

ANNUAL FINANCIAL SUMMARY

Village of Northbrook FY 2025

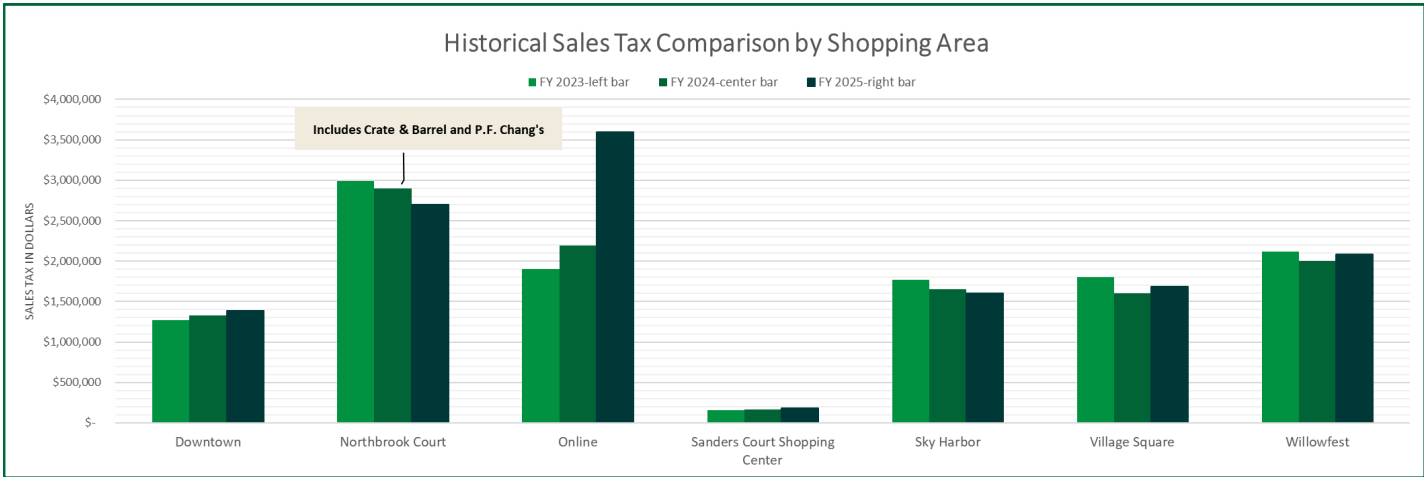
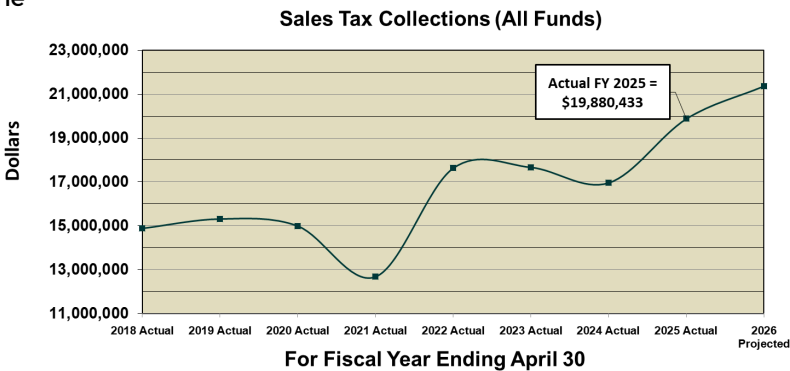
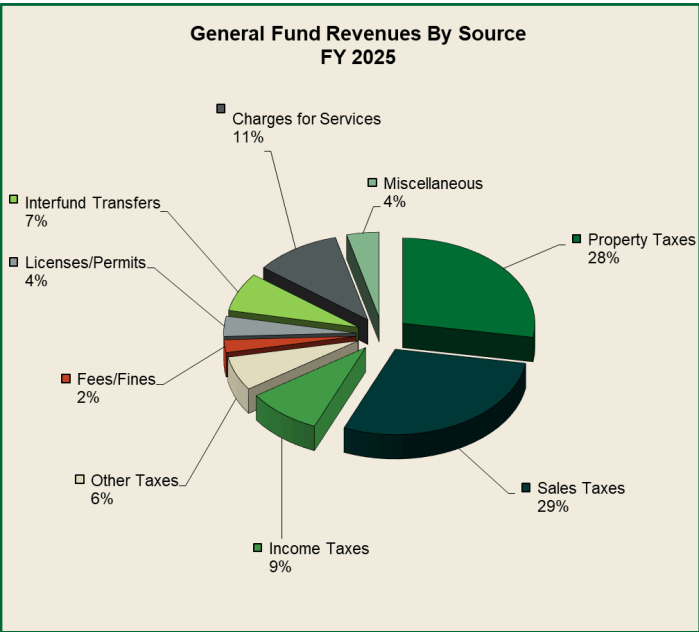
Sales Taxes Continue to Provide Majority of General Operating Revenues

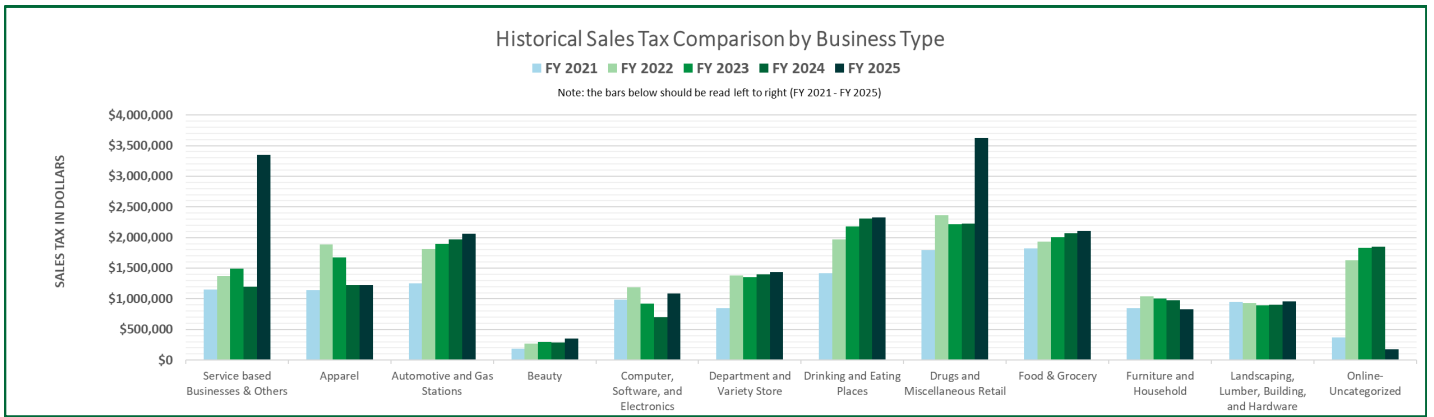
The General Fund is used to account for all financial resources except those required to be accounted for in another fund. This fund has diverse sources of revenue. The principal revenue sources for FY 2025 for the General Fund continued to be the sales tax on retail sales, property taxes on real property, fees for services, and the state income tax.

Effective July 1, 2018, the rate of the local home rule sales tax increased from .75% to 1.00%. Effective January 1, 2021, the Village started collecting local portion of sales tax from sales made by certain remote sellers. Effective January 1, 2025, additional remote sellers, who previously were obligated to collect and remit Illinois Use Tax, became subject to destination-based sales tax, which increased total local portion of sales tax for the Village.

As of April 30, 2025, the total sales tax rate was 10.00%. The state of Illinois base rate is 6.25%, with 1.00% of that amount returned to the Village. In addition, the Village imposes a 1% home rule sales tax. Cook County and the RTA also impose a sales tax. Below is a breakdown of the total sales tax applicable to General Merchandise:

State Portion	5.00%
Village Portion	1.00%
County Portion	0.25%
Subtotal Sales Tax by State Regulation	6.25%
Village Home Rule Retailers' Occupation Tax	1.00%
Cook County Home Rule Retailers' Occupation Tax	1.75%
RTA Sales Tax	1.00%
Subtotal Sales Tax by Units of Home Rule	3.75%
Total Sales Tax - General Merchandise	10.00%





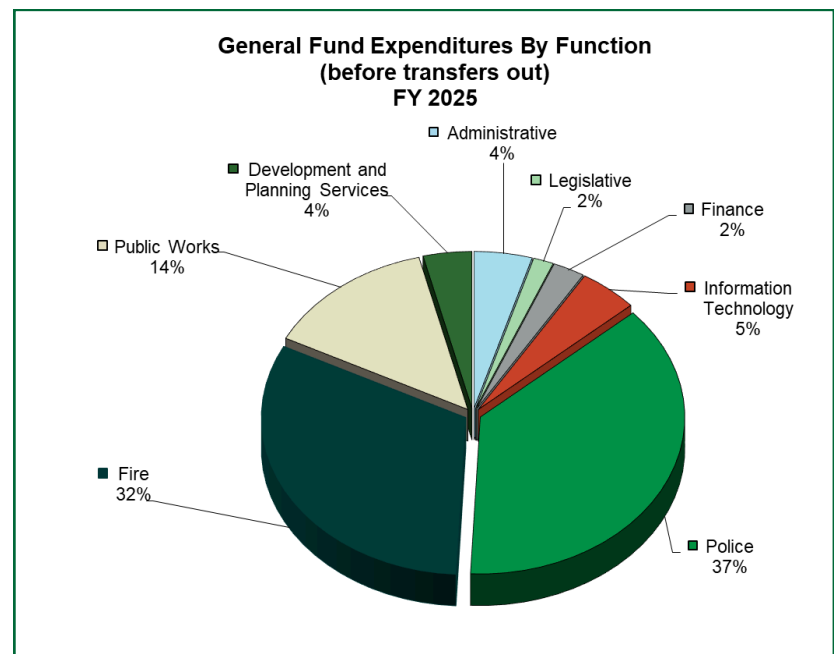
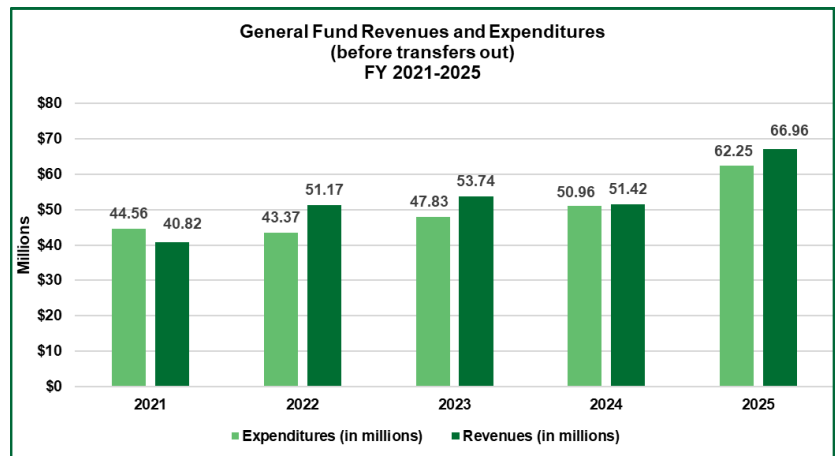
Note: The categories used in the graph above were developed internally and might not be the same as the Standard Industrial Classification Codes provided by the Illinois Department of Revenue.

General Fund Operating Results for FY 2025

The General Fund had a financially strong year ending with an operating surplus of \$4.7 million, before factoring in other financing sources (uses). However, the Fund reported a net deficit of \$300 thousand, which included an interfund transfers of \$4.0 million of calculated "surplus" in the General Fund into the Facility Capital Projects Fund, and \$1.0 million to Stormwater Fund, as well as a \$0.7 million contribution to the Police and Firefighters' pension funds to accelerate a reduction in the unfunded pension liabilities.

The General Fund Revenues were \$4.4 million, or 7.1% higher than budgeted, attributable to significantly higher revenues from sales taxes, state income taxes, investment income, ambulance fees, utility taxes and single use bag tax. Expenditures before transfers out were \$2.8 million, or 4.3% below under amended budget. Decrease in expenditures is mostly attributable to salary savings from temporary vacancies and turnover, as well as timing of contractual and capital expenditures.

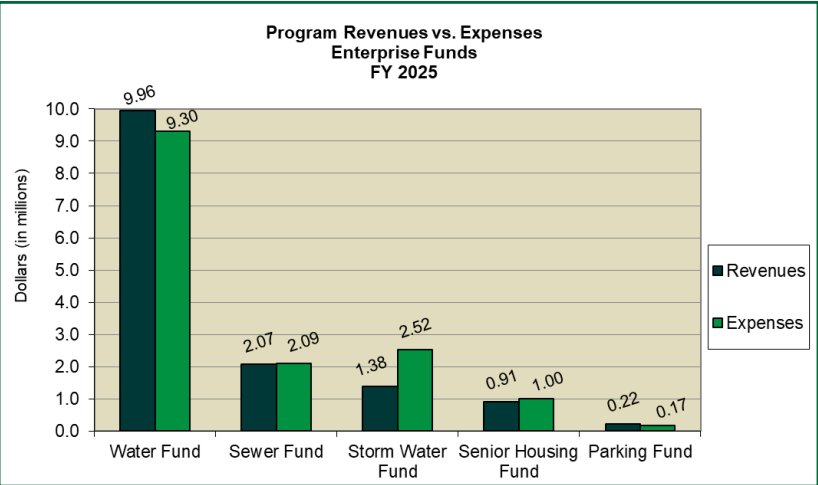
As displayed in the graph to the right, public safety (Police and Fire) expenditures account for the majority (69%) of the General Fund operations. FY 2025 actual expenditures for the entire Fund, before transfers out, totaled \$62.25 million.



At April 30, 2025, the unassigned General Fund balance totaled \$26.4 million of 46% of General Fund revenues. The Village Board has made a policy objective to maintain an unreserved General Fund balance equal to 40% of revenues and to set aside excess reserves for facility needs in Fire, Police and Public Works in a Facility Capital Projects Fund (FCPF). Beginning with FY 2023, 70% of the determined surplus reserves are transferred into the FCPF and the remaining 30% of the surplus is utilized at the Board's discretion. Pursuant to the Board's policy, an interfund transfer of \$4.0 million was made into the FCPF in FY 2025 based on the FY 2024 results.

Village Enterprise Funds

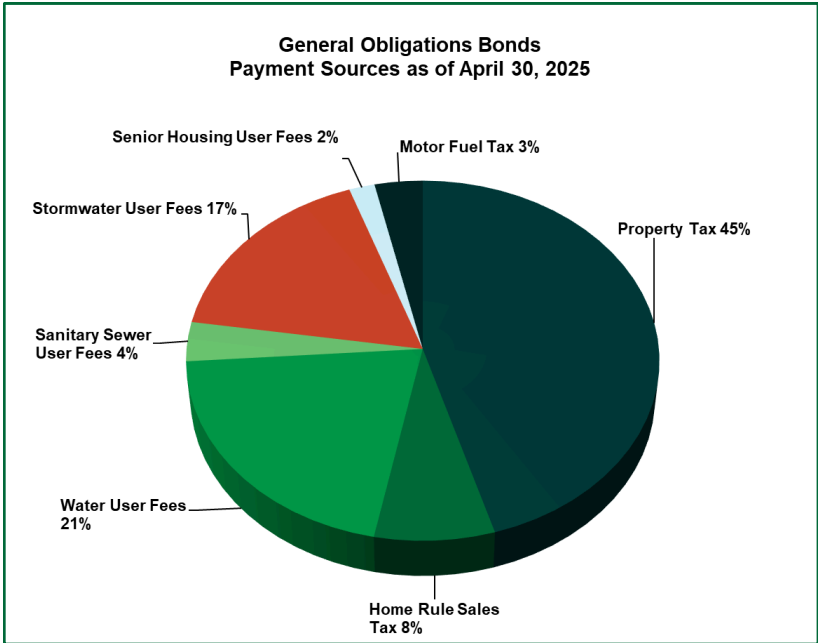
The Village utilizes Enterprise Funds to account for its waterworks, sewerage, stormwater, senior housing and parking operations. The goal of these funds is to be self-supporting, similar to a business, relying solely on the revenues received from user fees for their respective services. Property and sales taxes do not support the provision of these services. The Village intends to run the enterprise funds at a breakeven rate. Total revenues and costs for all programs and services were comparable to the prior fiscal year. The net position of Enterprise Funds increased by \$0.8 million mainly resulted from a \$0.7 million increase in the Water Fund.



Effective May 1, 2023, Water and Sewer rates increased from \$5.88 to \$6.15, and from \$1.26 to \$1.70, respectively, per 1,000 gallons. For stormwater, customers are billed at a rate of \$1.00 per thousand gallons of water used. Stormwater Fund reported a \$0.9 million loss before transfers in FY 2025 primarily due to debt service cost and historically low stormwater rate. A stormwater rate study will be completed in FY 2026.

General Obligation Bonds

The Village continues to maintain the highest rating given by both Moody's (Aaa) and Standard and Poor's (AAA) bond rating agencies. At April 30, 2025, the Village had a number of general obligation debt issues outstanding which totaled \$89.7 million. The Village conducts detailed analyses of existing debt structures, current and projected cash flows and potential future debt levels before making a decision to issue each new debt obligation to determine if paying the cost of new/replacement infrastructure overtime via debt is appropriate when the infrastructure will serve future residents for decades to come. As the pie chart illustrates, more than 50% of the General Obligation Bonds are supported by revenue other than property taxes.



Public Safety Pension Plans

Currently, the Village's strategy related to the public safety pension plans is to fund these obligations in a fiscally responsible and sustainable manner, to provide funding at a higher level than mandated by the State and to reduce unfunded liabilities and avoid unmanageable increases to pension costs in the future. Effective May 1, 2018, the Board increased the ambulance transport fee and applied the additional revenue annually to help pay down the unfunded liabilities in the Police and Fire pension funds. In FY 2025, the Village contributed \$357 thousand to each pension fund based on the calculated FY 2024 ambulance revenue surplus. As of April 30, 2025, the Village's police pension plan funded ratio is 62.8% and the fire pension plan funded ratio is 59.0%. The Village is required to be 90% funded by 2040 pursuant to State Statute.

Facility Capital Projects Fund

In accordance with the Board's direction, a Facility Capital Projects Fund was established in FY 2022 to account and provide for financial resources for the renovation/replacement of Fire Station 11, Police Station and Public Works Fleet Maintenance Garage. Pursuant to the Board's direction, an interfund transfer of \$4.0 million, or 70% of the unreserved General Fund balance above 40% target policy was made into this fund in FY 2025 based on the FY 2024 results. FY 2025 expenditures for this fund included \$2.6 million for the fleet maintenance garage project, \$1.3 million for Fire Station 11 project, and \$0.5 million for the police station project.