**Year Ended April 30, 2012**

|   | <u>Water</u>      |
|---|-------------------|
| <b>Operating Revenues</b>               |                   |
| Charges for Services                    | \$ 6,695,973      |
| Interfund Services                      | -                 |
| <b>Total Operating Revenues</b>         | <u>6,695,973</u>  |
| <b>Operating Expenses</b>               |                   |
| Administration                          | 1,753,245         |
| Operations                              | 3,237,189         |
| Depreciation and Amortization           | 1,414,471         |
| <b>Total Operating Expenses</b>         | <u>6,404,905</u>  |
| <b>Operating Income (Loss)</b>          | <u>291,068</u>    |
| <b>Nonoperating Revenues (Expenses)</b> |                   |
| Interest Income                         | 17,548            |
| Permits/Connection/Recapture Fees       | 82,322            |
| Other Income                            | -                 |
| Interest Expense                        | <u>(644,677)</u>  |
|   | <u>(544,807)</u>  |
| <b>Change in Net Assets</b>             | <u>(253,739)</u>  |
| <b>Net Assets - Beginning</b>           | <u>23,697,183</u> |
| <b>Net Assets - Ending</b>              | <u>23,443,444</u> |

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

| Business-Type Activities - Enterprise Funds |                  |                             |                   | Governmental Activities |
|---|------------------|-----------------------------|-------------------|-------------------------|
| Sanitary Sewer                              | Senior Housing   | Nonmajor Revenue<br>Parking | Totals            | Internal Service        |
| 1,053,519                                   | 830,129          | 156,458                     | 8,736,079         | -                       |
| -   | -                | -                           | -                 | 6,262,875               |
| <b>1,053,519</b>                            | <b>830,129</b>   | <b>156,458</b>              | <b>8,736,079</b>  | <b>6,262,875</b>        |
| 462,255                                     | 109,455          | 97,315                      | 2,422,270         | 51,436                  |
| 848,309                                     | 614,727          | 49,289                      | 4,749,514         | 7,290,284               |
| 264,328                                     | 119,303          | 19,323                      | 1,817,425         | -                       |
| <b>1,574,892</b>                            | <b>843,485</b>   | <b>165,927</b>              | <b>8,989,209</b>  | <b>7,341,720</b>        |
| <b>(521,373)</b>                            | <b>(13,356)</b>  | <b>(9,469)</b>              | <b>(253,130)</b>  | <b>(1,078,845)</b>      |
| 2,521                                       | 790              | 493                         | 21,352            | 9,933                   |
| 17,572                                      | -                | -                           | 99,894            | -                       |
| 200,000                                     | -                | -                           | 200,000           | 98,961                  |
| -   | (21,459)         | -                           | (666,136)         | -                       |
| <b>220,093</b>                              | <b>(20,669)</b>  | <b>493</b>                  | <b>(344,890)</b>  | <b>108,894</b>          |
| <b>(301,280)</b>                            | <b>(34,025)</b>  | <b>(8,976)</b>              | <b>(598,020)</b>  | <b>(969,951)</b>        |
| <b>6,403,230</b>                            | <b>3,639,518</b> | <b>1,139,457</b>            | <b>34,879,388</b> | <b>4,918,683</b>        |
| <b>6,101,950</b>                            | <b>3,605,493</b> | <b>1,130,481</b>            | <b>34,281,368</b> | <b>3,948,732</b>        |

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, 2012**

|   | <u>Water</u>       |
|---|--------------------|
| <b>Cash Flows from Operating Activities</b>   |                    |
| Receipts from Customers and Users   | \$ 6,594,140       |
| Receipts from Interfund Services  | -                  |
| Payments to Employees   | (1,619,792)        |
| Payments to Suppliers   | (3,731,949)        |
|   | <u>1,242,399</u>   |
| <b>Cash Flows from Capital and Related Financing Activities</b>                               |                    |
| Purchase of Capital Assets  | (2,655,174)        |
| Principal Paid on General Obligation Bonds  | (445,907)          |
| Interest Paid on General Obligation Bonds   | (644,677)          |
|   | <u>(3,745,758)</u> |
| <b>Cash Flows from Investing Activities</b>   |                    |
| Interest Received   | <u>17,548</u>      |
| <b>Net Change in Cash and Cash Equivalents</b>  | <u>(2,485,811)</u> |
| <b>Cash and Cash Equivalents - Beginning</b>  | <u>4,987,327</u>   |
| <b>Cash and Cash Equivalents - Ending</b>   | <u>2,501,516</u>   |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b> |                    |
| Operating Income (Loss)   | <u>291,068</u>     |
| Adjustments to Reconcile Operating Income to Net Income to Net Cash                           |                    |
| Provided by (Used in) Operating Activities:   |                    |
| Other Nonoperating Revenues   | 82,322             |
| Depreciation and Amortization Expense   | 1,414,471          |
| (Increase) Decrease in Current Assets   | (184,155)          |
| Increase (Decrease) in Current Liabilities  | <u>(361,307)</u>   |
| Net Cash Provided by Operating Activities   | <u>1,242,399</u>   |

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

| Business-Type Activities - Enterprise Funds |                |                             |             | Governmental Activities |
|---|----------------|-----------------------------|-------------|-------------------------|
| Sanitary Sewer                              | Senior Housing | Nonmajor Revenue<br>Parking | Totals      | Internal Service        |
| 1,261,461                                   | 828,258        | 156,458                     | 8,840,317   | -                       |
| -   | -              | -                           | -           | 6,305,794               |
| (314,610)                                   | -              | -                           | (1,934,402) | -                       |
| (1,033,439)                                 | 23,327         | (148,620)                   | (4,890,681) | (7,403,364)             |
| (86,588)                                    | 851,585        | 7,838                       | 2,015,234   | (1,097,570)             |
| <hr/>                                       |                |                             |             |                         |
| (183,525)                                   | -              | -                           | (2,838,699) | -                       |
| -   | -              | -                           | (445,907)   | -                       |
| -   | (21,459)       | -                           | (666,136)   | -                       |
| (183,525)                                   | (21,459)       | -                           | (3,950,742) | -                       |
| <hr/>                                       |                |                             |             |                         |
| 2,521                                       | 790            | 494                         | 21,353      | 9,933                   |
| (267,592)                                   | 830,916        | 8,332                       | (1,914,155) | (1,087,637)             |
| 728,340                                     | 1,038,006      | 142,601                     | 6,896,274   | 4,015,241               |
| 460,748                                     | 1,868,922      | 150,933                     | 4,982,119   | 2,927,604               |
| <hr/>                                       |                |                             |             |                         |
| (521,373)                                   | (13,356)       | (9,470)                     | (253,131)   | (1,078,845)             |
| <hr/>                                       |                |                             |             |                         |
| 217,572                                     | -              | -                           | 299,894     | 98,961                  |
| 264,328                                     | 119,303        | 19,324                      | 1,817,426   | -                       |
| (9,630)                                     | (1,871)        | -                           | (195,656)   | (56,042)                |
| (37,485)                                    | 747,509        | (2,016)                     | 346,701     | (61,644)                |
| (86,588)                                    | 851,585        | 7,838                       | 2,015,234   | (1,097,570)             |

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

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Net Assets - Fiduciary Funds**  
**April 30, 2012**

|  | Pension<br>Trust      | Agency        |
|--|-----------------------|---------------|
| <b>ASSETS</b>                                      |                       |               |
| Cash and Cash Equivalents                          | \$ 3,025,349          | 2,894,338     |
| Investments  |                       |               |
| U.S. Government and Agency Securities              | 9,918,131             | -             |
| State and Local Securities                         | 26,889,872            | -             |
| Mutual Funds                                       | 20,170,942            | -             |
| Common Stock                                       | 18,723,095            | -             |
| Receivables  |                       |               |
| Accrued Interest                                   | 259,565               | -             |
| Other  | 56,994                | -             |
| Due from Other Governments                         | <u>1,038,209</u>      | -             |
| <br>Total Assets                                   | <br><u>80,082,157</u> | <br>2,894,338 |
| <br><b>LIABILITIES</b>                             |                       |               |
| Accounts Payable                                   | 50,080                | 12,030        |
| Deposits Payable                                   | -                     | 2,882,308     |
| Due to Other Governments                           | <u>306,964</u>        | -             |
| <br>Total Liabilities                              | <br><u>357,044</u>    | <br>2,894,338 |
| <br><b>NET ASSETS</b>                              |                       |               |
| Net Plan Assets Held in Trust for Pension Benefits | <u>79,725,113</u>     | -             |

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

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Statement of Changes in Net Assets - Fiduciary Funds**  
**Year Ended April 30, 2012**

|   | <b>Pension<br/>Trust</b> |
|---|--------------------------|
| <b>Additions</b>  |                          |
| Contributions - Employer                                  | \$ 2,149,599             |
| Contributions - Plan Members                              | <u>1,159,640</u>         |
| Total Contributions                                       | <u>3,309,239</u>         |
| <b>Investment Income</b>                                  |                          |
| Interest Earned   | 2,593,095                |
| Net Change in Fair Value                                  | <u>15,772</u>            |
| Less Investment Expenses                                  | <u>(149,267)</u>         |
|   | <u>2,459,600</u>         |
| Total Additions   | <u>5,768,839</u>         |
| <b>Deductions</b>   |                          |
| Administration  | 16,309                   |
| Benefits and Refunds                                      | <u>5,209,368</u>         |
| Total Deductions  | <u>5,225,677</u>         |
| Change in Net Assets                                      | 543,162                  |
| <b>Net Plan Assets Held in Trust for Pension Benefits</b> |                          |
| Beginning   | <u>79,181,951</u>        |
| Ending  | <u>79,725,113</u>        |

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

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. The more significant of the Village's accounting policies established in GAAP in the United States and used by the Village are described below.

### **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.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2012**

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

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

###### **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.

###### **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, 2012 are available from the Library's administrative office at 1201 Cedar Lane, Northbrook, Illinois 60062.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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

#### **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.

In the government-wide Statement of Net Assets, 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 and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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) changes 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 assets resulting from the current year's activities.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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, liabilities, reserves, 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, liabilities, 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, liabilities, 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, liabilities, 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, 2012**

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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 assets, 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, 2012**

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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.

**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 assets and changes in net assets 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, 2012**

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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 Assets 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 and liabilities 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, 2012**

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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 assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net assets.

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 Assets 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 is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities 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, 2012**

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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, LIABILITIES, AND NET ASSETS OR EQUITY**

#### **Cash and Investments**

Cash and cash equivalents on the Statement of Net Assets 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, 2012**

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

### **ASSETS, LIABILITIES, AND NET ASSETS 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 prepays/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 prepays 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, 2012**

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

#### **ASSETS, LIABILITIES, AND NET ASSETS 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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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, 2012**

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

#### **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

##### **Unearned/Deferred Revenue**

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

##### **Fund Equity**

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

Invested in capital assets, net of related debt—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 net assets—Consists of net assets 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 net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

### **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, 2012**

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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/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget for the fiscal year.

| Fund                  | Excess    |
|-----------------------|-----------|
| Debt Service          | \$ 19,204 |
| Revenue Parking       | 7,964     |
| Police Pension        | 88,464    |
| Firefighters' Pension | 99,713    |

#### **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, 2012**

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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 assets in common and preferred stocks that meet specific restrictions.

Illinois Funds and IMET are investment pools 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 and IMET operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds and 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, business-type, and agency activities totaled \$20,892,365 and the bank balances totaled \$20,822,799.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements

April 30, 2012

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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

*Investments.* The Village 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 |
| Illinois Funds                        | \$ 6,685,655                     | 6,685,655   | -      | -       | -            |
| Illinois Metropolitan Investment Fund | 10,466,552                       | 10,466,552  | -      | -       | -            |
|                                       | <hr/>                            | <hr/>       | <hr/>  | <hr/>   | <hr/>        |
|                                       | 17,152,207                       | 17,152,207  | -      | -       | -            |
|                                       | <hr/>                            | <hr/>       | <hr/>  | <hr/>   | <hr/>        |

*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 and the Illinois Metropolitan Investment Fund were rated AAAm by Standard & Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires 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.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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**

*Custodial Credit Risk – Continued.* 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.

*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 \$6,292 and the bank balances totaled \$6,247.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements

April 30, 2012

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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

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

| Investment Type              | Fair Value   | Investment Maturities (in Years) |           |         |              |
|------------------------------|--------------|----------------------------------|-----------|---------|--------------|
|                              |              | Less Than 1                      | 1 to 5    | 6 to 10 | More Than 10 |
| U.S. Treasury Strips         | \$ 1,161,992 | -                                | -         | 503,750 | 658,242      |
| Federal Home Loan Bank       | 2,994,984    | -                                | 2,994,984 | -       | -            |
| Federal Home Loan Mortgage   | 771,104      | -                                | -         | -       | 771,104      |
| Government National Mortgage | 1,301,633    | -                                | 232,081   | -       | 1,069,552    |
| State and Local Bonds        | 9,419,637    | -                                | -         | -       | 9,419,637    |
| Illinois Funds               | 1,028,582    | 1,028,582                        | -         | -       | -            |
|                              | <hr/>        | <hr/>                            | <hr/>     | <hr/>   | <hr/>        |
|                              | 16,677,932   | 1,028,582                        | 3,227,065 | 503,750 | 11,918,535   |

*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, 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, 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.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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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

*Concentration Risk.* The Fund's investment policy states that no financial institution has held 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 \$14,642,670 invested in mutual funds and \$7,370,047 invested in common stock. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in the Illinois Funds and State and Local Bonds.

##### 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 \$20,899 and the bank balances totaled \$35,924.

*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 Strips         | \$ 1,352,335                     | -           | -         | 1,352,335 | -            |
| Federal Home Loan Mortgage   | 856,782                          | -           | -         | -         | 856,782      |
| Government National Mortgage | 1,479,301                        | -           | -         | -         | 1,479,301    |
| State and Local Bonds        | 17,470,235                       | 4,235,065   | 6,812,793 | 619,778   | 5,802,599    |
| Illinois Funds               | 1,969,576                        | 1,969,576   | -         | -         | -            |
|                              | 23,128,229                       | 6,204,641   | 6,812,793 | 1,972,113 | 8,138,682    |

*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.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2012**

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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**

*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.

*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 Notes and Strips, Federal Home Loan Bank and Mortgage Securities, Government National Mortgage Securities, Federal Farm Credit Bureau 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 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 \$5,528,272 invested in mutual funds and \$11,353,048 invested in common stock. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) State and Local Bonds.

##### **PROPERTY TAXES**

Property taxes for 2011 attach as an enforceable lien on January 1, 2011, 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, 2012, and September 1, 2012. 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, 2012

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

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

|                                       | Beginning<br>Balances | Increases   | Decreases | Ending<br>Balances |
|---------------------------------------|-----------------------|-------------|-----------|--------------------|
| Capital Assets- Not Being Depreciated |                       |             |           |                    |
| Land                                  | \$ 31,762,683         | 205,000     | -         | 31,967,683         |
| Other Capital Assets                  |                       |             |           |                    |
| Buildings                             | 18,253,436            | 111,400     | -         | 18,364,836         |
| Equipment and Vehicles                | 8,779,142             | -           | 121,912   | 8,657,230          |
| Infrastructure                        | 110,907,097           | 2,121,041   | -         | 113,028,138        |
|                                       | 137,939,675           | 2,232,441   | 121,912   | 140,050,204        |
| Less Accumulated Depreciation         |                       |             |           |                    |
| Buildings                             | 6,952,308             | 395,406     | -         | 7,347,714          |
| Equipment and Vehicles                | 5,122,259             | 671,808     | 121,912   | 5,672,155          |
| Infrastructure                        | 56,535,826            | 2,208,533   | -         | 58,744,359         |
|                                       | 68,610,393            | 3,275,747   | 121,912   | 71,764,228         |
| Total Other Capital Assets            | 69,329,282            | (1,043,306) | -         | 68,285,976         |
| Total Capital Assets                  | 101,091,965           | (838,306)   | -         | 100,253,659        |

Depreciation expense was charged to governmental activities as follows:

|                      |                  |
|----------------------|------------------|
| General Government   | \$ 104,978       |
| Public Safety        | 472,549          |
| Highways and Streets | 2,698,220        |
|                      | <u>3,275,747</u> |

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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#### 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<br>Balances | Increases        | Decreases        | Ending<br>Balances |
|--|-----------------------|------------------|------------------|--------------------|
| Capital Assets - Not Being Depreciated |                       |                  |                  |                    |
| Land                                   | \$ 1,634,404          | -                | -                | 1,634,404          |
| Construction in Progress               | 1,522,820             | -                | 1,522,820        | -                  |
|  | <u>3,157,224</u>      | <u>-</u>         | <u>1,522,820</u> | <u>1,634,404</u>   |
| Other Capital Assets                   |                       |                  |                  |                    |
| Land Improvements                      | 2,801,513             | -                | -                | 2,801,513          |
| Buildings                              | 18,004,348            | 1,543,494        | -                | 19,547,842         |
| Equipment and Vehicles                 | 14,409,668            | 183,525          | -                | 14,593,193         |
| System Mains, Lines and Appurtenances  | 53,125,527            | 2,634,500        | -                | 55,760,027         |
|  | <u>88,341,056</u>     | <u>4,361,519</u> | <u>-</u>         | <u>92,702,575</u>  |
| Less Accumulated Depreciation          |                       |                  |                  |                    |
| Land Improvements                      | 1,196,286             | 57,592           | -                | 1,253,878          |
| Buildings                              | 10,294,966            | 420,663          | -                | 10,715,629         |
| Equipment and Vehicles                 | 10,031,972            | 234,086          | -                | 10,266,058         |
| System Mains, Lines and Appurtenances  | 28,088,295            | 1,085,613        | -                | 29,173,908         |
|  | <u>49,611,519</u>     | <u>1,797,954</u> | <u>-</u>         | <u>51,409,473</u>  |
| Total Other Capital Assets             | <u>38,729,537</u>     | <u>2,563,565</u> | <u>-</u>         | <u>41,293,102</u>  |
| Total Capital Assets                   | <u>41,886,761</u>     | <u>2,563,565</u> | <u>1,522,820</u> | <u>42,927,506</u>  |

Depreciation expense was charged to business-type as follows:

|                 |                  |
|-----------------|------------------|
| Water           | \$ 1,394,999     |
| Sanitary Sewer  | 264,328          |
| Senior Housing  | 119,303          |
| Revenue Parking | <u>19,324</u>    |
|                 | <u>1,797,954</u> |

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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#### 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<br>Balances | Increases        | Decreases      | Ending<br>Balances |
|--|-----------------------|------------------|----------------|--------------------|
| <b>Capital Assets- Not Being Depreciated</b> |                       |                  |                |                    |
| Land   | \$ 35,000             | -                | -              | 35,000             |
| Artwork                                      | -                     | 3,200            | -              | 3,200              |
|  | <u>35,000</u>         | <u>3,200</u>     | <u>-</u>       | <u>38,200</u>      |
| <b>Other Capital Assets</b>                  |                       |                  |                |                    |
| Buildings and Improvements                   | 16,292,668            | 63,856           | 2,765          | 16,353,759         |
| Computer and Other Equipment                 | 647,555               | 46,557           | 20,233         | 673,879            |
| Furniture and Shelving                       | 1,111,582             | 56,107           | 12,569         | 1,155,120          |
| Library Materials                            | 5,912,731             | 569,270          | 504,268        | 5,977,733          |
|  | <u>23,964,536</u>     | <u>735,790</u>   | <u>539,835</u> | <u>24,160,491</u>  |
| <b>Less Accumulated Depreciation</b>         |                       |                  |                |                    |
| Buildings and Improvements                   | 6,857,737             | 425,618          | -              | 7,283,355          |
| Computer and Other Equipment                 | 480,638               | 40,153           | 20,233         | 500,558            |
| Furniture and Shelving                       | 774,793               | 38,328           | 12,569         | 800,552            |
| Library Materials                            | 4,042,847             | 519,805          | 504,258        | 4,058,394          |
|  | <u>12,156,015</u>     | <u>1,023,904</u> | <u>537,060</u> | <u>12,642,859</u>  |
| <b>Total Other Capital Assets</b>            | <b>11,808,521</b>     | <b>(288,114)</b> | <b>2,775</b>   | <b>11,517,632</b>  |
| <b>Total Capital Assets</b>                  | <b>11,843,521</b>     | <b>(284,914)</b> | <b>2,775</b>   | <b>11,555,832</b>  |

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements** **April 30, 2012**

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#### **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 | \$ 1,239,770            |
| General          | Infrastructure | 134,371                 |
| Debt Service     | Infrastructure | 100,000                 |
| Internal Service | Senior Housing | <u>37,650</u>           |
|                  |                | <u><u>1,511,791</u></u> |

Interfund balances are advances in anticipation of receipts.

##### **Interfund Transfers**

Interfund transfers for the year consisted of the following:

| Transfer Out              | Transfers In   |                  |                  |
|---------------------------|----------------|------------------|------------------|
|                           | General        | Debt Service     | Totals           |
| Central Business District | \$ -           | 850,158          | 850,158          |
| Infrastructure            | 300,000        | 1,853,538        | 2,153,538        |
|                           | <u>300,000</u> | <u>2,703,696</u> | <u>3,003,696</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, 2012

#### 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<br>Retired By | Beginning<br>Balances | Issuances | Refundings/<br>Retirements | Ending<br>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<br>Service         | \$ 8,905,000          | -         | 95,000                     | 8,810,000          |
| 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<br>Service         | 6,825,000             | -         | 75,000                     | 6,750,000          |
| 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<br>Service         | 2,600,000             | -         | 195,000                    | 2,405,000          |
|  | Water                   | 740,000               | -         | 55,000                     | 685,000            |
| 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<br>Service         | 9,669,389             | -         | -                          | 9,669,389          |
|  | Water                   | 4,497,848             | -         | 54,131                     | 4,443,717          |
| 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<br>Service         | 6,593,500             | -         | 278,100                    | 6,315,400          |
|  | Water                   | 5,501,500             | -         | 236,900                    | 5,264,600          |

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Notes to the Financial Statements**  
**April 30, 2012**

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**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       | \$ 15,305,000      | -                | 565,000                | 14,740,000        |
| 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         | 4,334,905          | -                | 1,075,124              | 3,259,781         |
|   | Water                | 2,800,095          | -                | 99,876                 | 2,700,219         |
| 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         |
|   |                      | <u>67,772,237</u>  | <u>3,000,000</u> | <u>2,729,131</u>       | <u>68,043,106</u> |
| <b>Plus/Less Unamortized Items:</b>   |                      |                    |                  |                        |                   |
| Premium on General Obligation Bonds   |                      |                    |                  |                        | 364,306           |
| Gain on Advanced Refunding of General Obligation Bonds  |                      |                    |                  |                        | <u>93,949</u>     |
|   |                      |                    |                  |                        | <u>68,501,361</u> |

**VILLAGE OF NORTHBROOK, ILLINOIS**

**Notes to the Financial Statements**  
**April 30, 2012**

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

**LONG-TERM DEBT – Continued**

**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 |
|--|--------------------|------------------|------------------|-------------------|-----------------------------|
| <b>Governmental Activities</b>               |                    |                  |                  |                   |                             |
| Compensated Absences                         | \$ 1,786,272       | 9,059            | 4,530            | 1,790,801         | 358,160                     |
| Net Pension Obligation                       | 69,385             | 34,925           | -                | 104,310           | -                           |
| General Obligation Bonds                     | 54,232,794         | 3,000,000        | 2,283,224        | 54,949,570        | 1,863,072                   |
| Plus/Less: Unamortized Items                 |                    |                  |                  |                   |                             |
| Premium on Debt                              |                    |                  |                  |                   |                             |
| Issuance                                     | 387,528            | -                | 23,222           | 364,306           | 23,222                      |
| Gain on Advanced Refunding                   | 103,344            | -                | 9,395            | 93,949            | 9,395                       |
| Net Other Post-Employment Benefit Obligation | 132,653            | 258,735          | -                | 391,388           | -                           |
|  | <u>56,711,976</u>  | <u>3,302,719</u> | <u>2,320,371</u> | <u>57,694,324</u> | <u>2,253,849</u>            |
| <b>Business-type Activities</b>              |                    |                  |                  |                   |                             |
| Compensated Absences                         | 210,133            | 13,730           | 6,865            | 216,998           | 43,400                      |
| General Obligation Bonds                     | 13,539,443         | -                | 445,907          | 13,093,536        | 975,710                     |
| Less: Unamortized Loss on Advanced Refunding | (19,480)           | -                | (19,480)         | -                 | -                           |
|  | <u>13,730,096</u>  | <u>13,730</u>    | <u>433,292</u>   | <u>13,310,534</u> | <u>1,019,110</u>            |
| <b>Component Unit - Public Library</b>       |                    |                  |                  |                   |                             |
| Compensated Absences                         | 145,778            | 21,248           | 10,624           | 156,402           | 31,280                      |
| General Obligation Bonds                     | 5,057,765          | -                | 600,870          | 4,456,895         | 631,234                     |
| Less: Unamortized Loss on Advanced Refunding | (57,330)           | -                | (8,820)          | (48,510)          | (8,820)                     |
| Net Other Post-Employment Benefit Obligation | 4,572              | 2,260            | -                | 6,832             | -                           |
| Net Pension Obligation                       | 32,973             | 7,090            | -                | 40,063            | -                           |
|  | <u>5,183,758</u>   | <u>30,598</u>    | <u>602,674</u>   | <u>4,611,682</u>  | <u>653,694</u>              |

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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

##### LONG-TERM DEBT – Continued

###### Long-Term Liability Activity – Continued

The Debt Service and Water Funds make payments on the general obligation bonds. The Northbrook Public Library discretely presented component unit makes payments on the library general obligation bonds. Compensated absences, the net pension obligation, and the net other post-employment benefit obligation for governmental activities are generally liquidated by the General Fund.

###### Debt Service Requirements to Maturity

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

| Fiscal Year<br>Ending<br>April 30 | Governmental Activities     |                   | Business-Type Activities    |                  | Component Unit<br>Public Library |                |
|-----------------------------------|-----------------------------|-------------------|-----------------------------|------------------|----------------------------------|----------------|
|                                   | General<br>Obligation Bonds |                   | General<br>Obligation Bonds |                  | General<br>Obligation Bonds      |                |
|                                   | Principal                   | Interest          | Principal                   | Interest         | Principal                        | Interest       |
| 2013                              | \$ 1,863,072                | 2,504,786         | 975,710                     | 339,926          | 631,234                          | 158,332        |
| 2014                              | 2,072,054                   | 2,418,529         | 986,175                     | 324,557          | 651,788                          | 136,182        |
| 2015                              | 2,241,089                   | 2,325,499         | 936,745                     | 308,802          | 677,183                          | 113,310        |
| 2016                              | 2,278,350                   | 2,223,008         | 1,019,010                   | 292,579          | 697,658                          | 89,549         |
| 2017                              | 2,383,048                   | 2,114,562         | 1,034,075                   | 275,269          | 732,896                          | 65,067         |
| 2018 - 2022                       | 18,094,921                  | 8,476,314         | 4,343,857                   | 1,086,581        | 1,066,136                        | 70,715         |
| 2023 - 2027                       | 10,037,690                  | 5,047,251         | 2,782,310                   | 1,067,310        | -                                | -              |
| 2028 - 2032                       | 6,039,346                   | 2,992,773         | 1,015,654                   | 282,140          | -                                | -              |
| 2033 - 2035                       | 9,940,000                   | 1,342,087         | -                           | -                | -                                | -              |
|                                   | <b>54,949,570</b>           | <b>29,444,809</b> | <b>13,093,536</b>           | <b>3,977,164</b> | <b>4,456,895</b>                 | <b>633,155</b> |

###### 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.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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

#### LONG-TERM DEBT – Continued

##### Bond Defeasances

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 \$2,275,000 remain outstanding as of the date of this report.

In accordance with GASB Statement No. 23, the Village has deferred the accounting gains/losses, premiums/discounts and issuance costs from the advance refundings. The governmental activities are amortizing \$364,306, \$93,949 and \$206,989 for the deferred premium, gain, and issuance costs, respectively. These deferred items are being amortized over the remaining life of the bonds.

#### NET ASSETS – INVESTED IN CAPITAL ASSETS – NET OF RELATED DEBT

Invested in capital assets – net of related debt, was comprised of the following as of April 30, 2012:

| Governmental Activities                            |                              |
|--|------------------------------|
| Capital Assets - Net of Accumulated Depreciation   | \$ 100,253,659               |
| Less Capital Related Debt:                         |                              |
| General Obligation Bonds of 2005                   | (2,405,000)                  |
| General Obligation Refunding Bonds of 2006         | (9,669,389)                  |
| General Obligation Bonds of 2007                   | (6,315,400)                  |
| General Obligation Bonds of 2008                   | (14,740,000)                 |
| General Obligation Bonds of 2010                   | (3,259,781)                  |
| General Obligation Bonds of 2011                   | (3,000,000)                  |
| Premium on Debt Issuance                           | (364,306)                    |
| Gain on Advanced Refunding                         | (93,949) <u>(39,847,825)</u> |
| Investment in Capital Assets - Net of Related Debt | <u>60,405,834</u>            |
| Business-Type Activities                           |                              |
| Capital Assets - Net of Accumulated Depreciation   | 42,927,506                   |
| Less Capital Related Debt:                         |                              |
| General Obligation Bonds                           | <u>(13,093,536)</u>          |
| Investment in Capital Assets - Net of Related Debt | <u>29,833,970</u>            |

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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

#### FUND BALANCE CLASSIFICATIONS

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

|                            | General           | Debt Service  | Pension Contribution | Business District | Capital Projects |                         | Total             |
|----------------------------|-------------------|---------------|----------------------|-------------------|------------------|-------------------------|-------------------|
|                            |                   |               |                      |                   | Central          | Business Infrastructure |                   |
| <b>Fund Balances</b>       |                   |               |                      |                   |                  |                         |                   |
| Nonspendable               |                   |               |                      |                   |                  |                         |                   |
| Prepays                    | \$ 37,684         | -             | -                    | -                 | -                | -                       | 37,684            |
| Restricted                 |                   |               |                      |                   |                  |                         |                   |
| Public Safety              | 296,057           | -             | -                    | -                 | -                | -                       | 296,057           |
| Debt Service               | -                 | 17,151        | -                    | -                 | -                | -                       | 17,151            |
| Infrastructure             | -                 | -             | -                    | -                 | 543,722          | -                       | 543,722           |
| Tax Increment Financing    | -                 | -             | -                    | -                 | -                | 49,936                  | 49,936            |
| Perpetual Care Cemetery    | -                 | -             | -                    | -                 | -                | 253,461                 | 253,461           |
|                            | 296,057           | 17,151        | -                    | -                 | 543,722          | 303,397                 | 1,160,327         |
| Committed                  |                   |               |                      |                   |                  |                         |                   |
| Traffic Impact             | -                 | -             | -                    | -                 | -                | -                       | 86,941            |
|                            |                   |               |                      |                   |                  |                         | 86,941            |
| Assigned                   |                   |               |                      |                   |                  |                         |                   |
| Capital Projects           | -                 | -             | -                    | -                 | 9,215,213        | -                       | 9,215,213         |
| Unassigned                 | 16,393,318        | -             | (501,938)            | -                 | -                | -                       | 15,891,380        |
| <b>Total Fund Balances</b> | <b>16,727,059</b> | <b>17,151</b> | <b>(501,938)</b>     | <b>-</b>          | <b>9,758,935</b> | <b>390,338</b>          | <b>26,391,545</b> |

The Village implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended April 30, 2012. In the governmental funds financial statements, the Village first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance.

**Committed Fund Balance.** The Village reports committed fund balance in the Traffic Impact Fund, a nonmajor fund. The Village Board, through formal action, has committed these funds to infrastructure cost mitigation for specific property owners.

**Assigned Fund Balance.** The Village reports assigned fund balance in the Infrastructure, a major fund. The Village's management 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, 2012**

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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, 2012**

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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 \$15,560,000.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

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

**April 30, 2012**

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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**

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 2011 used by the employer was 12.42 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 12.78 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, 2012**

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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 | 50         |
|  |            |
| Current Employees  | 50         |
|  |            |
| Vested   | 50         |
| Nonvested  | <u>16</u>  |
|  |            |
|  | <u>116</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, 2012**

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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<br>Benefits and Terminated Employees Entitled<br>to Benefits but not yet Receiving Them | 46         |
|  |            |
| Current Employees  | 51         |
| Vested   | 51         |
| Nonvested  | 17         |
|  |            |
|  | <u>114</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 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, 2012**

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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 assets 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 plan assets (see related party transactions note disclosure).

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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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

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

|                               | Illinois<br>Municipal<br>Retirement           | Police<br>Pension                               | Firefighters'<br>Pension                        |
|-------------------------------|---|---|---|
| Contribution Rates            |   |   |   |
| Employer                      | 12.78%  | 15.82%  | 12.24%  |
| Employee                      | 4.50%   | 9.91%   | 9.455%  |
| Actuarial Valuation Date      | 12/31/2011                                    | 4/30/2011                                       | 4/30/2011                                       |
| Actuarial Cost Method         | Entry Age<br>Normal                           | Entry Age<br>Normal                             | Entry Age<br>Normal                             |
| Amortization Method           | Level % of<br>Projected Payroll<br>Open Basis | Level % of<br>Projected Payroll<br>Closed Basis | Level % of<br>Projected Payroll<br>Closed Basis |
| Remaining Amortization Period | 29 Years                                      | 30 Years  | 30 Years  |
| Asset Valuation Method        | 5-Year<br>Smoothed Market                     | Market  | Market  |
| Actuarial Assumptions         |   |   |   |
| Investment Rate of Return     | 7.50%<br>Compounded<br>Annually               | 8.00%<br>Compounded<br>Annually                 | 8.00%<br>Compounded<br>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, 2012

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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:

|                              | Illinois<br>Municipal<br>Retirement | Police<br>Pension | Firefighters'<br>Pension |
|------------------------------|-------------------------------------|-------------------|--------------------------|
| Annual Required Contribution | \$ 1,852,110                        | 1,142,913         | 1,262,624                |
| Interest on the NPO/(NPA)    | 5,204                               | (766,616)         | (460,014)                |
| Adjustment to the ARC        | (3,720)                             | 543,864           | 326,350                  |
| Annual Pension Cost          | 1,853,594                           | 920,161           | 1,128,960                |
| Actual Contribution          | (1,818,669)                         | (1,103,535)       | (1,046,064)              |
| Change in NPO/(NPA)          | 34,925                              | (183,374)         | 82,896                   |
| NPO/(NPA) Beginning of Year  | 69,385                              | (9,582,701)       | (5,750,174)              |
| NPO/(NPA) End of Year        | 104,310                             | (9,766,075)       | (5,667,278)              |
| Total NPO - End of Year      | 104,310                             |                   |                          |
| Total NPA - End of Year      |                                     | (15,433,353)      |                          |

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 \$1,103,535 and for Firefighters' Pension of \$1,046,064 represent 100% of the Annual Required Contribution as calculated under current State Statutes.

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2012**

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

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

##### **Trend Information**

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

|                                   | <b>Fiscal<br/>Year</b> | <b>Illinois<br/>Municipal<br/>Retirement</b> | <b>Police<br/>Pension</b> | <b>Firefighters'<br/>Pension</b> |
|-----------------------------------|------------------------|--|---------------------------|----------------------------------|
| Annual Pension Cost<br>(APC)      | 2010                   | \$ 1,473,768                                 | \$ 438,386                | \$ 675,034                       |
|                                   | 2011                   | 1,783,316                                    | 1,048,055                 | 1,210,752                        |
|                                   | 2012                   | 1,853,594                                    | 920,161                   | 1,128,960                        |
| Actual Contributions              | 2010                   | 1,473,768                                    | 643,310                   | 788,819                          |
|                                   | 2011                   | 1,732,692                                    | 1,055,379                 | 1,029,159                        |
|                                   | 2012                   | 1,818,669                                    | 1,103,535                 | 1,046,064                        |
| Percentage of APC<br>Contributed  | 2010                   | 100.00%                                      | 146.75%                   | 116.86%                          |
|                                   | 2011                   | 97.16%                                       | 100.70%                   | 85.00%                           |
|                                   | 2012                   | 98.12%                                       | 119.93%                   | 92.66%                           |
| Net Pension Obligation<br>(Asset) | 2010                   | 18,761                                       | (9,575,377)               | (5,931,767)                      |
|                                   | 2011                   | 69,385                                       | (9,582,701)               | (5,750,174)                      |
|                                   | 2012                   | 104,311                                      | (9,766,075)               | (5,667,278)                      |

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2012**

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#### **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:

|  | <b>Illinois</b>   |                |                      |
|--|-------------------|----------------|----------------------|
|  | <b>Municipal</b>  | <b>Police</b>  | <b>Firefighters'</b> |
|  | <b>Retirement</b> | <b>Pension</b> | <b>Pension</b>       |
| Actuarial Valuation Date   | 12/31/11          | 4/30/11        | 4/30/11              |
| Percent Funded   | 69.14%            | 71.78%         | 77.16%               |
| Actuarial Accrued Liability<br>for Benefits                                    | \$44,389,093      | \$54,144,315   | \$51,731,002         |
| Actuarial Value of Assets  | \$30,691,548      | \$38,864,186   | \$39,916,590         |
| Over (Under) Funded Actuarial<br>Accrued Liability (UAAL)                      | (\$13,697,545)    | (\$15,280,129) | (\$11,814,412)       |
| Covered Payroll (Annual Payroll<br>of Active Employees Covered<br>by the Plan) | \$14,213,247      | \$5,901,198    | \$6,124,287          |
| Ratio of UAAL to Covered<br>Payroll  | 96.37%            | 258.93%        | 192.91%              |

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, 2012**

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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, 2012, retirees contributed \$770,219. Active employees do not contribute to the post-employment benefit plan until retirement.

At April 30, 2012, membership consisted of:

|  |            |
|--|------------|
| Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them | 74         |
| Active Employees   | <u>255</u> |
| Total  | <u>329</u> |
| Participating Employers  | 1          |

The Village does not currently have a funding policy.

## VILLAGE OF NORTHBROOK, ILLINOIS

### Notes to the Financial Statements April 30, 2012

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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, 2012, was calculated as follows:

|                              | <u>OPEB</u>           |
|------------------------------|-----------------------|
| Annual Required Contribution | \$ 334,615            |
| Interest on the NOPEBO       | 6,633                 |
| Adjustment to the ARC        | <u>(4,422)</u>        |
| Annual OPEB Cost             | 336,826               |
| Actual Contribution          | <u>78,091</u>         |
| Increase in the NOPEBO       | 258,735               |
| NOPEBO - Beginning of Year   | <u>132,653</u>        |
| NOPEBO - End of Year         | <u><u>391,388</u></u> |

##### Trend Information

| Fiscal Year | Annual OPEB Cost | Actual Contributions | Percentage of OPEB Cost Contributed |   | Net OPEB Obligation |
|-------------|------------------|----------------------|-------------------------------------|---|---------------------|
|             |                  |                      | 96.33                               | % |                     |
| 2010        | \$ 143,194       | \$ 137,944           |                                     |   | \$ 69,608           |
| 2011        | 141,136          | 78,091               | 55.33                               |   | 132,653             |
| 2012        | 336,826          | 78,091               | 23.18                               |   | 391,388             |

## **VILLAGE OF NORTHBROOK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2012**

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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, 2011, the date of the most recent actuarial valuation, was as follows:

|   |              |
|---|--------------|
| Actuarial Accrued Liability (AAL)                 | \$ 4,194,010 |
| Actuarial Value of Plan Assets                    | -            |
| Unfunded Actuarial Accrued Liability (UAAL)       | 4,194,010    |
| Funded Ratio (actuarial value of plan assets/AAL) | 0.00%        |
| Covered Payroll (active plan members)             | 26,302,669   |
| UAAL as a percentage of covered payroll           | 15.95%       |

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, 2011 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% 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, 2012, 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, 2012**

**Funding Progress**

| Actuarial<br>Valuation<br>Date<br>Dec. 31 | (1)<br>Actuarial<br>Value<br>of Plan<br>Assets | (2)<br>Actuarial<br>Accrued<br>Liability<br>(AAL)<br>- Entry Age | (3)<br>Funded<br>Ratio<br>(1) ÷ (2) | (4)<br>Unfunded<br>(Overfunded) |               | (5)<br>Annual<br>Covered<br>Payroll | (6)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>as a<br>Percentage<br>of Covered<br>Payroll<br>(4) ÷ (5) |
|---|--|--|-------------------------------------|---------------------------------|---------------|-------------------------------------|--|
|   |  |  |                                     | (2) - (1)                       |               |                                     |  |
| 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%                              |  |

**Employer Contributions**

| Fiscal<br>Year | Employer<br>Contributions | Annual<br>Required<br>Contribution | Percent<br>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%                 |

## VILLAGE OF NORTHBROOK, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2012

#### Funding Progress

| Actuarial<br>Valuation<br>Date<br>April 30 | Actuarial<br>Value<br>of Plan<br>Assets | (1)<br>Actuarial<br>Accrued<br>Liability<br>(AAL)<br>- Entry Age | (2)<br>Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(1) ÷ (2) | (4)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>(2) - (1) |   | (5)<br>Annual<br>Covered<br>Payroll | (6)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>as a<br>Percentage<br>of Covered<br>Payroll<br>(4) ÷ (5) |
|--|---|--|--|---|---|-------------------------------------|--|
|  |   |  |  | (3)<br>Funded<br>Ratio<br>(1) ÷ (2)   | (4)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>(2) - (1) |                                     |  |
| 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                                       | 36,604,586                              | 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%                             |  |

#### Employer Contributions

| Year<br>Ended<br>April 30 | Employer<br>Contributions | Annual<br>Required<br>Contribution | Percent<br>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%                 |

N/A - The Village did not have a full actuarial valuation performed at 4/30/09

\*Note: For the year ended April 30, 2012, the Annual Required Contribution of \$1,142,913 was calculated in conformity with GASB requirements. Actual contributions of \$1,103,535 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, 2012

#### Funding Progress

| Actuarial Valuation Date | Actuarial Value of Plan Assets | (1) Actuarial Accrued Liability (AAL)<br>- Entry Age | (2) Actuarial Accrued Liability (AAL)<br>(1) ÷ (2) | (3) Funded Ratio<br>(1) ÷ (2) | (4) Unfunded (Overfunded)<br>Actuarial Accrued Liability<br>(2) - (1) | (5) Annual Covered Payroll<br>(2) - (1) | (6) Unfunded (Overfunded)<br>Actuarial Accrued Liability<br>as a Percentage of Covered Payroll<br>(4) ÷ (5) |
|--------------------------|--------------------------------|--|--|-------------------------------|---|---|---|
|                          |                                |  |  |                               |   |   |   |
| April 30                 |                                |  |  |                               |   |   |   |
| 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%                                 |   |

#### Employer Contributions

| Year Ended April 30 | 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%              |

N/A - The Village did not have a full actuarial valuation performed at 4/30/09

\*Note: For the year ended April 30, 2012, the Annual Required Contribution of \$1,262,624 was calculated in conformity with GASB requirements. Actual contributions of \$1,046,064 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, 2012

#### Funding Progress

| Actuarial<br>Valuation<br>Date<br>April 30 | (1)<br>Actuarial<br>Value<br>of Plan<br>Assets | (2)<br>Actuarial<br>Accrued<br>Liability<br>(AAL)<br>- Entry Age | (3)<br>Funded<br>Ratio<br>(1) ÷ (2) | (4)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>as a<br>Percentage<br>of Covered<br>Payroll |                                     | (6)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>as a<br>Percentage<br>of Covered<br>Payroll<br>(4) ÷ (5) |
|--|--|--|-------------------------------------|---|-------------------------------------|--|
|  |  |  |                                     | (2) - (1)   | (5)<br>Annual<br>Covered<br>Payroll |  |
| 2007                                       | \$ N/A   | \$ N/A   | N/A                                 | \$ N/A  | \$ N/A                              | N/A  |
| 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  |

#### Employer Contributions

| Year<br>Ended<br>April 30 | Employer<br>Contributions | Annual<br>Required<br>Contribution | Percent<br>Contributed |
|---------------------------|---------------------------|------------------------------------|------------------------|
| 2007                      | \$ N/A                    | \$ N/A                             | N/A                    |
| 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%                 |

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, 2012**

|  | <b>Budget</b>     |                    |                    |
|--|-------------------|--------------------|--------------------|
|  | <b>Original</b>   | <b>Final</b>       | <b>Actual</b>      |
| <b>Revenues</b>  |                   |                    |                    |
| Taxes  | \$ 25,188,425     | 25,188,425         | 25,434,874         |
| Intergovernmental  | -                 | -                  | 309,134            |
| Licenses, Permits and Fees   | 4,482,950         | 4,482,950          | 4,381,210          |
| Charges for Services   | 5,601,215         | 5,601,215          | 5,556,370          |
| Fines and Forfeitures  | 341,000           | 341,000            | 288,064            |
| Interest   | 367,500           | 367,500            | 75,579             |
| Miscellaneous  | 82,000            | 82,000             | 31,397             |
| <b>Total Revenues</b>  | <b>36,063,090</b> | <b>36,063,090</b>  | <b>36,076,628</b>  |
| <b>Expenditures</b>  |                   |                    |                    |
| General Government   | 6,685,825         | 7,016,783          | 6,889,931          |
| Public Safety  | 23,005,195        | 23,190,315         | 23,339,592         |
| Highways and Streets   | 7,262,290         | 7,262,290          | 6,898,819          |
| <b>Total Expenditures</b>  | <b>36,953,310</b> | <b>37,469,388</b>  | <b>37,128,342</b>  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(890,220)</b>  | <b>(1,406,298)</b> | <b>(1,051,714)</b> |
| <b>Other Financing Sources</b>                                       |                   |                    |                    |
| Bond Proceeds  | -                 | -                  | 200,000            |
| Transfers In   | 300,000           | 300,000            | 300,000            |
|  | <b>300,000</b>    | <b>300,000</b>     | <b>500,000</b>     |
| <b>Change in Fund Balance</b>  | <b>(590,220)</b>  | <b>(1,106,298)</b> | <b>(551,714)</b>   |
| <b>Fund Balance - Beginning</b>                                      |                   |                    | <b>17,278,773</b>  |
| <b>Fund Balance - Ending</b>   |                   |                    | <b>16,727,059</b>  |

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## **CUSIP Numbers**

### **Village of Northbrook, Illinois** General Obligation Bonds, Series 2012

#### **TAXABLE SERIES 2012A**

| <b>Maturity</b><br><b>DECEMBER 1</b> | <b>CUSIP</b> | <b>Maturity</b><br><b>DECEMBER 1</b> | <b>CUSIP</b> |
|--------------------------------------|--------------|--------------------------------------|--------------|
| 2013                                 | 663821 SD9   | 2018                                 | 663821 SJ6   |
| 2014                                 | 663821 SE7   | 2019                                 | 663821 SK3   |
| 2015                                 | 663821 SF4   | 2020                                 | 663821 SL1   |
| 2016                                 | 663821SG2    | 2021                                 | 663821 SM9   |
| 2017                                 | 663821 SH0   |                                      |              |

#### **SERIES 2012B**

| <b>MATURITY</b><br><b>DECEMBER 1</b> | <b>CUSIP</b> | <b>MATURITY</b><br><b>DECEMBER 1</b> | <b>CUSIP</b> |
|--------------------------------------|--------------|--------------------------------------|--------------|
| 2013                                 | 663821 SN7   | 2021                                 | 663821 SW7   |
| 2014                                 | 663821 SP2   |                                      |              |
| 2015                                 | 663821 SQ0   |                                      |              |
| 2016                                 | 663821 SR8   | 2024                                 | 663821 SZ0   |
| 2017                                 | 663821 SS6   |                                      |              |
| 2018                                 | 663821 ST4   |                                      |              |
| 2019                                 | 663821 SU1   | 2027                                 | 663821 TC0   |
| 2020                                 | 663821 SV9   |                                      |              |



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