

VILLAGE OF GLENCOE,
ILLINOIS

CITIZEN'S ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2010

VILLAGE OF GLENCOE
CITIZEN'S ANNUAL FINANCIAL REPORT

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VILLAGE OF GLENCOE
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**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

PRESENTED TO

**Village of Glencoe
Illinois**

for the Fiscal Year Ended

February 28, 2009




President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Village of Glencoe for its Popular Annual Financial Report for the fiscal year ended February 28, 2009. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

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Letter from Chief Financial Officer

Dear Citizens of Glencoe,

The Village of Glencoe is pleased to present the Citizen's Annual Financial Report for the Fiscal Year ended February 28, 2010. This report provides a brief analysis of where the Village's revenue comes from and where dollars are spent, as well as trends in the local economy. This report is designed to present an understandable, comparative and easy-to-read financial analysis. More information regarding the Village and its financial condition is available on the Village's website at www.villageofglencoe.org. Specifically, you can access the most recent Comprehensive Annual Financial Reports (CAFR) and annual budgets by clicking on the Finance Department tab located on the homepage of the website. Availability of this report will be announced in the September/October 2010 Glencoe Memo. *This report was posted on the Village website as of August 6, 2010. The website is an excellent source of available financial information. If you would like to be notified of updates to the Village's website, please send an email to finance@villageofglencoe.org with a subject line "EFINANCES". Once your email is received you will be added to a mailing list and will periodically receive links to Village financial updates.*

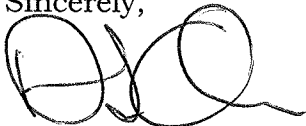
This report is a condensed summary of the annual CAFR. The data for this report was taken from the CAFR for the fiscal year ending February 28, 2010 as prepared by auditors retained by the Village. The CAFR, however, is much more detailed than this report. The financial data presented in this report is derived from the CAFR and is consistent with generally accepted accounting principles (GAAP). The Glencoe Library is a component unit of the Village and is included in the Village's CAFR, but will not be discussed in this report since the Library is governed by a separate board and has a separate financial report.

During Fiscal Year (FY) 2010, the Village received the following awards for its financial reporting from the Government Finance Officers Association (GFOA):

- Certificate of Achievement for Excellence in Financial Reporting (24 consecutive years)
- Award for Distinguished Budget Presentation (10 of last 11 years)
- Award for Outstanding Achievement in Popular Financial Reporting (1st year, 1st attempt)

We hope that upon reading this report, you will have greater insight into the Village's financial condition. If you have any questions or comments regarding information in this document, please do not hesitate to contact me at (847) 835-4113 or at davec@villageofglencoe.org

Sincerely,



David A. Clark,
Director of Finance (Chief Financial Officer)
And Treasurer

VILLAGE OF GLENCOE CITIZEN'S ANNUAL FINANCIAL REPORT

About Glencoe

The Village of Glencoe was incorporated in 1869 and is located next to Lake Michigan. Its accessibility to Chicago has attracted a mainly residential population. Village per capita income and median income figures are among the highest in the country; the Village is virtually fully developed and its tax base, which is primarily comprised of highly valued residential properties, has historically shown growth in value.

GLENCOE AT A GLANCE		
	<u>FY 2009</u>	<u>FY 2010</u>
Total Property Tax Rate	5.7410	5.6900
Village Portion of Tax bill	15.7%	16.2%
Retail Sales Tax Revenue	1,668,937	1,576,372
Bond Rating	AAA	AAA
Total Village Debt	14,815,000	12,355,000
Village Net Assets	73,259,513	72,535,121

Figure 1

Village Government

Glencoe operates within a Council-Manager form of government. The Village has operated under this form of government since 1914 and was the first government in Illinois to do so.

The President and six Village Board members are responsible for establishing Village policy and providing direction to the Village Manager. Village Board members are elected at-large and serve staggered four-year terms. The President presides at both the Village Board meetings that are held monthly, and any workshop meetings scheduled for discussion only.

Glencoe's mission is to continue a commitment to preserving and enhancing this desirable and attractive community by emphasizing the small-town character of Glencoe as a safe, uncrowded and pleasant village that encourages religious, racial, and ethnic diversity. Services provided are responsive to the needs of the citizens and businesses and are reliable, efficient and fiscally responsible.

Local Economy

The Village has a vibrant and attractive business community which provides convenient goods and services valued by the community. The Village has two business district areas within its corporate

VILLAGE OF GLENCOE CITIZEN'S ANNUAL FINANCIAL REPORT

limits. One is predominantly retail (downtown and Hubbard Woods) and the other includes the auto dealerships adjacent to the Eden's Expressway.

Village Financial Information

The Village maintains six governmental funds (General Fund, Garbage Fund, Motor Fuel Tax Fund, Enhanced 911 Fund, Debt Service Fund and Capital Projects Fund). The General Fund is the general operating fund that is used for all financial activity except activity specified in another fund.

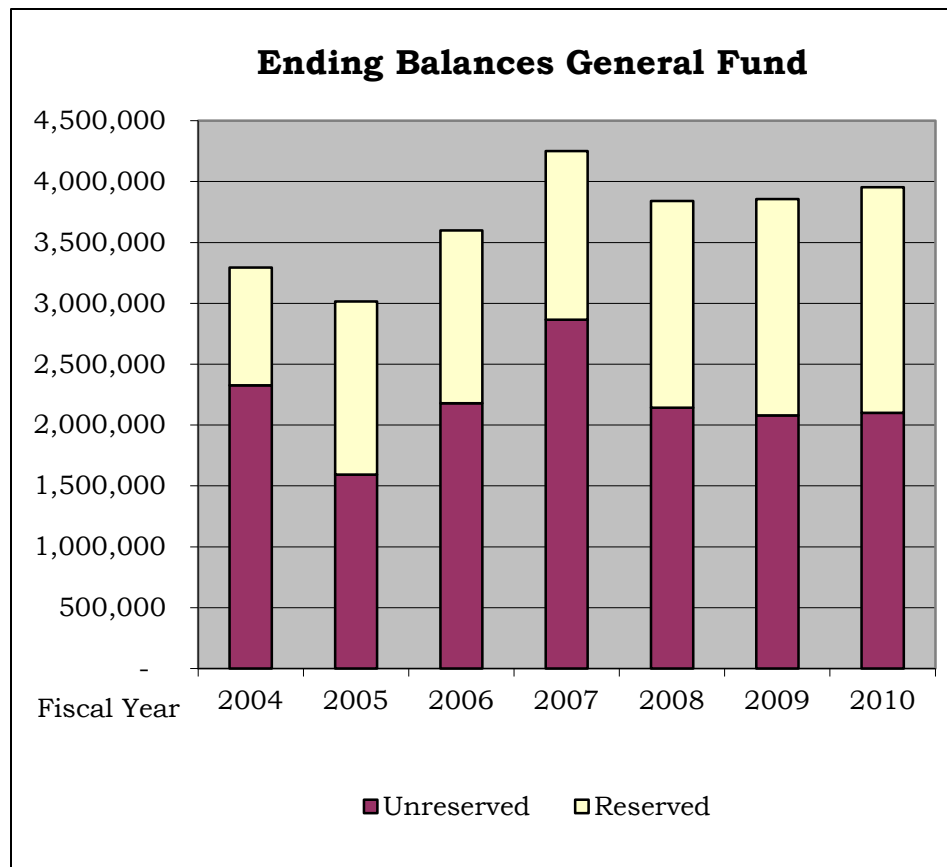


Figure 2

The governmental funds account for the Village's basic services, including public safety (police, fire, and paramedic), public works (garbage collection, sewers, forestry, street maintenance, and street lighting) and general governmental administration. The majority of Village services are funded through property taxes, sales tax, utility tax and state shared income tax. The General Fund, the Debt Service Fund, the Garbage Fund and the Capital Projects fund are considered "major" funds and are reported in greater detail in the comprehensive annual financial report. The Village manages its water utility and its municipal golf course as "business-type" activities and therefore reports them separately as proprietary funds (and not as "governmental activities").

Revenue and expenditure information included in this report are from the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds in the Fiscal Year 2010 CAFR.

Revenues/Resources

For the fiscal year ended February 28, 2010, the governmental funds totaled \$17.7 Million in revenue. The General Fund revenue represented \$13.4 Million of that amount. The four largest sources of revenue are property tax, sales tax, building permits and income tax. A substantial portion of the Village's revenue (16% in FY 2010) comes from sources subject to economic conditions beyond the Village's control (i.e. sales tax, income tax, building permits).

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FY 2009 Revenue

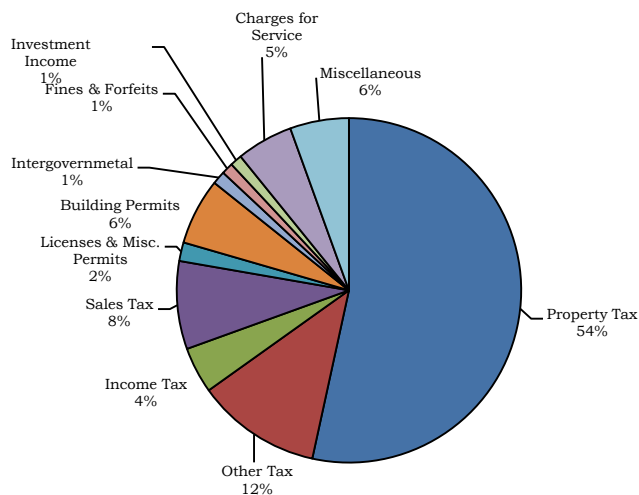


Figure 3

FY 2010 Revenue

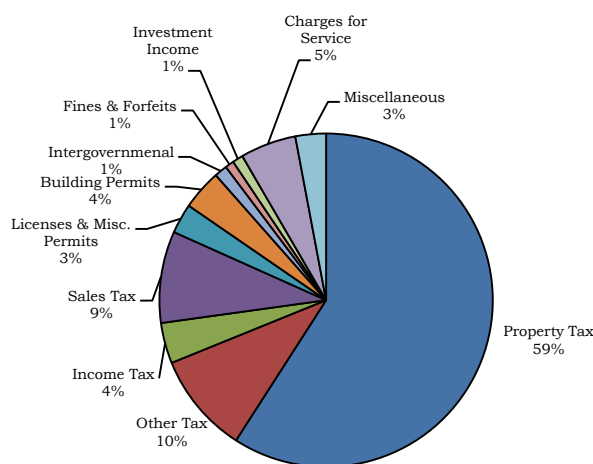


Figure 4

Property Value and Property Taxes

The single largest revenue source for the Village is property taxes. During Fiscal Year 2001, property taxes represented \$7.7 Million of the total governmental revenue of \$15.9 Million or 48.3%.

History of Property Tax

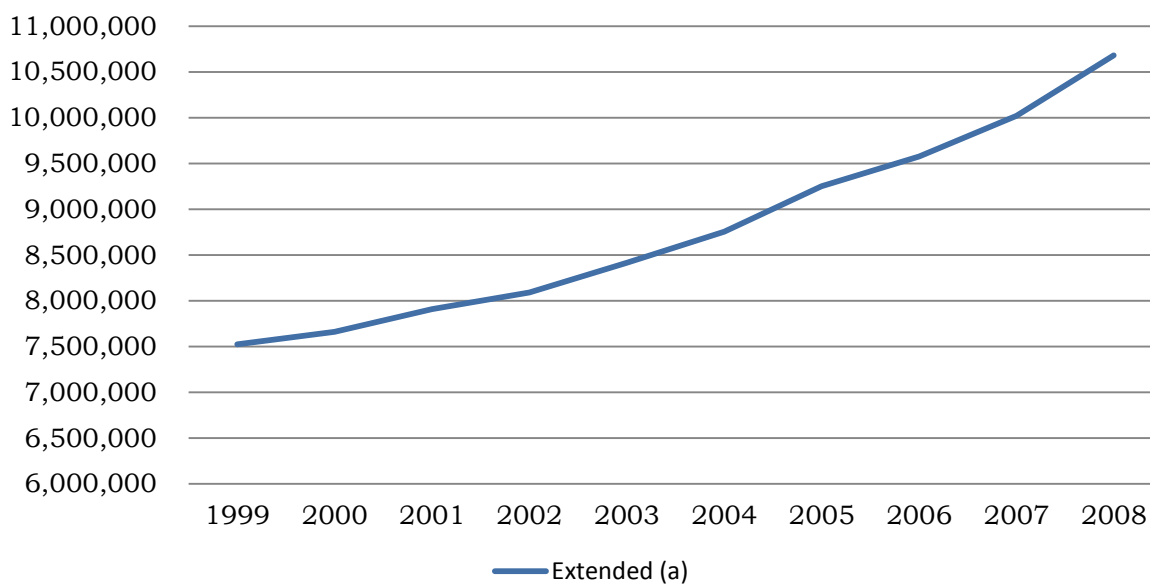


Figure 5

VILLAGE OF GLENCOE CITIZEN'S ANNUAL FINANCIAL REPORT

During Fiscal Year 2010, property taxes were \$10.5 Million of the total governmental revenue of \$17.7 or 59.1%. However, over the last 10 years the Village's share of the property taxes collected has declined. During tax year 1999, the Village represented 19.7% of the total tax bill, but during tax year 2008 (collected during Fiscal Year 2010) the Village represented 16.2% of the total tax bill.

Since 1999, Glencoe's assessed value of property has grown by 283% from \$410 Million to over \$1.15 Billion. The average annual increase during that time has been 10.8%. During that period of time, the Village portion of property taxes has increased 4.2% annually from \$7.5 Million (levied in 1999) to \$10.6 million (levied in 2008). In 1999, property taxes levied represented 1.8% of the assessed value. As of the 2008 tax levy, taxes represented 0.9% of assessed value.

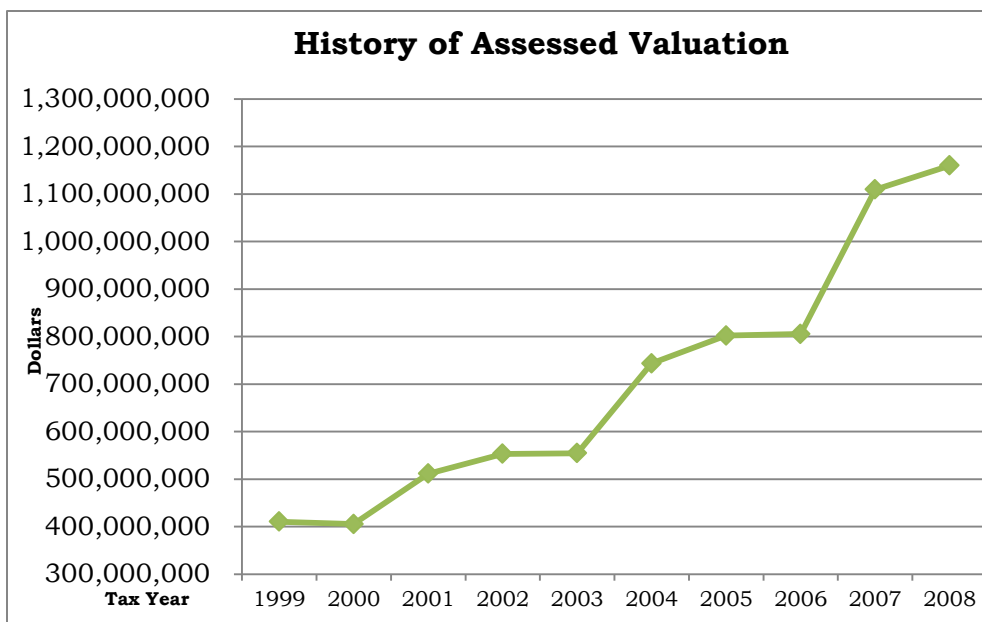


Figure 6

The Village is subject to the Property Tax Extension Limitation Law (PTELL), otherwise known as the "tax cap" law, which limits the annual increase in taxes to the lesser of the increase in the U.S. CPI-U or 5%.

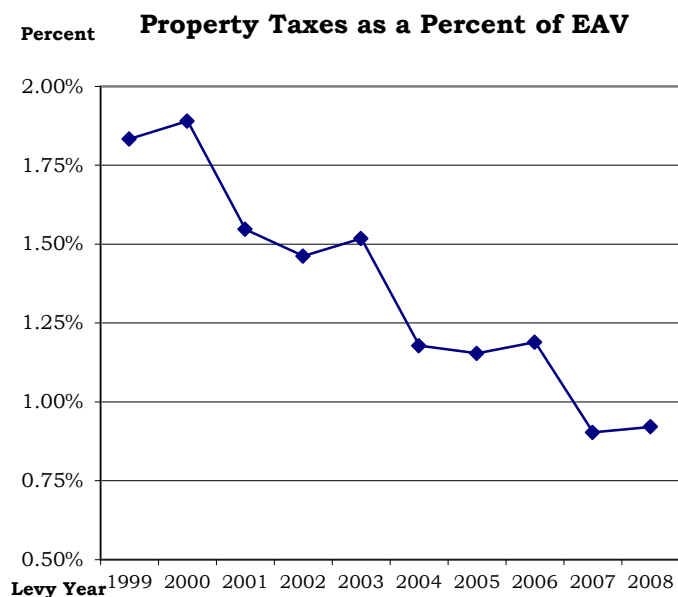


Figure 7

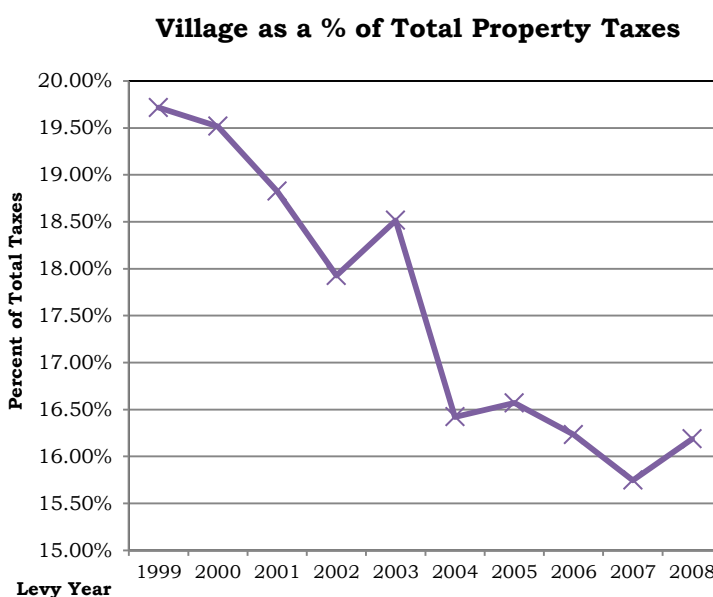


Figure 8

VILLAGE OF GLENCOE CITIZEN'S ANNUAL FINANCIAL REPORT

Sales Tax and Use Tax

The State of Illinois collects sales tax and local use tax on behalf of local municipalities. The state levies a retail sales tax on all retail sales. Most services are exempt; food and drugs are not exempt from sales tax. The Village receives one percent of the tax that is collected by the state on eligible sales within the Village. This source of revenue has grown in recent years with the addition of the three car dealerships.

The Village maintains a business center that provides a high level of goods and services. Even though it is small in size, the business activity occurring in the Village translates well to services provided in surrounding communities.

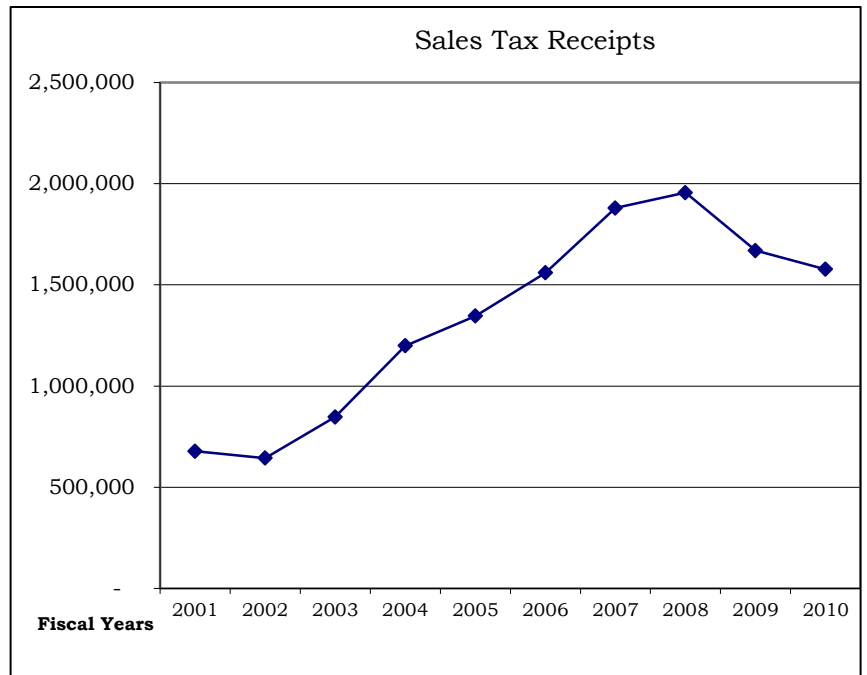


Figure 9

Over the last ten years, the Village has seen tremendous growth in sales tax primarily due to the addition of three car dealerships along the Edens Expressway. In 2000, sales tax from the category of automobiles (mainly service) represented 4.4% of the total sales tax collected. In 2009, sales tax from automobiles (mostly sales) represented 62.8% of the total sales tax collected. In 2000, the Village collected \$552,183 in sales tax compared to \$1,449,542 in 2009.

2000 Sales Tax (Calendar Year)

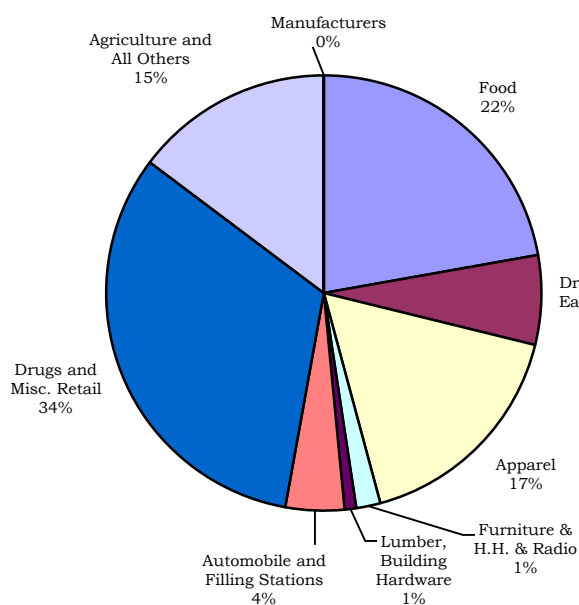


Figure 10

2009 Sales Tax (Calendar Year)

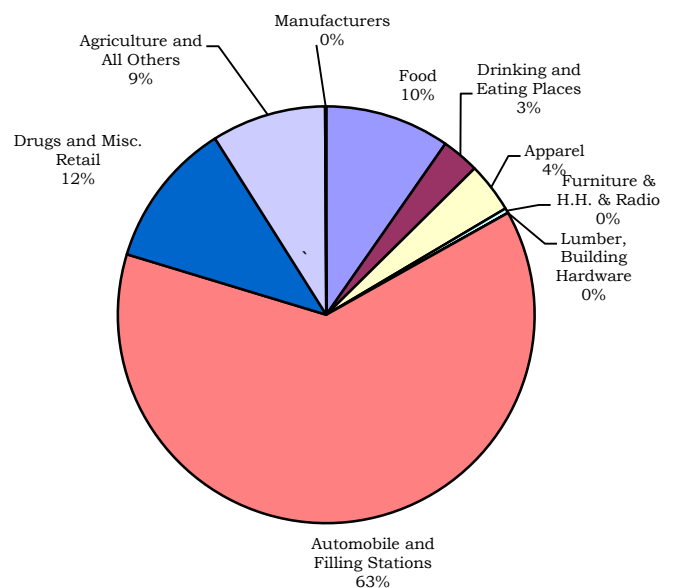


Figure 11

VILLAGE OF GLENCOE CITIZEN'S ANNUAL FINANCIAL REPORT

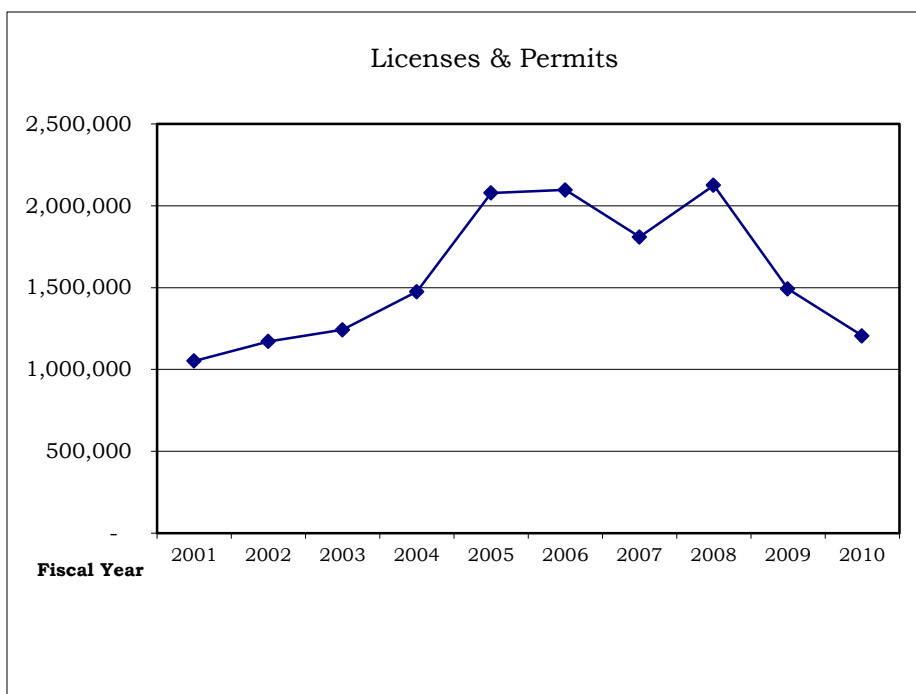
Charges for Service

Charges for service included in the governmental funds consist primarily of garbage and recycling fees, sewer fees and ambulance fees. Fees are controlled by the Village Board. Through the long-range financial planning process, the Village Board attempts to identify long-range issues to minimize major fluctuations in fee rates. Beginning March 1, 2009, the Village Board eliminated the base fee for garbage collection to reflect modification in service levels.

Licenses, Permits and Fees

Revenues in this category are generally collected to recover the cost of administrative services related to regulatory activity or other services provided by the Village. The increase in "Licenses and Permits" (from Fiscal Year 2001 to 2010) reflected a

Figure 12



substantial increase in building permit fees due to an increase in new home construction. This revenue source has grown over the years and is subject to economic factors beyond the Village's control. Fiscal Year 2010 represented the second consecutive year of reduced revenue from \$2.1 Million during Fiscal Year 2008 to \$1.2 Million during Fiscal Year 2010.

State Income Tax

The Village receives a portion of state income tax receipts on a state-wide per-capita basis. Of the \$699,419 in income tax revenue recorded during Fiscal Year 2010, \$133,250 was still receivable from the State of Illinois as of May 31, 2010.

Utility Taxes (Included in Other Taxes)

This revenue source includes taxes on electricity, natural gas and telecommunications.

Intergovernmental Resources

This revenue source includes resources received from other governments in the form of shared revenue (i.e., motor fuel tax that is state-shared revenue based on gallons of fuel dispensed).

Other Revenue

This includes revenue received that does not fall into designated categories, such as grants, reimbursements, and lease of village property for cellular-type antenna facilities.

Governmental Expenditures/Services Provided

For the Fiscal Year ended February 28, 2010, \$20.1 Million was expended from the governmental funds, which included \$13.3 Million from the General Fund. Total governmental fund expenditures in FY 2009

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were \$18.8 Million. In FY 2010, expenditures from governmental funds exceeded revenues by \$2,380,368 due primarily to capital projects. Absent the investment in capital of \$3,078,301, expenditures would have been \$697,933 less than revenue.

FY 2009 Expenditure

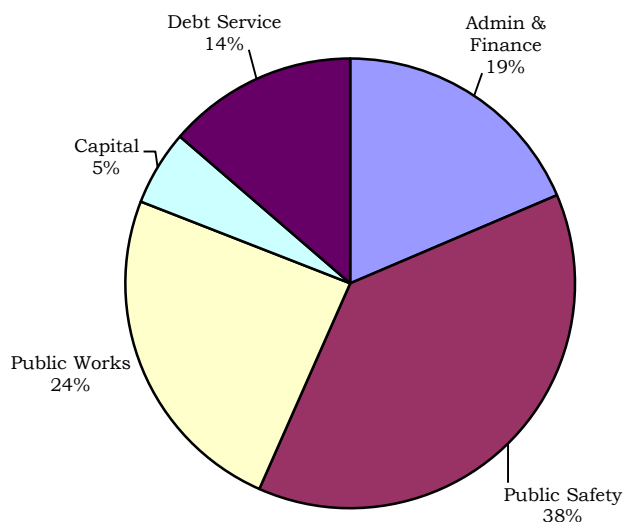


Figure 13

FY 2010 Expenditure

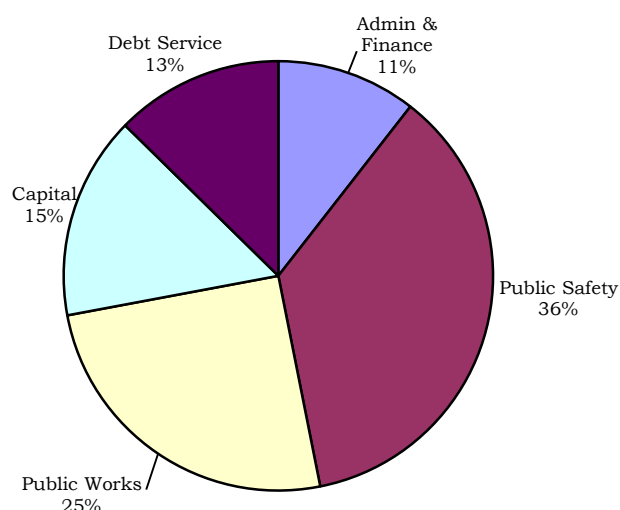


Figure 14

Administration and Finance

Expenditures in this category reflect the cost for the administrative and finance functions of the Village, including the Village Manager's office, legal, community services, boards and commissions, finance administration, support services, risk management and the issuance of long-term debt. Historically, certain public works functions related to garbage collection have been included in this category of expense. However, beginning Fiscal Year 2010, these public works expenditures related to garbage collections have been reported as such, and not as administration and finance expenditures. Also, included in this category during Fiscal Year 2010 was the issuance cost of the 2009A series general obligation refunding bonds.

Public Safety

Expenditures in this category reflect the cost of fire protection, police protection and paramedic services through the Public Safety Department. Both police and fire functions are nationally accredited. Expenditures in this category include the Village's contribution towards Police Pension Obligations.

Public Works

Expenditures in this category reflect the general operating cost of public works administration, streets, sewers, forestry, building maintenance, street maintenance, street lighting, parking and traffic control, municipal garage functions and maintenance and community development. The expenses of certain garbage collection activities previously reported as administration and finance expenses are now in the public works category (beginning Fiscal Year 2010).

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Capital

Expenditures in this category reflect investment in the Village's capital equipment and infrastructure, including improvement to buildings and facilities, street resurfacing, sewer improvements, and vehicle and equipment replacement. Of the total \$3.1 Million in capital expenditures from governmental funds, \$2.8 Million was from bond proceeds.

Other Business-Type Services

Certain services provided by the Village are classified as "business-type" services and are reported as "enterprise funds", which are intended to be financially self-supporting as independent entities. Glencoe's water utility (Water Fund) and its municipal golf club are reported in this fashion.

Water Services

The Village's water plant was built in 1928. The water plant provides water for use by residences and businesses in Glencoe. The Village does not sell water to other communities for daily consumption or other non-system maintenance reasons. The integrity of the Village's water system is very important and the Village meets or exceeds all required state and national regulations. Over the last five fiscal years, the Village has produced an average of 624 million gallons of water ranging from a low of 520 million gallons in Fiscal Year 2010 to a high of 712 million gallons in Fiscal Year 2006. During Fiscal Year 2010, 520 million gallons of water were produced, 104 million gallons below the five year average. The volume of water pumped annually depends upon demand and the demand is often influenced by weather conditions. Total water fund operating revenues for FY 2010 were \$1,721,484.

As of March 1, 2010, the water rate was \$3.265 per 100 cubic feet, a 17.8% increase from the rates in effect on March 1, 2009. This compares to the rate in surrounding communities (not selling water) of \$3.360 per 100 cubic feet. During review of the Village's long range financial plan, with development of the Fiscal Year 2011 Budget, it was anticipated that the Water Fund would need a 3.0% annual increase to continue to meet operating and capital improvement needs (based on average consumption levels). As noted, Fiscal Year 2010 was well below average in terms of water pumped. As of February 28, 2010, the Water Fund owed the General Fund \$102,888.

Glencoe Golf Club

In 1921, a group of Glencoe residents originated the Glencoe Golf Club, one of the first municipal golf courses in the Chicago area. The first nine holes were open for play in 1922 and the second nine holes opened in 1925. The course occupies 126 acres (60 owned by the Village and 66 owned by the Cook County Forest Preserve District).

In recent years, the Glencoe Golf Club has faced challenges caused by aging infrastructure and an increasingly competitive environment for attracting golfers.

During Fiscal Year 1994, the Glencoe Golf Club assumed operations of a pro shop. Fiscal Year 2006 was the first year that the GreenToTee Golf Academy operated from the golf club facilities. During Fiscal Year 2007, the food service operation was outsourced to a concessionaire.

The Glencoe Golf Club continues to be a course with its own unique charm. During 2009, 31,971 rounds were played, up from the 30,390 rounds played the prior year. The Glencoe Golf Club strives to be one of the best and most attractive courses in the Chicago area. In March of 2008, Sheridan Road

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Magazine recognized the Glencoe Golf Club as "...one of the finest public golf facilities on the North Shore".

The primary mission of the Glencoe Golf Club is to provide a quality golf experience while returning to self-sufficiency. As of February 28, 2010, the Glencoe Golf Club owes the Village \$1.55 Million in cash advances, deferred management fees and interest-on-amount owed. The Village reviews the condition of the Glencoe Golf Club each year as part of the budget process and determines whether or not the club has the ability to begin to repay its obligation to the Village. To date, there have been other pressing issues at the club (i.e. maintaining an aging infrastructure) that have precluded any repayment to the Village.

Long-Term Obligations

In addition to providing resources for quality services on an annual basis, the Village Board annually reviews plans to meet long-term obligations that include capital improvements and pension obligations.

Capital Improvements

Annually, the Village Board reviews and updates the 10-year inventory of planned capital projects. The estimated total cost of the projects identified in the 2020 Capital Improvement Program (CIP) totaled \$21.6 Million. The 2020 CIP includes \$11.7 million for infrastructure (including streets, sewers, sidewalks and water main), \$5.6 million for vehicle replacement, and \$4.3 million for buildings and equipment.

On November 5, 2008, Village voters approved two referendum questions that resulted in the issuance of \$7.4 Million in general obligation bonds in January of 2009. The 2009 Bond Improvement Program includes:

- \$6.1 million for repair, rehabilitation and resurfacing of streets (including street parking), repair and rehabilitation of storm and sanitary sewers
- \$1.3 million to improve the Public Safety Department portion of the Village Hall including fire safety improvements and the acquisition of a new fire truck

Continuing to fund needed capital improvements is a Village priority in order to control maintenance costs and to reduce future capital improvement costs that would result from any significant deferral of capital projects. This commitment has become a greater challenge for the Village given the recent downturn in economic conditions.

Pension Obligations

Part of the cost of providing services is the cost of personnel, including salaries, benefits and pensions. Village employees participate in one of two Illinois statutory pension plans, depending on their position. Pension obligations to employees and eligibility requirements are imposed entirely by state law, although the state provides no funds (or specific funding

VILLAGE CONTRIBUTION SUMMARY			
<u>Fiscal Year</u>	<u>2006</u>	<u>2010</u>	<u>% Chng</u>
IMRF	431,817	516,717	19.7%
Police Pension	900,527	1,407,637	56.3%
Total	1,332,344	1,924,354	44.4%

Figure 15

VILLAGE OF GLENCOE

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sources) for the Village to meet those obligations. Retirement Fund (IMRF) and the Police Pension Fund.

The pension plans are the Illinois Municipal

Village employees (who work more than 1,000 hours per year and are non-sworn employees) participate in IMRF. From the calendar year ended December 31, 2008 to 2009, IMRF plan assets increased from \$13.7 Million to \$14.8 Million, an 8.9% increase in assets from the prior year. Since year-end 2007, the IMRF plan's funded ratio decreased from 96.6% to 77.5%. Employees contribute 4.5% of pay and the Village contributes based upon a rate calculated by IMRF. During 2005, the Village contributed \$431,817 based on 8.9% of pay. During 2009, the Village contributed \$516,717 based on 8.9% of pay. Historically, there is movement in the rate paid by the Village. The rate adjusts according to the number of participants, the number of years an employee has participated in IMRF and market conditions. Since 1992, the rates have fluctuated from a low of 2.3% in 2001 to a high of 11.8% in 1992.

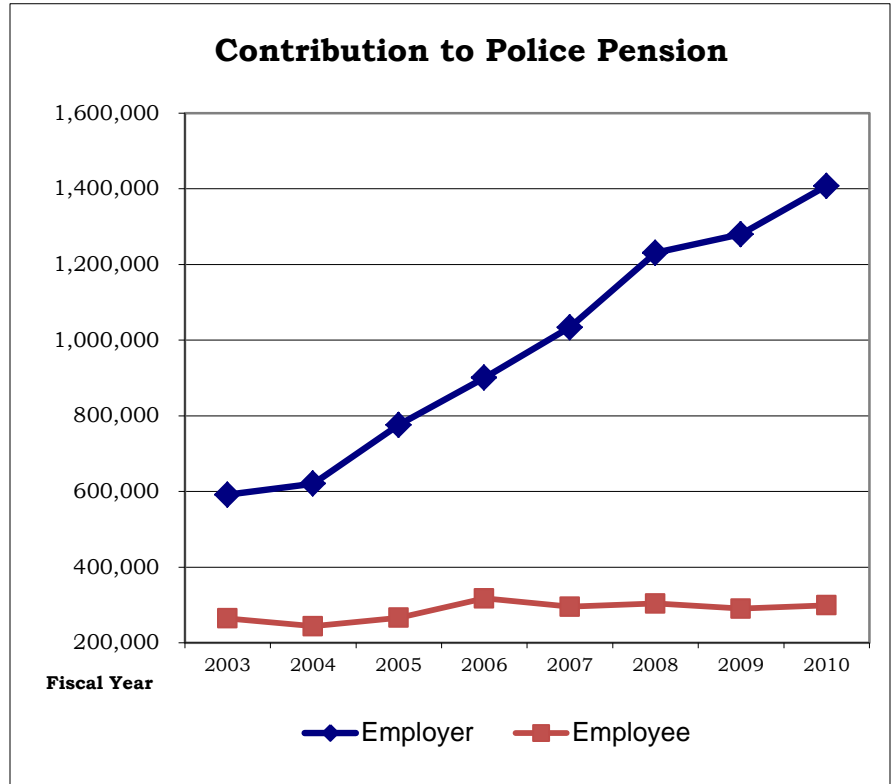


Figure 16

Sworn public safety personnel participate in the Police Pension Plan. The Police Pension Plan is a defined benefit plan mandated by the State of

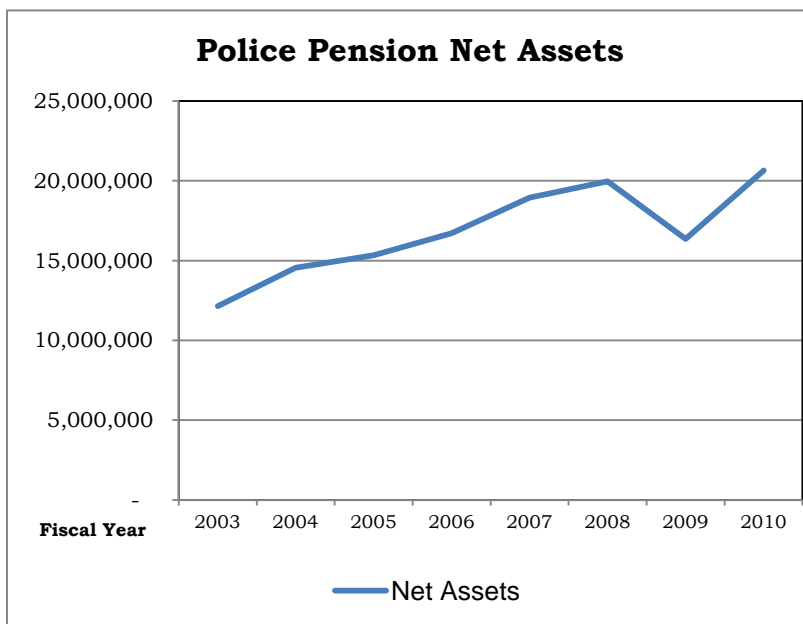


Figure 17

Illinois. As of the most recent audit, the Police Pension Plan has \$20.6 Million, an increase of \$4.3 Million or 26.3% and was 47.7% funded as of February 28, 2009. Employees contribute 9.91% of pay and the Village contributes based upon actuarial tax levy estimates from an independent actuary. During Fiscal Year 2004, the Village contributed \$620,485 and employees contributed \$243,880. During Fiscal Year 2010, the Village contributed \$1,407,633 and employees contributed \$299,250.

Funding pension obligations is a priority of the Village Board. The growth in the cost of funding pensions has outpaced the ability of property taxes as a sole source of funding due to property tax extension limitation law.

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Therefore, funding at required levels comes from Village revenues that might otherwise be used for capital improvements or other operating costs. The ongoing economic uncertainty will further stress the pension system because of the actuarial loss on the value of investments that must be recovered. The recovery seen during Fiscal Year 2010 merely returned the Police Pension Fund asset balance to a level of assets previously held at the end of Fiscal Year 2008.

Debt Repayment Obligation

The Village makes principal and interest payments on bonds issued for approved projects. Beginning Fiscal Year 2013, the Village will pay approximately \$1.3 Million per year less in principal and interest payments than during Fiscal Year 2010 or scheduled during Fiscal Year 2011. Between Fiscal Year 2013 and Fiscal Year 2019 payments will range from \$1.2 Million to less than \$1.4 Million.

The Village has a legal debt limit of \$115 Million with outstanding debt of \$12.3 Million or 10.7% of the total debt limit. Ten years ago, the Village had a legal debt limit of \$41.0 Million with \$20.1 Million outstanding or 49.0% of the total debt limit.

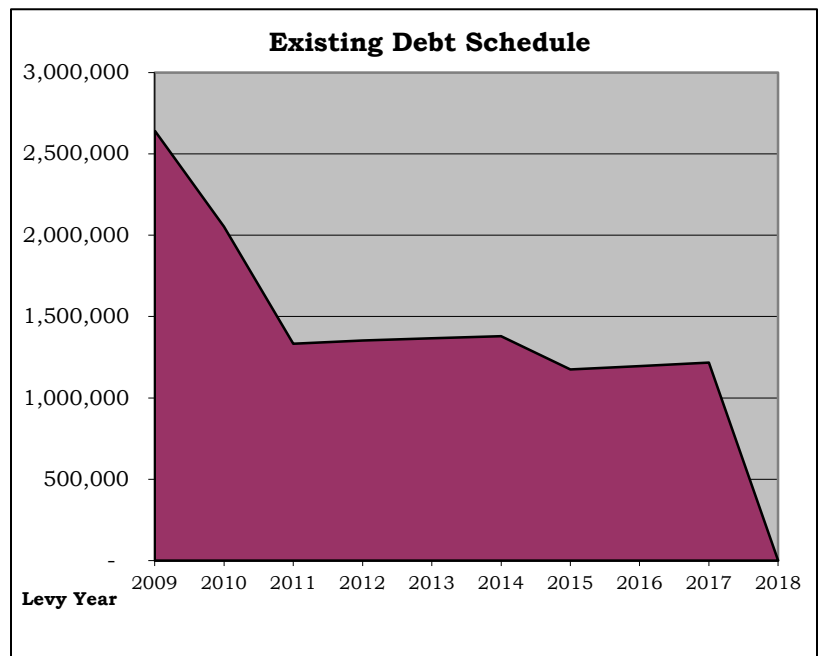


Figure 18

Village of Glencoe Schedule of Legal Debt Limit		
	2001	2010
Legal debt limit	41,045,974	115,972,458
Total net debt applicable to limit	20,115,000	12,355,000
Legal debt margin	20,930,974	103,617,458
Total net debt applicable to the limit as a percentage of debt limit	49.0%	10.7%

Figure 19

VILLAGE OF GLENCOE
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Statement of Net Assets

The statement of net assets included in this report is a condensed view of the Village's assets and liabilities for all funds as of February 28, 2010. Governmental activities are reported separately from business-type activities (i.e., Water Fund and Glencoe Golf Club).

During Fiscal Year 2010, unrestricted net assets of the total primary government increased \$843,632. The governmental unrestricted net assets increased \$801,863 while the business type unrestricted net assets decreased by \$41,769.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>
<i>Current and other assets</i>	\$ 25,093,081	\$ 22,632,552	\$ (573,656)	\$ (670,904)	\$ 24,519,425	\$ 21,961,648
<i>Capital Assets/Non-Current</i>	75,823,258	74,649,934	2,996,915	3,206,293	78,820,173	77,856,227
<i>Total Assets</i>	\$ 100,916,339	\$ 97,282,486	\$ 2,423,259	\$ 2,535,389	\$ 103,339,598	\$ 99,817,875
<i>\$ Change</i>	\$ 7,617,246	\$ (3,633,853)	\$ 268,396	\$ 112,130	\$ 7,885,642	\$ (3,521,723)
<i>% Change</i>	8.2%	-3.6%	12.5%	4.6%	8.3%	-3.4%
<i>Non-Current</i>	\$ 13,643,305	\$ 10,945,606	\$ 195,381	\$ 189,663	\$ 13,838,686	\$ 11,135,269
<i>Other Liabilities</i>	15,849,608	15,888,993	391,791	258,492	16,241,399	16,147,485
<i>Total Liabilities</i>	\$ 29,492,913	\$ 26,834,599	\$ 587,172	\$ 448,155	\$ 30,080,085	\$ 27,282,754
<i>\$ Change</i>	\$ 5,112,136	\$ (2,658,314)	\$ 28,035	\$ (139,017)	\$ 5,140,171	\$ (2,797,331)
<i>% Change</i>	21.0%	-9.0%	5.0%	-23.7%	20.6%	-9.3%
<i>Net Assets:</i>						
<i>Invested in capital assets, net of debt</i>	\$ 68,481,254	\$ 66,567,750	\$ 2,996,915	\$ 3,206,293	\$ 71,478,169	\$ 69,774,043
<i>Restricted</i>	518,814	654,916	-	-	518,814	654,916
<i>Unrestricted</i>	2,423,358	3,225,221	(1,160,828)	(1,119,059)	1,262,530	2,106,162
<i>Total Net Assets</i>	\$ 71,423,426	\$ 70,447,887	\$ 1,836,087	\$ 2,087,234	\$ 73,259,513	\$ 72,535,121
<i>\$ Change</i>	\$ 2,505,110	\$ (975,539)	\$ 240,361	\$ 251,147	\$ 2,745,471	\$ (724,392)
<i>% Change</i>	3.6%	-1.4%	15.1%	13.7%	3.9%	-1.0%

Figure 20

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During Fiscal Year 2010, the unrestricted net assets of the Water Fund decreased by \$44,920 and the unrestricted net assets of the Glencoe Golf Club increased by \$86,689.

	<i>Water Activities</i>		<i>Golf Activities</i>		<i>Total Business-Type Activities</i>	
	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>
<i>Current and other assets</i>	\$ 197,698	\$ 205,896	\$ 802,700	\$ 785,226	\$ 1,000,398	\$ 991,122
<i>Capital Assets</i>	2,344,390	2,326,632	652,525	879,661	2,996,915	3,206,293
<i>Total Assets</i>	\$ 2,542,088	\$ 2,532,528	\$ 1,455,225	\$ 1,664,887	\$ 3,997,313	\$ 4,197,415
<i>Non-Current</i>	\$ 174,029	\$ 169,676	\$ 21,352	\$ 19,987	\$ 195,381	\$ 189,663
<i>Other Liabilities</i>	219,443	276,914	1,746,402	1,643,604	1,965,845	1,920,518
<i>Total Liabilities</i>	\$ 393,472	\$ 446,590	\$ 1,767,754	\$ 1,663,591	\$ 2,161,226	\$ 2,110,181
<i>Net Assets:</i>					-	-
<i>Invested in capital assets, net of debt</i>	\$ 2,344,390	\$ 2,326,632	\$ 652,525	\$ 879,661	\$ 2,996,915	\$ 3,206,293
<i>Restricted</i>	-	-	-	-	-	-
<i>Unrestricted</i>	(195,774)	(240,694)	(965,054)	(878,365)	(1,160,828)	(1,119,059)
<i>Total Net Assets</i>	\$ 2,148,616	\$ 2,085,938	\$ (312,529)	\$ 1,296	\$ 1,836,087	\$ 2,087,234

Figure 21

The following are definitions of terms used in this report and other financial reports of the Village:

Current and other assets

These are the assets that can reasonably be expected to convert to cash, sell or consume within one year.

Capital assets

These are the Village's long-term investment in land, buildings, equipment, improvements, infrastructure and construction in progress. The Village uses capital assets to provide services to the residents. Consequently, these assets are not available for spending.

Non-current liabilities

This category mainly represents debt obligations of the Village, including general obligation bonds payable, compensated absences payable and net pension obligation payable.

Other liabilities

This category primarily includes debt that can be paid off in one year or less. This includes accounts payable, accrued interest payable and deferred revenue.

Net assets invested in capital assets, net of related debt

This category represents the Village's investment in capital assets less any related outstanding debt used to acquire those assets. However, 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.

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Restricted net assets

These are the resources that are subject to external restrictions on how they may be used. The Village of Glencoe has resources set aside for roadway maintenance, debt service and public safety.

Unrestricted net assets

These are resources accessible to the Village in order to provide services to the residents of Glencoe if there are no additional revenues or resources available.

Financial Policies

The Village has established financial policies as a guide in conducting business. A list of major financial policies includes:

Fund Balance Policy

The general stability of revenue sources allows the Village to maintain a relatively small fund balance in the individual funds. In recent years, sales tax and permit revenues have increased as a percent of the total revenue. Since these revenue sources are subject to factors beyond the Village's ability to control, it is the Village's policy to maintain an undesignated and unreserved fund balance in the General Fund of 10% of operating expenditures but no less than \$1 million as calculated on the last day of the fiscal year. Despite the volatility of sales tax and permit revenue, the Village is currently able to maintain this target. The 10% target is also used for other operating funds (i.e. Water Fund, Golf Club and Garbage Fund) with no absolute dollar minimum.

Balanced Budget Policy

As a policy, expenditures and other financing uses are not to exceed revenues and other financing sources (including available undesignated fund balance in excess of fund balance targets). Operating expenditures are not to be paid for by bond proceeds or other long-term debt.

Abatement of Property Taxes

The Village Board reduces (abates) its request for property taxes for debt service by other sources of revenue on hand. When the Village adopts an ordinance authorizing the issuance of debt, the debt repayment schedule is also set. The county will collect the taxes in that schedule unless otherwise instructed by the Village. The abatement ordinance directs the county to reduce the tax levy for debt by the amount of other financing sources available for the repayment of debt. One source of abatement comes from undesignated fund balances in excess of target not used for capital projects. The Village typically levies the maximum possible for operating purposes and uses any identified surplus to reduce (abate) the portion of property taxes levied for debt service. This allows the Village to maintain the authority to tax under tax cap law without actually collecting the taxes.

Debt Policy

It is the policy of the Village to use long-term debt to pay for projects appropriate to be funded by such sources due to the life of the asset. It is appropriate for those enjoying the benefit of the new asset to be the ones who pay for it. The use of other financing sources (undesignated fund balances) could limit the Village's ability to respond to changing economic conditions. Therefore, the use of long-term debt is the preferred alternative to be used for long-term capital improvements. Generally, the Village structures its debt schedule in order to maintain level debt service.

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Use of Limited Tax Debt Authority

The Village can issue debt up to ½ of one percent (approximately \$5.5 million) of the Village's equalized assessed value (EAV) without referendum as long as the annual debt extension is less than approximately \$502,000. As of February 28, 2009, the available authority was \$4.1 million with available annual extension of approximately \$276,000. As a policy, the Village retains this authorization as an emergency reserve.

Repayment of Glencoe Golf Club Advance

The repayment of the amount due to the Village is reviewed annually during the budget review process.

Golf Club Management Fee

At present, the management fee paid annual by the Glencoe Golf Club is set at \$60,000. The purpose of the fee is to recover cost of services provided by the Village to the Glencoe Golf Club. The present practice is to treat the management fee as a receivable to the General Fund and a payable from the Golf Club. Like the amount due to the Village from the Golf Club, this matter is reviewed annually during the budget process.

Funding Pension Obligations

The Village is committed to remaining on target with funding required pension obligations. The Village uses an independent actuary to determine the amount of funding required for the Police and Fire Pension Funds. The actuaries retained by the Village use assumptions that are more recent than those used by the State of Illinois. As a result, the funding obligation independently determined by the Village is usually greater than the amount required by the State of Illinois. As of February 28, 2010, the Village has been able to maintain this funding practice. Typically, the funds in excess of the State of Illinois requirement up to the independently determined amount are transferred to the Police Pension Fund during the last month of the fiscal year.

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Getting More Information

The Village's website (www.villageofglencoe.org) is a primary source of information about Village services, policies and events. The website provides information about Village services, community events, construction alerts, public safety tips and much more. Residents may also take advantage of many online services on the website including:

- Utility bill payments and other billed items
- Village Code
- Meeting agendas and minutes
- Village forms and documents...and much more!

**Board of Trustees
As of February 28, 2010**

Scott M. Feldman, Village President
Keki Bhote, Village Trustee
Bruce Cowans, Village Trustee
Lawrence Levin, Village Trustee
Joseph Keefe, Village Trustee
Ellen Shubart, Village Trustee
Joel Solomon, Village Trustee

Administrative Staff

Paul M. Harlow, Village Manager
David C. Mau, Director of Public Works
David A. Clark, Director of Finance
Michael Volling, Director of Public Safety