

VILLAGE OF GLENCOE, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
February 28, 2007

Prepared by Finance Department

VILLAGE OF GLENCOE, ILLINOIS  
TABLE OF CONTENTS

---

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials .....	i
Organization Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting .....	iii
Letter of Transmittal .....	iv-vii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT.....	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A1-15
Government-Wide Financial Statements	
Statement of Net Assets .....	3
Statement of Activities .....	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	6
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities .....	9
Proprietary Funds	
Statement of Net Assets.....	10
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	11
Statement of Cash Flows .....	12

VILLAGE OF GLENCOE, ILLINOIS  
TABLE OF CONTENTS (Continued)

---

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Statement of Fiduciary Net Assets .....	13
Statement of Changes in Fiduciary Net Assets .....	14

Notes to Financial Statements .....	15-42
-------------------------------------	-------

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	43
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Garbage Fund.....	44
Schedule of Funding Progress	
Illinois Municipal Retirement Fund.....	45
Police Pension Fund.....	46
Firefighters' Pension Fund.....	47
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund.....	48
Police Pension Fund.....	49
Firefighters' Pension Fund.....	50
Notes to Required Supplementary Information .....	51-52

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual - General Fund.....	53
Schedule of Expenditures - Budget and Actual - General Fund .....	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Obligation Bonds Fund .....	55
Capital Projects Fund .....	56

VILLAGE OF GLENCOE, ILLINOIS  
TABLE OF CONTENTS (Continued)

---

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES (Continued)

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet .....	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund .....	59
Enhanced 911 System Fund.....	60
Foreign Fire Insurance Fund .....	61
1993 Hogarth Lane Special Service Area Fund .....	62

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Combining Statement of Net Assets.....	63
Combining Statement of Changes in Plan Net Assets .....	64

STATISTICAL SECTION

Financial Trends

Net Assets by Component - Last Three Fiscal Years .....	65
Change in Net Assets - Last Three Fiscal Years .....	66-67
Fund Balances of Governmental Funds - Last Ten Fiscal Years .....	68
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	69

Revenue Capacity

Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years .....	70
Property Tax Rates - Direct and Overlapping Governments - Last Ten Levy Years .....	71
Sales Tax Revenue by Category .....	72
Sales Tax Revenue by Category as Compared to Surrounding Community Sales Tax by Category .....	73
Principal Property Taxpayers - Current Year and Ten Years Ago.....	74
Property Tax Levies and Collections - Last Ten Levy Years .....	75

VILLAGE OF GLENCOE, ILLINOIS  
TABLE OF CONTENTS (Continued)

---

	<u>Page(s)</u>
STATISTICAL SECTION (Continued)	
Debt Capacity	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years.....	76
Ratios of General Bonded Debt Outstanding -	
Last Ten Fiscal Years.....	77
Direct and Overlapping Governmental Activities Debt.....	78
Legal Debt Margin Information .....	79
Demographic and Economic Information	
Demographic and Economic Information -	
Last Ten Fiscal Years.....	80
Principal Employers - Current Year and Nine Years Ago.....	81
Operating Information	
Full-Time Equivalent Employees - Last Ten Fiscal Years .....	82
Operating Indicators - Last Ten Fiscal Years.....	83
Capital Asset Statistics - Last Ten Fiscal Years .....	84
Schedule of Insurance in Force .....	85

## **INTRODUCTORY SECTION**

VILLAGE OF GLENCOE, ILLINOIS

PRINCIPAL OFFICIALS

February 28, 2007

---

President

Scott M. Feldman

Board of Trustees

Bruce Cowans  
Laurence Debb  
Ellen Shubart

Deborah Cogan  
Mitchell Melamed  
Joseph Keefe

Clerk

Paul M. Harlow

Village Attorney

Victor Filippini

Treasurer

David A. Clark

\* \* \* \* \*

Village Manager

Paul M. Harlow

Director of Finance

David A. Clark

Director of Public Safety

Mikel Milks

Director of Public Works

David Mau

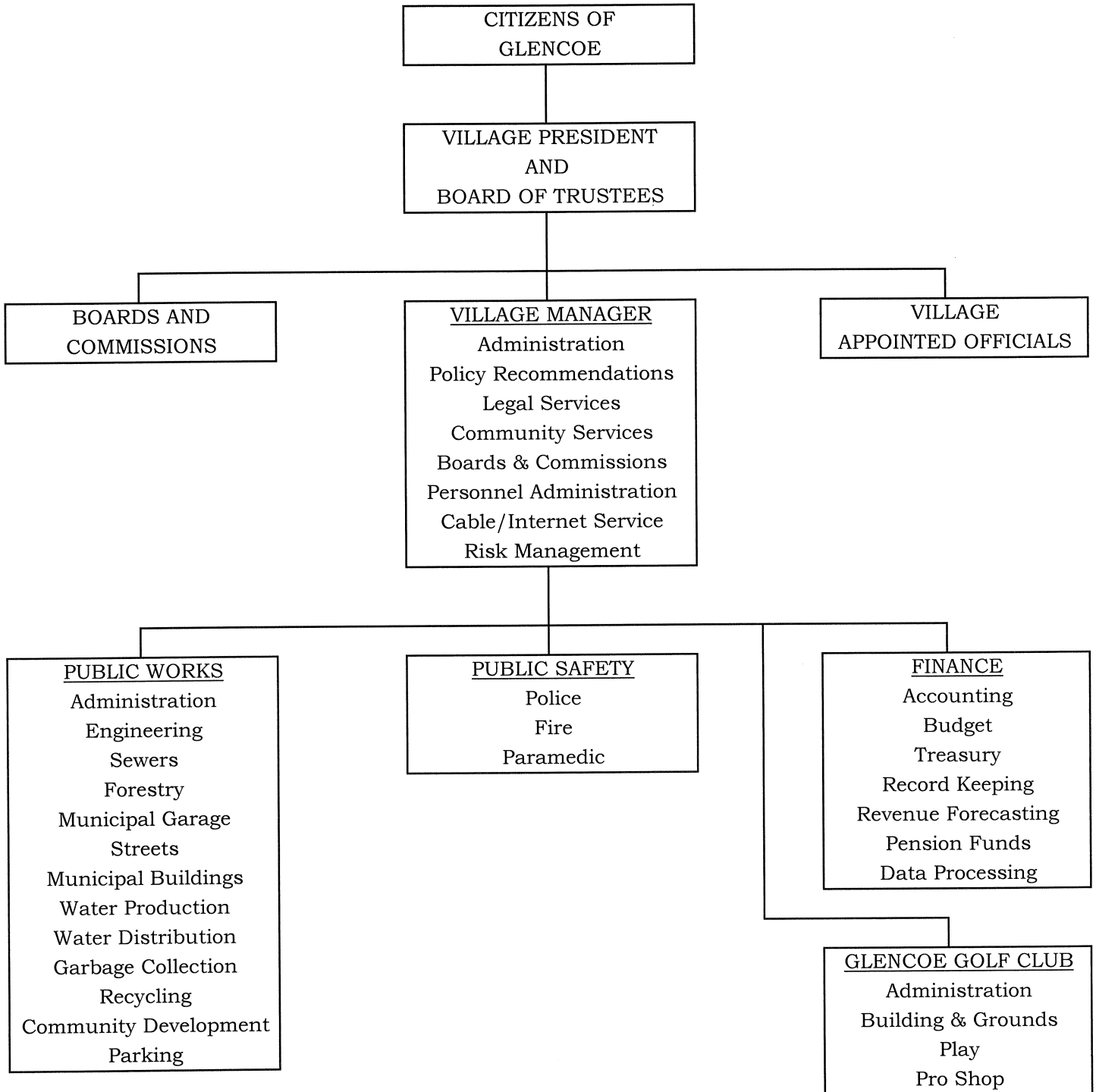
Golf Manager

Stella Nanos

Library-Executive Director

Peggy Hamil

# Village of Glencoe





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Glencoe  
Illinois

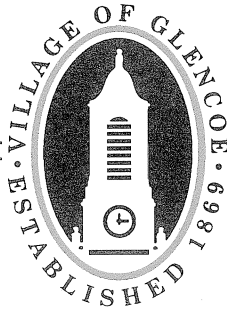
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
February 28, 2006

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



President

Executive Director



August 9, 2007

To the Residents of the Village of Glencoe:

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the Village of Glencoe, Illinois for the fiscal year ended February 28, 2007, is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Sikich LLP Certified Public Accountants and Advisors have issued an unqualified ("clean") opinion on the Village of Glencoe's financial statements for the year ended February 28, 2007. The auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's review and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Village Profile***

The Village of Glencoe's location on the shore of Lake Michigan and its accessibility to Chicago have attracted a wealthy, mainly professional residential population. Village per capita income and median family income figures are among the highest in the country, and per capita income estimates indicate above average growth. The Village is virtually fully developed and its tax base, which is primarily comprised of highly valued residential property, continues to show growth in value.

Village financial operations benefit from a revenue stream including: property tax, utility tax, and local sales tax, which serve as the major sources of General Fund revenue. Collection of property taxes, the largest single revenue source, has been excellent. The rapidly increasing wealth and income levels are reflected in a substantial tax base that continues to appreciate in value.

The Village is governed by a Board/Manager form of government consisting of a Village President and six trustees elected at large for staggered four-year terms. The Village Clerk is appointed by the Village Board. The Village Board also appoints, among others, the Village Manager, Village Attorney and Treasurer.

The Village provides a full range of services. Those services include police, fire protection and emergency medical services, maintenance of streets and infrastructure, the operating of water and wastewater facilities, water and sewer service, garbage collection and recycling, planning and zoning, code enforcement, and financial and general administrative services.

The annual budget is the primary guiding document for the Village's financial planning and control. In addition, the Village maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. Activities of the General Fund, Special Revenue Funds (except the Foreign Fire Insurance Fund), Debt Service Funds, Capital Projects Funds, and Police and Fire Pension Funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level.

### ***Local Economic Factors***

There are several factors that impact the local finances of the Village. These factors include desirability of goods and services provided by the local business community, actions taken by the Village Board. During the fiscal year the Village continued to have a strong local business community as evidenced by local sales taxes. The business community was greatly enhanced by the addition of Fields Infiniti in September of 2005. The Village now hosts three car dealerships and benefits from the sales tax for those dealerships

The Village is impacted at the local level by regional, state, and national economic conditions as well as weather conditions and governance of the State of Illinois. Several important revenue sources are affected by economic conditions beyond the Village's control. These sources include sales tax, building permit fees, income tax, motor fuel tax, golf club revenue, and utility taxes. The revenues from sale of water and golf club revenue can further be affected by weather conditions. The State of Illinois can impact revenues through legislative changes (i.e. formula for shared income tax, etc) and further by the timing of payments due to the Village.

Since the last triennial reassessment (effective Tax Year 2004), the Village's equalized assessed valuation (EAV) has increased by 44.7%%. The significant increase in the Village's EAV is a positive indicator of economic health in the Village in terms of growing property values.

### ***Relevant Financial Policies***

There were no material changes to financial policies during the fiscal year. During review of the long range financial plan it is anticipated that the Village Board will consider available alternatives for funding capital projects including increasing fund balance targets to provide capital project resources, and issuance of long term debt.

## ***Long Term Financial Planning***

The Village's Long-Term Financial Plan has been developed as a continuing effort to evaluate the financial condition of the Village and to further identify important infrastructure maintenance and replacement needs and plan for rehabilitation/replacements several years in advance. This is done by an annual review prior to the budget process. The Plan has been effective in limiting the need to incur debt as many projects have been paid for from fund balances.

## **Looking Forward to Fiscal Year 2008**

During the process of Fiscal Year 2008 Budget development, some major issues that the executive staff and the Village Board reviewed included:

- Funding Village Hall improvements;
- Debt service capacity;
- Appropriate level of fund balance;
- Increasing the price of a vehicle sticker from \$30 to \$50 to fund additional street improvements;
- Appropriate budget amount for building permits;
- Increase in water rates of 4.0% effective March 1, 2007;
- Funding Police Pension obligations;
- Increases in vehicle operating expenses;
- Disconnection of certain Scott Avenue properties annexed to the Village of Winnetka; and
- Consideration of Capital Plan proposed for Fiscal Year 2008 Budget.

## **Awards**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Glencoe for its comprehensive annual financial report for the fiscal year ended February 28, 2006. This was the twenty-first consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgements**

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, we would also like to thank the President and Board of Trustees for their support and guidance in the production of this document.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul M. Harlow", written over a horizontal line.

Paul M. Harlow  
Village Manager

A handwritten signature in black ink, appearing to read "David A. Clark", written over a horizontal line.

David A. Clark  
Director of Finance

## **FINANCIAL SECTION**



998 Corporate Boulevard • Aurora, IL 60502

*Members of American Institute of  
Certified Public Accountants &  
Illinois CPA Society*

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Glencoe, Illinois, as of and for the year ended February 28, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended February 28, 2007, as listed in the table of contents. These financial statements are the responsibility of the Village of Glencoe, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information the Village of Glencoe, Illinois, as of February 28, 2007, 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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental and fiduciary funds of the Village of Glencoe, Illinois, as of February 28, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Glencoe, Illinois' basic financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information listed as supplemental and schedules in the accompanying table of contents is not a required part of the financial statements of the Village of Glencoe, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining, and individual fund financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements and each of the combining and individual fund financial statements taken as a whole.

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

A handwritten signature in dark ink, appearing to read "L. P. L. P." with a stylized flourish at the end.

Aurora, Illinois  
August 8, 2007



**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

**VILLAGE OF GLENCOE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**February 28, 2007**

This section of the Village of Glencoe's Comprehensive Annual Financial Report (CAFR) presents discussion and analysis of the Village's financial activities during the Fiscal Year ending February 28, 2007. This section should be used in conjunction with the transmittal letter at the front of this report and with the Village's financial statements that follow this section. Where appropriate the following Management Discussion and Analysis (MD&A) refers to specific pages in the CAFR for additional information.

**FINANCIAL HIGHLIGHTS**

The following are some of the highlights to be reviewed in greater detail in this analysis and further presented by this CAFR:

1. Net asset position and performance in total – The Village's total net assets at February 28, 2007 were \$67,989,590, an increase of \$1,960,811 (See page MD&A 5-Table II and CAFR page 3);
2. Governmental Activity Summary – Net assets for governmental activities increased by \$2,098,361 during the year (See page MD&A 5-Table II and CAFR page 3);
3. Business-Type Activity Summary – Net assets for business-type activities decreased by \$137,550 during the year. Net assets of the Water Fund decreased \$90,664 during the year while net assets of the Glencoe Golf Club decreased \$46,886 (See page MD&A 5-Table II, CAFR pages 3 and 11);
4. General Fund Summary – The Village's General Corporate Fund reported an increase of \$651,740 in fund balance for the year. Actual General Fund revenue exceeded budget by \$746,036, while General Fund expenditures were \$1,217,267 less than budgeted due primarily to capital projects budgeted by not started until after the end of Fiscal Year 2007. All expenditures were within legal appropriation limits (See CAFR page 8 and pages 53-54);
5. New Capital Assets – Total capital assets experienced a net accumulation of \$705,137 prior to depreciation of assets subject to depreciation. The net gain in capital assets less depreciation expense resulted in a reduction of \$118,374 in governmental capital assets from \$71,860,379 to \$71,742,005 (See Statement No. 5 on CAFR page 29 and page MD&A 1-Table VI).

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Village of Glencoe's financial section of the CAFR. This financial section of the CAFR includes five components: 1) independent auditor's report, 2) the basic financial statements, including the MD&A, 3) required supplementary information, 4) combining and individual fund financial statements and schedules, and 5) additional supplemental financial information.

The basic financial statements include two kinds of statements that present different views of the Village: government-wide financial statements and fund financial statements. The basic financials statements also include notes to the financial statements.

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Government-wide financials statements, including the statement of net assets and statement of activities, provide both short and long-term information about the Village's overall financial status.

Fund financial statements focus on individual parts of Village government and report Village operations in more detail than the government-wide financial statements. The fund financial statements describe the Village's governmental funds, proprietary funds, and fiduciary funds. The following (Table I) summarizes the major features of the Village's financial statements.

Table I

Description	Fund Statements			
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Village government (except Fiduciary Funds) and the Village's component unit.	Activities of the Village that are not proprietary or fiduciary such as public safety	Activities of the Village operates similar to private business such as Water Fund or the Golf Club Fund	Activities in which the Village is trustee or agent of another's resources such as pension plans
Required financial statements	1. Statement of net assets  2. Statement of activities	1. Balance sheet  2. Statement of revenues, expenditures and changes in fund balance	1. Statement of net assets  2. Statement of revenues, expenses, and changes in net assets  3. Statement of cash flows	1. Statement of fiduciary net assets  2. Statement of changes in fiduciary net assets.
Accounting basis	Accrual	Modified Accrual	Accrual	Accrual
Measurement Focus	Economic resource	Current financial resources	Economic resource	Economic resource
Type of asset & liability information	All assets and liabilities; both financial and capital short and long-term	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets	All assets and liabilities; both financial and capital short and long-term	All assets and liabilities, both short and long-term. Does not contain capital assets.
Type of inflow & outflow information	All revenues and expenses during the year regardless of when cash is received or paid	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods and services that have been received and payment is due during the year or shortly thereafter	All revenues and expenses during the year regardless of when cash is received or paid	All revenues and expenses during the year regardless of when cash is received or paid

## VILLAGE OF GLENCOE MANAGEMENT DISCUSSION & ANALYSIS (Continued)

### Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term available resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus (See page 3 of the CAFR for more information).

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities (See pages 4 & 5 for more information).

The Governmental Activities reflect the Village's basic services, including police, fire, public works (including garbage collection), and general/debt administration. Property taxes, shared state sales, local utility, and shared state income taxes finance the majority of these activities. The Business-type Activities reflect private sector type operations (Water and Glencoe Golf Club funds), where the fee for service typically covers all or most of the cost of operation, including depreciation.

### Fund Financial Statements

Governmental funds are presented on a source of use of liquid resources basis. This is the manner in which the budget is typically developed. Governmental funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for Village operations.

Proprietary funds account for services that are generally fully supported by user fees (i.e. charges to customers). Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide financials statements, provide both short and long-term financial information.

Fiduciary funds are presented for certain activities where the Village's role is that of trustee (i.e. police and fire pension funds) or agent. While fiduciary funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

While the total column on the business-type fund financial statements is the same as the business-type column at the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bond and others) into the governmental activities column (in the government-wide statements).

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Infrastructure Assets

This statement requires that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of assets management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates it maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has chosen to depreciate assets over their useful life. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity - the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

**GOVERNMENT-WIDE STATEMENTS**

Statement of Net Assets

The following (Table II) reflects the condensed Statement of Net Assets as of February 28, 2007 with a comparison to the prior year. Net assets related to governmental activities increased \$2,098,361 or 3.4% from the prior year. Net assets related to business-type activities decreased \$137,550 or 3.4% from the prior year. Net assets for total primary government increased \$1,960,811 or 3.0% from the prior year.

Table II  
Statement of Net Assets  
As of February 28, 2007

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	2006	2007	2006	2007	2006	2007
<i>Current and other assets</i>	\$17,104,085	\$18,272,521	\$ (301,629)	\$ (363,017)	\$ 16,802,456	\$ 17,909,504
<i>Capital Assets</i>	71,860,379	71,742,005	4,789,017	4,831,297	76,649,396	76,573,302
<i>Total Assets</i>	\$88,964,464	\$90,014,526	\$ 4,487,388	\$ 4,468,280	\$ 93,451,852	\$ 94,482,806
<i>\$ Change</i>	\$ 2,561,133	\$ 1,050,062	\$ 75,885	\$ (19,108)	\$ 2,637,018	\$ 1,030,954
<i>% Change</i>	3.0%	1.2%	1.7%	-0.4%	2.9%	1.1%
					-	-
<i>Non-Current</i>	\$15,982,868	\$14,125,310	\$ 135,589	\$ 140,377	\$ 16,118,457	\$ 14,265,687
<i>Other Liabilities</i>	11,006,505	11,815,764	298,111	411,765	11,304,616	12,227,529
<i>Total Liabilities</i>	\$26,989,373	\$25,941,074	\$ 433,700	\$ 552,142	\$ 27,423,073	\$ 26,493,216
<i>\$ Change</i>	\$ 1,203,324	\$ (1,048,299)	\$ (93,746)	\$ 24,696	\$ 1,109,578	\$ (929,857)
<i>% Change</i>	4.7%	-3.9%	-17.8%	5.7%	4.0%	-3.4%
					-	-
<i>Net Assets:</i>					-	-
<i>Invested in capital assets, net of debt</i>	\$59,064,321	\$59,064,321	\$ 4,789,017	\$ 4,831,297	\$ 63,853,338	\$ 63,895,618
<i>Restricted</i>	2,154,179	3,296,542	-	-	2,154,179	3,296,542
<i>Unrestricted</i>	756,591	1,712,589	(735,329)	(915,159)	21,262	797,430
<i>Total Net Assets</i>	\$61,975,091	\$64,073,452	\$ 4,053,688	\$ 3,916,138	\$ 66,028,779	\$ 67,989,590
<i>\$ Change</i>	\$ 1,357,809	\$ 2,098,361	\$ 169,631	\$ (137,550)	\$ 1,527,440	\$ 1,960,811
<i>% Change</i>	2.2%	3.4%	4.4%	-3.4%	2.4%	3.0%

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

For more detailed information see the Statement of Net Assets on page 3 of the CAFR.

**Normal Impacts**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested capital assets and an increase in related net debt, which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase investment in capital assets, net of debt.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and invested in capital assets, net of debt.

**Current Year Impacts**

The Village's combined net assets (which is the Village's bottom line) increased from \$66,028,779 to \$67,989,590, an increase of \$1,960,811 or 3.0% as a result of the combined governmental and business-type activities.

Net assets of the Village's governmental funds increased from \$61,975,091 to \$64,073,452, an increase of \$2,098,361 or 3.4% as a result of governmental activities. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, increased from \$756,591 to \$1,712,589. Assets restricted for capital projects and for roadway maintenance amounted to \$792,232.

Net assets from business-type activities funding water production/distribution and Glencoe Golf Club operations decreased from \$4,053,688 to \$3,916,138, a decrease of \$137,550 or 3.4%. The Village's unrestricted net assets for business-type activities were (\$915,159). The deficit of unrestricted net assets for business-type activities is due primarily to the advances to date (plus interest) of \$1,350,446 to the Glencoe Golf Club, an increase of \$163,060 from the prior year. Independently, the net unrestricted assets for the Water Fund were \$326,868, while the Glencoe Golf Club unrestricted net assets were (\$1,242,027).

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

The following (Table III) shows the revenue and expenses of the Village's governmental and business-type activities. For more information see the Statement of Activities on pages 4 and 5.

Table III  
Changes in Net Assets  
For the Fiscal Year Ended February 28, 2007

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	2006	2007	2006	2007	2006	2007
<b>REVENUES</b>						
Program Revenues						
Charges for Service	3,839,983	3,712,389	3,310,171	2,974,380	7,150,154	6,686,769
Operating Grants and Contributions	254,722	252,464	-	-	254,722	252,464
Capital Grants and Contributions	26,100	148,624	-	-	26,100	148,624
Total Program Revenue	4,120,805	4,113,477	3,310,171	2,974,380	7,430,976	7,087,857
General Revenues						
Property and Replacement Taxes	8,688,541	9,372,165	-	-	8,688,541	9,372,165
Sales Tax	1,558,775	1,879,556	-	-	1,558,775	1,879,556
Utility Tax	1,403,087	1,340,479	-	-	1,403,087	1,340,479
Income Tax	666,731	727,609	-	-	666,731	727,609
Other	528,694	715,535	22,821	37,137	551,515	752,672
Total General Revenue	12,845,828	14,035,344	22,821	37,137	12,868,649	14,072,481
<b>Total Revenue</b>	<b>16,966,633</b>	<b>18,148,821</b>	<b>3,332,992</b>	<b>3,011,517</b>	<b>20,299,625</b>	<b>21,160,338</b>
<b>\$ Change</b>	<b>1,439,401</b>	<b>1,182,188</b>	<b>757,186</b>	<b>(321,475)</b>	<b>2,196,587</b>	<b>860,713</b>
<b>% Change</b>	<b>9.3%</b>	<b>7.0%</b>	<b>29.4%</b>	<b>-9.6%</b>	<b>12.1%</b>	<b>4.2%</b>
<b>EXPENSES</b>						
Administration & Finance	2,344,865	2,527,874	-	-	2,344,865	2,527,874
Public Safety	6,751,092	6,775,465	-	-	6,751,092	6,775,465
Public Works	5,902,698	6,218,328	-	-	5,902,698	6,218,328
Debt Service Interest	610,169	528,793	-	-	610,169	528,793
Water			1,630,146	1,623,620	1,630,146	1,623,620
Glencoe Golf Club			1,533,215	1,525,447	1,533,215	1,525,447
<b>Total Expenses</b>	<b>15,608,824</b>	<b>16,050,460</b>	<b>3,163,361</b>	<b>3,149,067</b>	<b>18,772,185</b>	<b>19,199,527</b>
<b>\$ Change</b>	<b>695,863</b>	<b>441,636</b>	<b>304,273</b>	<b>(14,294)</b>	<b>1,000,136</b>	<b>427,342</b>
<b>% Change</b>	<b>4.7%</b>	<b>2.8%</b>	<b>10.6%</b>	<b>-0.5%</b>	<b>5.6%</b>	<b>2.3%</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE</b>	<b>1,357,809</b>	<b>2,098,361</b>	<b>169,631</b>	<b>(137,550)</b>	<b>1,527,440</b>	<b>1,960,811</b>
<b>TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>1,357,809</b>	<b>2,098,361</b>	<b>169,631</b>	<b>(137,550)</b>	<b>1,527,440</b>	<b>1,960,811</b>

(See independent auditor's report)  
MD&A 6

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Revenue for governmental activities increased \$1,182,188 or 7.0% from the prior year and expenditures for governmental activities increased \$441,636 or 2.8% from the prior year. Revenue for business-type activities decreased \$321,475 or 9.6% from the prior year and expenditures for business-type activities decreased \$14,294 or 0.5% from the prior year. The total revenue for primary government activities increased \$860,713 or 4.2% from the prior year and total expenditures for primary government activities increased \$427,342 or 2.3% from the prior year. \$466,094 of the expenditure increase is related to capital projects funded by bond proceeds. Absent the capital projects, total expenditures decreased by 0.2%.

**Normal Impacts – Changes in Net Assets**

Reflected are eight basic impacts on revenues and expenses as reflected below:

Revenues:

**Economic Condition** - which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales, telecommunications and utility tax revenue as well as public spending habits for items such as building permits, elective user fees and volumes of consumption.

**Increase/Decrease in Village approved rates** - while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (property taxes within tax cap limits, water/sewer fees, refuse/recycling fees, building fees, utility tax rates, etc).

**Changing Patterns in Intergovernmental and Grant Revenue (both recurring and Nonrecurring)** - certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

**Market Impacts on Investment Income** - the Village's investment portfolio is managed using a shorter maturity than many governments, which may result in lower interest income due to the market stability of shorter-term options. However, the Village earns 60 basis points over Illinois Funds on a majority of cash held in bank accounts.

Expenses:

**Introduction of New Programs** - within the functional expense categories (General Government, Public Safety, Public Works, etc.) individual programs may be added, deleted or modified to meet changing community needs.

**Increase in Authorized Personnel** - changes in service demand may cause the Village Board to increase/decrease authorized staffing.

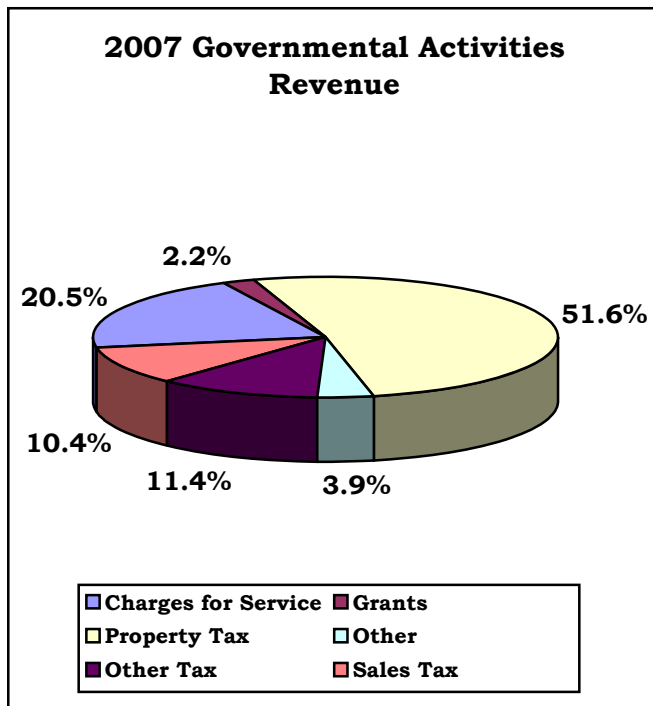
**Salary Increases (annual adjustments and merit)** - the Village strives to maintain a competitive salary range position in the marketplace.

**Inflation** - Overall inflation, as measured by changes in the consumer price index (CPI), was at its lowest level since 2003 (2.54%% from December 31, 2005 to December 31, 2006). The CPI of 2.54% will be the property tax cap under Property Tax Extension Limitation Law (PTELL). The Village is a major consumer of certain services and commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases (greater than the CPI). An example is health insurance, the family coverage premium rate for health insurance increased from \$1,391.59 per month to \$1,501.53 per month on January 1, 2007, a \$109.94 per month increase or 7.9%.



VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

**Current Year Impacts**



**Governmental Activities**

Revenue:

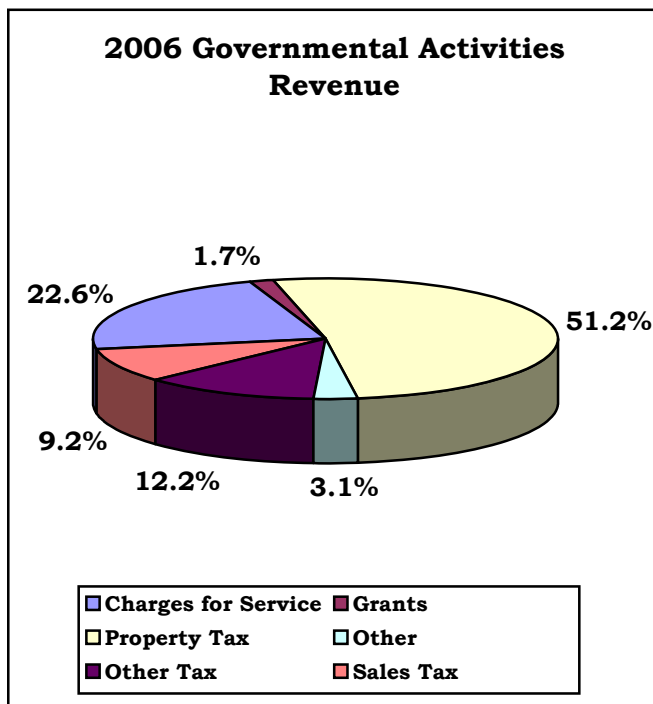
For the fiscal year ended February 28, 2007 revenues from government activities totaled \$18,148,821.

Property taxes (and replacement taxes) continue to be the Village's largest revenue source totaling \$9,372,165 representing 51.6% of total governmental activity revenue. Sales tax revenue was \$1,879,556 or 10.4% of total governmental activity revenue, Other taxes including, local utility tax was \$1,340,479 and shared state income tax revenue was \$727,609, together representing 11.4% of the total governmental activity revenue. Total charges for service were \$3,712,389 or 20.5% of governmental activity revenue.

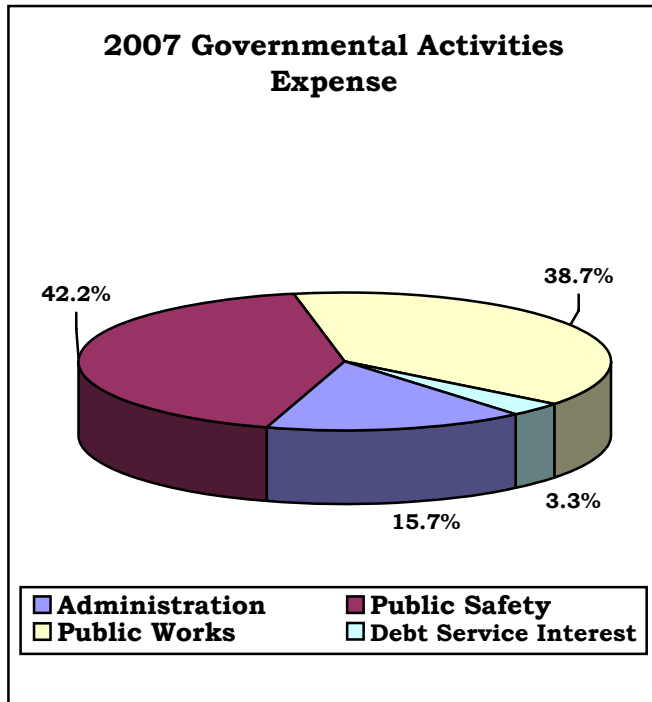
Comparison with Prior Year:

Property tax and replacement tax revenue increased by 683,624 or 7.9% from the prior year. Sales taxes increased by \$320,781 or 20.6% from the prior year. This is primarily due to the fact that the third of the three anticipated dealerships started operations in September 2005.

The sales tax figure is gross and therefore does not include any rebates paid. Income tax increased by \$60,878 or 9.1% from the prior year. Charges for service increased by \$127,594 or 3.3%. Grants (capital and operating) increased by \$120,266 or 42.8%.



VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

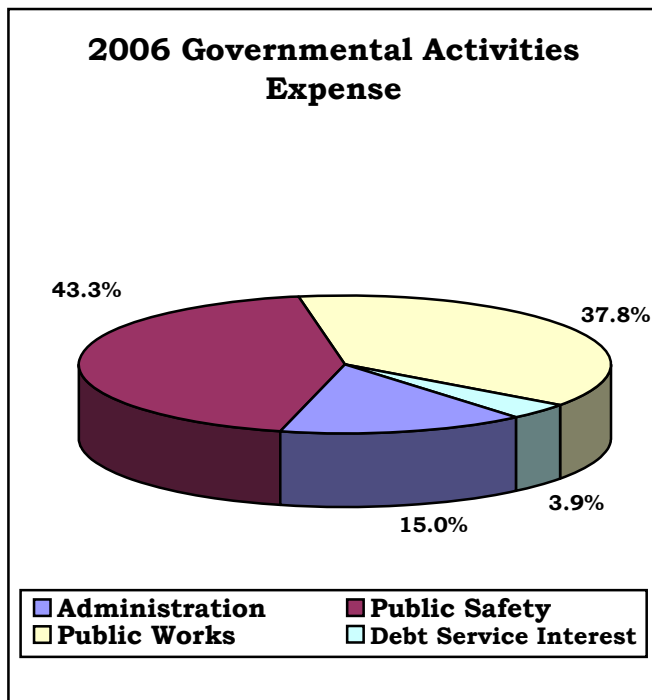


Expenses:

For the fiscal year that ended February 28, 2007, expenses for governmental activities totaled \$16,050,460.

The following (Table IV) represents some of the percentage increases experienced by the Village during the year.

Categories included in expenditures are administration, debt service interest, public safety and public works.



Comparison with Prior Year:

Total expenditures for governmental activities increased \$441,636 or 2.8% from the prior year. Expenditure for administration and finance decreased by \$183,009, or 7.8%, from the prior year. Expenditures for Public Safety increased by \$24,373 or 0.4% from the prior year. Expenditures for Public Works increased by \$315,630 or 5.3% from the prior year. Expenditures related to debt service interest payments decreased by \$81,376 or 13.5% from the prior year.

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Table IV  
Cost Factors

Category	2005 Factors		2006 Factors		2007 Factors	
	% Change	Effective	% Change	Effective	% Change	Effective
Change in CPI (Tax Cap)	2.40%	12/31/2002	1.90%	12/31/2003	3.30%	12/31/2004
General Employees	3.95%	3/1/2004	3.75%	3/1/2005	3.95%	3/1/2006
Public Safety Officers	3.95%	3/1/2004	3.75%	3/1/2005	4.22%	3/1/2006
Bargaining Unit Employees	3.50%	3/1/2004	3.50%	3/1/2005	5.00%	3/1/2006
Health Insurance	5.70%	1/1/2005	6.00%	1/1/2006	7.90%	1/1/2007
Police Pension (Taxes)	25.00%	3/1/2004	16.11%	3/1/2005	14.80%	3/1/2006
IMRF	29.36%	1/1/2005	7.19%	1/1/2006	-1.57%	1/1/2007

The 2005 Tax Levy that funded Fiscal Year 2007 was limited to a 3.26% based upon the change in CPI from 2003 to 2004. The 2005 Tax Levy increased the extension by \$391,016 to a total tax extension for capped funds of \$6,734,407. At the same time the Village experienced major increases in the cost of health insurance and Police Pension Fund. Annually, the Village reviews its long range financial plan to address these and other issues.

The increase for general employees increased from the 2006 factor of 3.75% to 3.95%. Bargaining unit employees increased with a contract year one increase of 5.0%. During Fiscal Year 2007, the salary adjustment for public safety officers was 4.22%. The health insurance premium rate increased by 6.0% effective January 1, 2006 and by 7.9% effective January 1, 2007.

The increase in taxes related to Police Pension Fund obligations increased by 14.80% from the prior year. The actuarially determined minimum contribution for the Village's Police Pension obligation has increased from \$600,386 for Fiscal Year 2002 to \$855,034 for Fiscal Year 2005, an increase of 42.4%. Actual contributions to the Police Pension Fund corresponding to the actuarially determined minimum contributions noted above have increased from \$620,485 in Fiscal Year 2004 (based on Fiscal Year 2002 data) to \$1,033,821 in Fiscal Year 2007 (based on Fiscal Year 2005 data), an increase of 66.6%. During Fiscal Year 2007, the Village's contribution to the Police Pension Fund exceeded the minimum required amount by \$178,787.

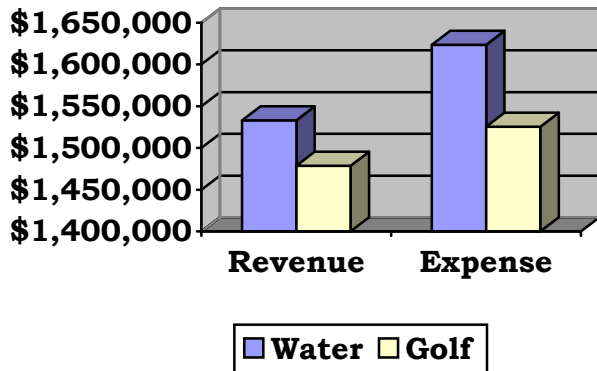
Since Fiscal Year 2006, the Village Board has approved contributions beyond the actuarially minimum contribution required. The Village has levied from property taxes the amount determined by the actuaries, the difference has been funded from other general financings sources determined to be available during the budget process for funding pensions to the targeted level.

Employees eligible for benefits under the Illinois Municipal Retirement Fund (IMRF) contribute 4.5% of their salary towards that pension. The 2006 IMRF employer rates decreased from 9.54% of salary from the prior year

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

to 9.39% of salary effective January 1, 2007.

**2007 Business-Type Funds  
(Program Revenue versus  
Expenses)**



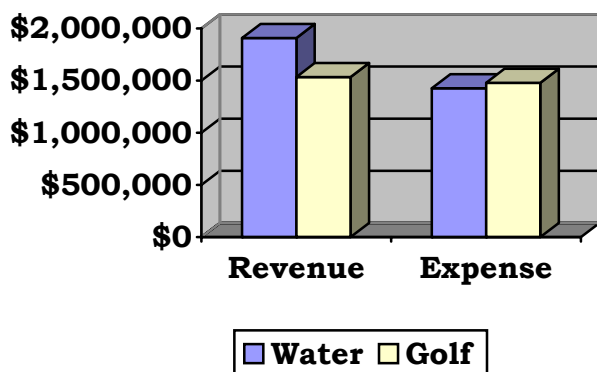
the prior fiscal year and was 113% of the 5-year average.

Charges for service for the Golf Club increased \$49,178 or 3.6% from the prior year. The Golf Club continued its partnership with GreenToTee Golf Academy (GTT). GTT leased space and reimbursed the Golf Club for utility costs during the year.

Expenses

Expenses (including depreciation) from business-type activity totaled \$3,149,067. Business-type depreciation expense amounted to \$256,185 as compared to \$211,362 in the prior year.

**2006 Business-Type Funds (Program  
Revenue versus Expenses)**



**Business Type Activities**

Revenue

Revenue from business-type activity totaled \$3,011,517. Revenue generated by business-type activity decreased by \$321,475 or 9.6% from the prior year.

At the end of Fiscal Year 2007, the water rate for the Village was \$2.174 per 100 cubic feet, no change from the prior year. Water Fund charges for service decreased by \$386,808 or 21.0%.

During Fiscal Year 2007, the volume of water pumped decreased from the prior year by 104.7 Million Gallons (MG) or 14.7% and was 95.8% of the 5-year average.

During the prior year, the volume of water pumped increased by 136.2 MG or 23.6% from

Included is an interest expense of \$73,561 on the advance to the Glencoe Golf Club due to the Village's General Fund. This amount increased from the prior year amount of \$55,973.

During the year, the Water Fund had an operating loss of \$113,044. The Glencoe Golf Club had an operating gain of 11,918, as compared to the operating loss at the Glencoe Golf Club during Fiscal Year 2006 of (\$57,487).

Expenditures for business type activities decreased by \$14,294 or 0.5% from the prior year. Expenditures for the Water Fund decreased by \$6,526 or 0.43% from the prior

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

year primarily due to expanded water main improvement activities. Expenditures for the Golf Club decreased by \$7,768 or 0.57% from the prior year.

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

For the Fiscal Year ending February 28, 2007, the governmental funds reflect a combined fund balance of \$6,337,761. (See page 8 for more information). Overall the net change in combined fund balance was a increase of \$414,230. The net change in fund balance for the General Fund was an increase of \$651,740. The net change for the Garbage Fund was an increase of \$23,125. The net change in fund balance for General Obligation Bonds was an increase of \$66,565. The net change in fund balance for Capital Projects was an decrease of \$415,332 due to the use of a portion of the bonds from the 2005 Series Limited Tax Bonds for sewer system improvements. The net change in fund balance for non-major governmental funds during the year was an increase of \$87,971, primarily due to increase of fund balance in the Enhanced 911 Fund (E911) and the Foreign Fire Insurance Fund.

Table V  
General Corporate Fund  
Budgetary Highlights

<i>General Corporate Fund</i>	<i>Final Budget</i>	<i>Final Appropriation</i>	<i>2007 Actual</i>	<i>2006 Actual</i>	<i>2005 Actual</i>
<b>REVENUES</b>					
Taxes	\$ 9,884,147	\$ 9,884,147	\$ 10,206,131	\$ 9,405,693	\$ 8,724,558
	5,819,647	5,819,647	6,011,914	5,532,701	5,331,399
	4,064,500	4,064,500	4,194,217	3,872,992	3,393,159
Licenses & Permits	1,878,675	1,878,675	1,810,162	2,097,259	2,078,579
Other	995,850	995,850	1,488,415	1,168,190	875,533
	114,250	114,250	105,824	94,655	109,425
	76,500	76,500	359,884	185,518	46,153
	340,000	340,000	336,357	341,311	302,932
	465,100	465,100	686,350	546,706	417,023
<b>Total</b>	<b>\$ 12,758,672</b>	<b>\$ 12,758,672</b>	<b>\$ 13,504,708</b>	<b>\$ 12,671,142</b>	<b>\$ 11,678,670</b>
\$ From Final Budget			\$ 746,036		
% of Final Budget			105.8%		
\$ from Actual			\$ 833,566	\$ 992,472	\$ 328,710
% from Actual			6.6%	8.5%	2.9%
<b>EXPENDITURES &amp; TRANSFERS</b>					
Expenditures	\$ 14,070,235	\$ 15,477,261	\$ 12,852,968	\$ 12,086,286	\$ 11,805,208
Transfers In	-	-			-
Transfers Out	-	-			151,894
<b>Total</b>	<b>\$ 14,070,235</b>	<b>\$ 15,477,261</b>	<b>\$ 12,852,968</b>	<b>\$ 12,086,286</b>	<b>\$ 11,957,102</b>
\$ From Final Budget			\$ (1,217,267)		
% from Final Budget			91.3%		
\$ from Actual			\$ 766,682	\$ 129,184	\$ 487,045
% from Actual			6.3%	1.1%	4.2%
<b>Changes In Fund Balance</b>	<b>\$ (1,311,563)</b>	<b>\$ (2,718,589)</b>	<b>\$ 651,740</b>	<b>\$ 584,856</b>	<b>\$ (278,432)</b>

(See independent auditor's report)  
MD&A 12

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Total revenue in the General Fund increased by \$833,566 or 6.6% from the prior year. Total expenditures in the General Fund increased by \$766,682 or 6.3% from the prior year. (See page 53 and 54 for more detail about revenue and expenditure in the General Fund).

The General Fund received revenues at 105.8% of budget. Major items totaling \$676,193 and included in the revenue in excess of \$746,036 were property taxes (\$192,267), investments (\$283,384), and other (\$200,542). Other revenue included grants and miscellaneous reimbursements.

Sales taxes were increased due to activity from a new dealership that was difficult to project for the purposes of budgeting. Income taxes were up due to favorable economic conditions. Building permits were less than budget due to a less conservative budget as compared to previous years. However, Fiscal Year 2007 still continued with strong building activity in the Village, resulting in revenue for building permits at 96.5% of the budgeted amount.

Expenditures were \$1,217,267 less than budgeted or 91.3% of budget. The major variance was attributable to deferral of capital projects totaling \$628,566. Purchase orders were issued for certain projects at the end of Fiscal Year 2007. Rather than reflect those projects as encumbrances carried forward, however, the purchase orders were closed. The Fiscal Year 2008 appropriation will need to be adjusted to establish the appropriate and approved expenditure limit for those projects carried over from the Fiscal Year 2007.

During Fiscal Year 2007, the Village Board adopted a supplemental appropriation ordinance. The supplemental appropriations were primarily for the following purposes:

1. A Bicycle Path Improvement Study reimbursable by grant funding;
2. Legal services;
3. Street maintenance materials; and
4. Bond Construction Fund to cover expenses related to 2005 Limited Tax Bonds on approved projects.

The supplemental appropriation was adopted to make sure that anticipated expenditures would be within appropriated amounts. There was no action taken by the Village Board during the Fiscal Year to increase the budget. On a fund-by-fund basis, all 2007 expenditures were within Fiscal Year 2007 appropriations. The amount of the supplemental appropriation is the same as the original appropriation for all funds except the Construction Fund. Certain appropriated items were transferred to areas needing increased spending authority.

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

**Capital Assets**

At the end of Fiscal Year 2007, the Village's Governmental Activities had invested \$71,742,005 (see Notes to Financial Statement No.5 on pages 29 and 30) in a variety of capital assets and infrastructure, as reflected in the following schedule.

Table VI  
Governmental Funds  
Change in Capital Assets

	Balance February 28 ,2005	Balance February 28 ,2006	Net Additions/ Deletions	Balance February 28 ,2007
Non-Depreciable Assets				
Land & Land Right of Way	41,364,509	41,364,509	-	41,364,509
Other Capital Assets				
Buildings & Improvements	4,035,638	4,111,028	-	4,111,028
Vehicles	4,122,020	4,210,180	267,539	4,477,719
Machinery & Equipment	306,796	311,657	-	311,657
Infrastructure	38,648,603	39,294,549	437,598	39,732,147
Sub-Total	47,113,057	47,927,414	705,137	48,632,551
Accumulated Depreciation on other Fixed Assets	(16,380,856)	(17,431,544)	(823,511)	(18,255,055)
Totals	72,096,710	71,860,379	(118,374)	71,742,005
\$ Change from prior year	(539,995)	(236,331)		
% Change from prior year	-0.7%	-0.3%	-0.2%	

Assets (net of depreciation) decreased \$118,374 or (0.2%) from Fiscal Year 2006 to Fiscal Year 2007.

**Debt Outstanding**

As of February 28, 2007, the Village had \$11,837,400 in outstanding debt service. The existing schedule extends through Fiscal Year 2016. (For more information see Statement Note No. 7 on pages 31 through 34).

The Village has a legal debt limit of \$80,200,173, which is 10.00% of assessed valuation. The Village has used \$11,830,000 of this limit leaving a legal debt margin of \$68,370,173. As last rated during Fiscal Year 2006, the Village maintained a "AAA" bond rating by Standard & Poor's Corporation. As stated by Standard & Poor, the rating reflects high-end housing stock, strong local economic conditions and strong financial management using 10-year financial planning.

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

**Economic Factors**

The Village's composition is primarily residential with a commercial component greatly expanded by new car dealerships. The property tax revenue derived from the current housing stock is exceedingly stable. The commercial component includes vehicle sales, and miscellaneous food and other retail.

The equalized assessed valuation (EAV) grew 44.7% from Tax Year 2003 to \$802,001,726. The Tax Year 2005 Tax Levy (including debt service) grew 5.6%. The 2005 Tax Extension as a percent of the total EAV was to 1.15%, as compared to a 10-year average of 1.62%.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to David A. Clark, Director of Finance, Village of Glencoe, 675 Village Court, Illinois 60022.



VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF NET ASSETS

February 28, 2007

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Glencoe Public Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,090,571	\$ 599,210	\$ 7,689,781	\$ 1,554
Investments	-	-	-	1,715,733
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	8,262,874	-	8,262,874	1,505,985
Other taxes	816,139	185,709	1,001,848	-
Accounts	146,469	-	146,469	-
Interest	129,535	-	129,535	-
Other	167,957	-	167,957	-
Due from other governments	12,487	-	12,487	10,720
Prepaid expenses	193,367	35,480	228,847	14,845
Inventory	13,227	37,495	50,722	-
Advances to other funds	1,220,911	(1,220,911)	-	-
Capital assets				
Non-depreciable	41,364,509	178,907	41,543,416	75,772
Depreciable, net of accumulated depreciation	30,377,496	4,652,390	35,029,886	1,383,755
<b>Total assets</b>	<b>89,795,542</b>	<b>4,468,280</b>	<b>94,263,822</b>	<b>4,708,364</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,156,862	345,314	2,502,176	-
Accrued interest payable	99,988	-	99,988	-
Deferred revenue	9,455,165	66,451	9,521,616	1,709,050
Due to fiduciary funds	103,749	-	103,749	-
Noncurrent liabilities				
Due within one year	2,904,003	-	2,904,003	24,225
Due in more than one year	11,002,323	140,377	11,142,700	455,036
<b>Total liabilities</b>	<b>25,722,090</b>	<b>552,142</b>	<b>26,274,232</b>	<b>2,188,311</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	60,467,319	4,831,297	65,298,616	980,266
Restricted for				
Debt service	318,621	-	318,621	-
Capital projects	725,161	-	725,161	-
Roadway maintenance	67,071	-	67,071	-
Public safety	782,691	-	782,691	-
Employee retirement	-	-	-	31,484
Donor specified purposes	-	-	-	40,793
Unrestricted (deficit)	1,712,589	(915,159)	797,430	1,467,510
<b>TOTAL NET ASSETS</b>	<b>\$ 64,073,452</b>	<b>\$ 3,916,138</b>	<b>\$ 67,989,590</b>	<b>\$ 2,520,053</b>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended February 28, 2007

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
Administration and finance	\$ 2,527,874	\$ 363,441	\$ -	\$ 148,624
Public safety	6,775,465	634,342	-	-
Public works	6,218,328	2,714,606	252,464	-
Interest	528,793	-	-	-
Total governmental activities	16,050,460	3,712,389	252,464	148,624
Business-Type Activities				
Water	1,623,620	1,510,576	-	-
Golf Club	1,525,447	1,463,804	-	-
Total business-type activities	3,149,067	2,974,380	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 19,199,527</b>	<b>\$ 6,686,769</b>	<b>\$ 252,464</b>	<b>\$ 148,624</b>
<b>COMPONENT UNIT</b>				
Glencoe Public Library	\$ 1,695,318	\$ 40,507	\$ 109,616	\$ -

Net (Expense) Revenue and Change in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Glencoe Public Library	
\$ (2,015,809)	\$ -	\$ (2,015,809)	\$ -	
(6,141,123)	-	(6,141,123)	-	
(3,251,258)	-	(3,251,258)	-	
(528,793)	-	(528,793)	-	
(11,936,983)	-	(11,936,983)	-	
-	(113,044)	(113,044)	-	
-	(61,643)	(61,643)	-	
-	(174,687)	(174,687)	-	
(11,936,983)	(174,687)	(12,111,670)	-	
-	-	-	(1,545,195)	
General Revenues				
Taxes				
Property and replacement	9,372,165	-	9,372,165	1,656,967
Sales	1,879,556	-	1,879,556	-
Utility	1,340,479	-	1,340,479	-
Income	727,609	-	727,609	-
Other	34,879	-	34,879	-
Investment income	541,030	37,137	578,167	96,447
Miscellaneous	139,626	-	139,626	2,737
Total	14,035,344	37,137	14,072,481	1,756,151
CHANGE IN NET ASSETS	2,098,361	(137,550)	1,960,811	210,956
NET ASSETS, MARCH 1	61,975,091	4,053,688	66,028,779	2,309,097
NET ASSETS, FEBRUARY 28	\$ 64,073,452	\$ 3,916,138	\$ 67,989,590	\$ 2,520,053

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

February 28, 2007

	General	Garbage	General Obligation Bonds	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 4,908,324	\$ 353,195	\$ 310,008	\$ 725,161	\$ 793,883	\$ 7,090,571
Receivables (net, where applicable, of allowances for uncollectibles)						
Property taxes	5,560,889	675,846	2,019,129	-	7,010	8,262,874
Other taxes	816,139	-	-	-	-	816,139
Accounts	146,469	-	-	-	-	146,469
Interest	129,535	-	-	-	-	129,535
Other	19,900	118,512	-	-	29,545	167,957
Due from other governments	12,487	-	-	-	-	12,487
Due from other funds	-	-	280,840	-	34,879	315,719
Advances to other funds	1,220,911	-	-	-	-	1,220,911
Prepaid items	164,420	28,947	-	-	-	193,367
Inventory	2,365	10,862	-	-	-	13,227
<b>TOTAL ASSETS</b>	<b>\$ 12,981,439</b>	<b>\$ 1,187,362</b>	<b>\$ 2,609,977</b>	<b>\$ 725,161</b>	<b>\$ 865,317</b>	<b>\$ 18,369,256</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 1,928,992	\$ 226,252	\$ -	\$ -	\$ 1,618	\$ 2,156,862
Due to other funds	419,468	-	-	-	-	419,468
Deferred revenues	6,380,991	768,881	2,297,077	-	8,216	9,455,165
<b>Total liabilities</b>	<b>8,729,451</b>	<b>995,133</b>	<b>2,297,077</b>	<b>-</b>	<b>9,834</b>	<b>12,031,495</b>
<b>FUND BALANCES</b>						
Reserved for debt service	-	-	312,900	-	5,721	318,621
Reserved for capital projects	-	-	-	725,161	-	725,161
Reserved for roadway maintenance	-	-	-	-	67,071	67,071
Reserved for public safety	-	-	-	-	782,691	782,691
Reserved for prepaid items	164,420	28,947	-	-	-	193,367
Reserved for inventory	2,365	10,862	-	-	-	13,227
Reserved for advances	1,220,911	-	-	-	-	1,220,911
Unreserved and undesignated						
General	2,864,292	-	-	-	-	2,864,292
Special revenue	-	152,420	-	-	-	152,420
<b>Total fund balances</b>	<b>4,251,988</b>	<b>192,229</b>	<b>312,900</b>	<b>725,161</b>	<b>855,483</b>	<b>6,337,761</b>
<b>TOTAL LIABILITIES AND AND FUND BALANCES</b>	<b>\$ 12,981,439</b>	<b>\$ 1,187,362</b>	<b>\$ 2,609,977</b>	<b>\$ 725,161</b>	<b>\$ 865,317</b>	<b>\$ 18,369,256</b>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

February 28, 2007

---

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 6,337,761
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	71,742,005
Bond issue costs and premium/discounts on bonds are expensed in governmental funds but capitalized and amortized in the statement of net assets	
Unamortized loss on refunding	187,500
Unamortized discounts	31,484
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds:	
General obligation bonds payable	(11,837,400)
Net pension obligation	(1,014,011)
Accrued sick leave	(815,872)
Accrued vacation leave	(458,027)
Accrued interest payable	(99,988)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 64,073,452</u>

See accompanying notes to financial statements.

## VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended February 28, 2007

	General	Garbage	General Obligation Bonds	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 6,011,914	\$ 753,398	\$ 2,505,438	\$ -	\$ 8,144	\$ 9,278,894
Other taxes	4,194,217	7,000	-	-	187,565	4,388,782
Licenses and permits	1,810,162	-	-	-	-	1,810,162
Intergovernmental	-	-	-	-	252,464	252,464
Fines and forfeits	105,824	-	-	-	-	105,824
Investment income	359,884	19,779	69,046	49,907	42,414	541,030
Charges for services	336,357	663,424	-	-	-	999,781
Miscellaneous	686,350	77,022	-	1,016	7,496	771,884
Total revenues	13,504,708	1,520,623	2,574,484	50,923	498,083	18,148,821
EXPENDITURES						
Current						
Administration and finance	2,157,049	300,804	-	-	46,575	2,504,428
Public safety	6,443,232	-	-	-	15,984	6,459,216
Public works	4,167,389	1,029,299	-	-	-	5,196,688
Capital outlay	85,298	167,395	-	466,094	339,732	1,058,519
Debt service						
Principal	-	-	2,035,000	-	7,000	2,042,000
Interest and fees	-	-	472,919	-	821	473,740
Total expenditures	12,852,968	1,497,498	2,507,919	466,094	410,112	17,734,591
NET CHANGE IN FUND BALANCES	651,740	23,125	66,565	(415,171)	87,971	414,230
FUND BALANCES, MARCH 1	3,600,248	169,104	246,335	1,140,332	767,512	5,923,531
FUND BALANCES, FEBRUARY 28	\$ 4,251,988	\$ 192,229	\$ 312,900	\$ 725,161	\$ 855,483	\$ 6,337,761

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended February 28, 2007

---

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 414,230
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	1,047,008
The loss on the disposal of capital assets is not reported on the fund financial statements but is rather allocated to the relevant functional expenses on the statement of activities	(38,406)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	2,042,000
Some expenses in the statement of activities (e.g. depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation and amortization	(1,126,976)
Change in interest payable	(55,052)
Change in net pension obligation	(156,390)
Change in compensated absences	(28,053)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,098,361</u>

See accompanying notes to financial statements.

## VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

February 28, 2007

	Water	Glencoe Golf Club	Totals
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 418,603	\$ 180,607	\$ 599,210
Receivables			
Customer accounts	168,036	-	168,036
Other	-	17,673	17,673
Prepays	19,848	15,632	35,480
Inventory	30,476	7,019	37,495
Total current assets	636,963	220,931	857,894
<b>CAPITAL ASSETS</b>			
Non-depreciable	178,907	-	178,907
Depreciable, net of accumulated depreciation	3,966,555	685,835	4,652,390
Total capital assets	4,145,462	685,835	4,831,297
Total assets	4,782,425	906,766	5,689,191
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	175,162	170,152	345,314
Deferred revenue	-	66,451	66,451
Total current liabilities	175,162	236,603	411,765
<b>LONG-TERM LIABILITIES</b>			
Advances from other funds	-	1,220,911	1,220,911
Noncurrent accrued vacation	18,943	1,371	20,314
Noncurrent accrued sick leave	115,990	4,073	120,063
Total long-term liabilities	134,933	1,226,355	1,361,288
Total liabilities	310,095	1,462,958	1,773,053
<b>NET ASSETS</b>			
Invested in capital assets	4,145,462	685,835	4,831,297
Unrestricted (deficit)	326,868	(1,242,027)	(915,159)
<b>TOTAL NET ASSETS</b>	<b>\$ 4,472,330</b>	<b>\$ (556,192)</b>	<b>\$ 3,916,138</b>

See accompanying notes to financial statements.



VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

For the Year Ended February 28, 2007

	Water	Glencoe Golf Club	Totals
OPERATING REVENUES			
Charges for services	\$ 1,457,707	\$ 1,427,027	\$ 2,884,734
Miscellaneous	52,869	36,777	89,646
Total operating revenues	1,510,576	1,463,804	2,974,380
OPERATING EXPENSES			
Water production	840,168	-	840,168
Water distribution	572,987	-	572,987
Golf	-	1,406,166	1,406,166
Depreciation	210,465	45,720	256,185
Total operating expenses	1,623,620	1,451,886	3,075,506
OPERATING INCOME (LOSS)	(113,044)	11,918	(101,126)
NONOPERATING REVENUES (EXPENSES)			
Investment income	22,380	14,757	37,137
Interest expense	-	(73,561)	(73,561)
Total nonoperating revenues (expenses)	22,380	(58,804)	(36,424)
CHANGE IN NET ASSETS	(90,664)	(46,886)	(137,550)
NET ASSETS (DEFICIT), MARCH 1	4,562,994	(509,306)	4,053,688
NET ASSETS (DEFICIT), FEBRUARY 28	\$ 4,472,330	\$ (556,192)	\$ 3,916,138

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended February 28, 2007

	Water	Glencoe Golf Club	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,447,396	\$ 1,394,300	\$ 2,841,696
Receipts from miscellaneous revenues	52,869	29,305	82,174
Payments to suppliers	(403,514)	(627,500)	(1,031,014)
Payments to employees	(937,249)	(755,966)	(1,693,215)
Net cash from operating activities	159,502	40,139	199,641
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances to other funds	-	33,526	33,526
Net cash from noncapital financing activities	-	33,526	33,526
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(275,986)	(22,479)	(298,465)
Net cash from capital and related financing activities	(275,986)	(22,479)	(298,465)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	22,380	14,757	37,137
Net cash from investing activities	22,380	14,757	37,137
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(94,104)	65,943	(28,161)
<b>CASH AND CASH EQUIVALENTS, MARCH 1</b>	512,707	114,664	627,371
<b>CASH AND CASH EQUIVALENTS, FEBRUARY 28</b>	<u>\$ 418,603</u>	<u>\$ 180,607</u>	<u>\$ 599,210</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (113,044)	\$ 11,918	\$ (101,126)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	210,465	45,720	256,185
Changes in current assets and liabilities			
Customer accounts receivable	(10,311)	(7,472)	(17,783)
Prepaid expenses	7,775	6,482	14,257
Inventory	(3,039)	6,270	3,231
Accounts payable and accrued liabilities	62,397	10,421	72,818
Deferred revenue	-	(32,726)	(32,726)
Noncurrent accrued sick leave	5,259	(474)	4,785
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 159,502</u>	<u>\$ 40,139</u>	<u>\$ 199,641</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS  
STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

February 28, 2007

---

ASSETS	
Cash and cash equivalents	\$ 3,217,346
Receivables	
Interest	106,584
Due from other funds	103,749
Investments, at fair value	
U.S. government obligations	7,633,576
Mutual funds	<u>8,330,037</u>
 Total assets	 19,391,292
LIABILITIES	
None	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
	<u><u>\$19,391,292</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended February 28, 2007

---

ADDITIONS

Contributions - employer	
Taxes	\$ 1,036,196
Contributions - plan members	<u>295,340</u>
Total contributions	<u>1,331,536</u>
Investment income	
Net increase in fair value of investments	1,068,713
Interest earned	772,124
Less investment fees	<u>(51,965)</u>
Net investment income	<u>1,788,872</u>
Total additions	<u>3,120,408</u>

DEDUCTIONS

Pensions and refunds	1,068,393
Miscellaneous	
Contractual professional services	<u>24,530</u>
Total deductions	<u>1,092,923</u>

NET INCREASE	<u>2,027,485</u>
--------------	------------------

NET ASSETS HELD IN TRUST FOR  
PENSION BENEFITS

March 1	17,238,807
Prior period adjustment	<u>125,000</u>
March 1, restated	<u>17,363,807</u>
February 28	<u><u>\$19,391,292</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

February 28, 2007

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Glencoe, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village was incorporated March 29, 1869. The Village is a municipal corporation governed by an elected seven-member board. The Village operates under a Board-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire); paramedic services; highways and streets; health, social, and cultural services; a public library; water and sanitation; public improvements; planning and zoning; public golf course; and general administrative services. As required by GAAP, these financial statements present the Village (the primary government) and its component units.

The Village's financial statements include pension trust funds:

Police Pension Employees Retirement System

The Village's 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 pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The Village and PPERS participants are obligated to fund all 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 possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

In 1954, the Village began training "public safety officers" to perform as both firefighters and police officers. Eventually, all police officers and firefighters were replaced with public safety officers. The last active firefighter retired in 1994. Nonetheless, the Village's retired firefighters participate in the Firefighters' Pension Employer Retirement System (FPERS). FPERS 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 fire employees constitute the pension board. Since there are no active firefighters, the pension board functions without the three active firefighters, which effectively reduces the board to six members. The Village and FPERS participants are obligated to fund all 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 possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village firefighters and because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund.

Village of Glencoe Public Library (the Library)

This component unit has a separately elected seven-member board and provides services to residents within the geographic boundaries. This component unit is included within the reporting entity as a discretely presented component unit because the Village approves the budget and annual tax levy. In addition, bond issuance authorizations are approved by the Village and the legal liability for the general obligation portion of the Library's debt remains with the Village. Separate financial statements can be obtained from the Glencoe Public Library at 320 Park Avenue, Glencoe, Illinois 60022.

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for in enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds which are generally used to account for assets that the Village holds in a fiduciary capacity or on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of material inter-fund activity, other than inter-fund sales and services, has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund accounts for resources traditionally associated with government operations that are not required to be accounted for in another fund.

The Garbage Fund accounts for revenues derived from a separate property tax levy and user fees used to finance garbage collection and disposal within the Village.

The General Obligation Bonds Fund accounts for the revenues designated for debt service and payments of principal and interest for the following bond issues: 1999, 2001AB and 2001C General Obligation Bonds, the 2003 General Obligation Refunding Bonds, and the 2005 General Obligation Limited Tax Bonds.

The Capital Projects Fund accounts for the 2005 General Obligation Limited Tax bond proceeds used for the construction of various storm sewer construction projects.

The Village reports the following major proprietary funds:

The Water Fund accounts for the provision of water to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, and billing and collection.

The Glencoe Golf Club Fund accounts for the activities of the Glencoe Golf Club. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, and fee collection.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. All other governmental revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90 day period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue, and charges for services. Sales tax owed to the state at year end on behalf of the Village are also recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

The Village reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” or “earned” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them as when grant monies are received prior to the incurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village’s proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value.

f. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.” Long-term interfund loans are classified as “advances receivable/payable.”

g. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Also, any fleet equipment used for a singular purpose, though individual unit cost may be less than \$10,000, will be considered a capital asset of the Village if the total fleet value is more than \$30,000 and the estimated useful life is in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	45
Vehicles	5-20
Machinery and equipment	5-20
Infrastructure	25-50
Water transmission lines	50
Golf Course improvements	40

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in capital assets used by governmental funds. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, an expense is recorded for that portion of vesting accumulated sick leave benefits that is expected to be taken as “terminal leave” at retirement.

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and unamortized loss on refunding are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds 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 expenditures.

l. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village’s net assets are restricted by enabling legislation adopted by the Village. Capital assets, net of related debt is the book value of the capital assets less the outstanding principal balance of long-term debt issued to construct or acquire the capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

Interfund services transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

n. GASB Pronouncements

The Village has elected, under the provisions of GASB Statement 20, titled *“Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,”* to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, to its enterprise funds unless they conflict with or contradict GASB pronouncements.

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit in net assets as of the date of this report:

<u>Fund</u>	<u>Deficit</u>
Glencoe Golf Club	<u>\$ 556,192</u>

3. DEPOSITS AND INVESTMENTS

Investments are governed by four separate investment policies; one policy for the Village adopted by the Village Board and one policy each for the police and fire pension funds and the Library, which are approved by their respective boards.

Both the Village and Library’s investment policies authorize them to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U. S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran’s loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds, and equities.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

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

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

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance.

b. Village Investments

The following table presents the investments and maturities of the Village's debt securities as of February 28, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money market funds	\$ 1,004,404	\$ 264,091	\$ 740,313	\$ -	\$ -
TOTAL	\$ 1,004,404	\$ 264,091	\$ 740,313	\$ -	\$ -

3. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

Interest Rate Risk

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity and maximizing yields for funds not needed within a three year period. The investment policy limits the maximum maturity length of investments to three years from date of purchase. In addition, the policy requires the Village to structure the investment portfolio 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.

Credit Risk

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing primarily in the Illinois Funds and IMET, which invest in U.S. government securities, fully collateralized time deposits in financial institutions, collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. treasury obligations and collateralized repurchase agreements.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of Credit Risk

The Village's investment policy requires that the investment portfolio be diversified to the extent practicable. Investments shall be diversified in order to reduce the risk of loss resulting in over-concentration in a specific maturity, issuer, institution, or class of securities. Diversification strategies shall be determined and revised periodically by the Finance Director. The Village invests primarily in Illinois Funds and IMET, which are money market mutual funds.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

c. Police and Firefighters' Pension Funds Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police and Firefighters' Pension Funds' deposits may not be returned to them. The Police and Firefighters' Pension Funds' investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Funds' deposits with financial institutions.

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of February 28, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
US Treasury obligations	\$ 571,142	\$ -	\$ -	\$ 571,142	\$ -
US Agency obligations	7,062,434	1,779,747	5,282,687	-	-
Money market funds	711,157	711,157	-	-	-
TOTAL	\$ 8,344,733	\$ 2,490,904	\$ 5,282,687	\$ 571,142	\$ -

Interest Rate Risk

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for anticipated cash flow requirements. The investment policy limits the maximum maturity length of investments in the Police Pension Fund to 20 years from the date of purchase.

Credit Risk

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. Agency Obligations are rated AAA by Standard and Poor's. No ratings were available for the money market funds.



3. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Village's name. The money market mutual funds and mutual funds are not subject to custodial credit risk.

Concentration of credit risk

The Police Pension Fund's investment portfolio shall not exceed the following diversification limits:

- 1) Not more than 10% of the Police Pension Fund monies shall be invested in any one financial institution (excluding Illinois Funds and U.S. treasury securities held in safekeeping by an authorized custodian).
- 2) Funds deposited at a financial institution shall not exceed 5% of the capital stock and surplus of that institution.
- 3) Investments are allowed in mutual funds that have at least \$250 million in assets and have been in operation for at least 5 years.
- 4) Equities purchased must be of domestic based corporations in existence for at least 5 years, not in arrears of dividends for the past 5 years, and listed on a national exchange.
- 5) Total investments in separate accounts, mutual funds, and direct equity investments shall not exceed 45% of the market value of the Police Pension Fund's total assets (evaluated on an annual basis).

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

3. DEPOSITS AND INVESTMENTS (Continued)

e. Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of February 28, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money market funds	\$ 108,601	\$ 108,601	\$ -	\$ -	\$ -
TOTAL	\$ 108,601	\$ 108,601	\$ -	\$ -	\$ -

Interest Rate Risk

In accordance with its investment policy, the Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for anticipated cash flow requirements. The investment policy does not limit the maximum maturity length of investments in the Firefighters' Pension Fund.

Credit Risk

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing primarily in money market funds and certificates of deposit insured by FDIC. No ratings were available for the money market funds.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Firefighters' Pension Fund's agent separate from where the investment was purchased in the Village's name. The money market fund is not subject to custodial credit risk.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

e. Firefighters' Pension Fund Investments (Continued)

Concentration of credit risk

The Firefighters' Pension Fund is a "wasting fund" in that no contributions are being made to the Firefighters' Pension Fund and there are no active participants, only inactive participants or spouses of deceased participants. As such, investments are restricted to include only obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, U.S. Government money market funds, or certificates of deposit insured by FDIC.

4. RECEIVABLES - TAXES

Property taxes for 2006 attach as an enforceable lien on January 1, 2006 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 issued on or about February 1, 2007 and August 1, 2007 and are payable in two installments, on or about March 1, 2007 and September 1, 2007. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 0% of the tax levy, to reflect actual collection experience. Because the 2006 levy is intended to finance the fiscal year ended February 28, 2008, it has been offset by deferred revenue at February 28, 2007.

The 2007 tax levy, which attached as an enforceable lien on property as of January 1, 2007, has not been recorded as a receivable as of February 28, 2007, as the tax will not be levied until December 2007, and, therefore, is not measurable at February 28, 2007.

5. CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 1,195,910	\$ -	\$ -	\$ 1,195,910
Land right of way	40,168,599	-	-	40,168,599
Total capital assets not being depreciated	41,364,509	-	-	41,364,509
Capital assets being depreciated				
Buildings and improvements	4,111,028	-	-	4,111,028
Vehicles	4,210,180	609,410	341,871	4,477,719
Machinery and equipment	311,657	-	-	311,657
Infrastructure	39,294,549	437,598	-	39,732,147
Total capital assets being depreciated	47,927,414	1,047,008	341,871	48,632,551

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES (Continued)</b>				
Less accumulated depreciation for				
Buildings and improvements	\$ 1,433,131	\$ 74,301	\$ -	\$ 1,507,432
Vehicles	2,618,833	311,571	303,465	2,626,939
Machinery and equipment	204,157	22,055	-	226,212
Infrastructure	13,175,423	719,049	-	13,894,472
Total accumulated depreciation	17,431,544	1,126,976	303,465	18,255,055
Total capital assets being depreciated, net	30,495,870	(79,968)	38,406	30,377,496
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 71,860,379</b>	<b>\$ (79,968)</b>	<b>\$ 38,406</b>	<b>\$ 71,742,005</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 178,907	\$ -	\$ -	\$ 178,907
Total capital assets not being depreciated	178,907	-	-	178,907
Capital assets being depreciated				
Building and improvements	2,757,857	2,785	-	2,760,642
Machinery and equipment	2,717,329	75,346	25,900	2,766,775
Water transmission system	4,825,714	220,334	-	5,046,048
Golf Course improvements	822,282	-	-	822,282
Total capital assets being depreciated	11,123,182	298,465	25,900	11,395,747
Less accumulated depreciation for				
Building and improvements	1,930,705	43,323	-	1,974,028
Machinery and equipment	2,391,335	87,763	25,900	2,453,198
Water transmission system	1,859,970	100,450	-	1,960,420
Golf Course improvements	331,062	24,649	-	355,711
Total accumulated depreciation	6,513,072	256,185	25,900	6,743,357
Total capital assets being depreciated, net	4,610,110	42,280	-	4,652,390
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 4,789,017</b>	<b>\$ 42,280</b>	<b>\$ -</b>	<b>\$ 4,831,297</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Administration and Finance	\$ 31,089
Public Safety	66,203
Public Works	1,029,684
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,126,976</b>

6. 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; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and by participating in a public entity risk pool. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

Intergovernmental Risk Management Agency (IRMA)

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is a public entity risk pool whose members are Illinois municipalities. IRMA manages and funds first party property losses, third party liability claims, workers' compensation claims, and public officials liability claims of its member municipalities. The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds.

Risk of loss is transferred, except that each member assumes the first \$10,000 of each occurrence, and IRMA has self-insurance retentions at various amounts above that level.

Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Risk Manager and a Treasurer. The Village does not exercise any control over the activities of IRMA beyond its representative on the Board of Directors.

Initial contributions are determined in advance of each membership year based on the individual member's eligible revenue as defined in the bylaws of IRMA and assessment factors based on past member experience and the funding need for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure that adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member.

7. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances March 1	Additions	Reductions	Balances February 28	Current Portion
\$80,000, 1992 Special Service Area serial bonds due in annual installments of \$3,500 to \$7,400 through December 1, 2008; interest at 2.70% to 5.75%.	Debt Service	\$ 14,400	\$ -	\$ 7,000	\$ 7,400	\$ 7,400
\$8,635,000, 1999 Corporate Purpose serial bonds due in annual installments of \$100,000 to \$2,050,000 through December 1, 2011; interest at 3.10% to 4.35%.	Debt Service	4,000,000	-	100,000	3,900,000	100,000
\$7,510,000, 2001AB Corporate Purpose serial bonds due in annual installments of \$255,000 to \$1,625,000 through December 1, 2008; interest at 3.50% to 4.00%.	Debt Service	2,400,000	-	1,385,000	1,015,000	680,000
\$1,200,000, 2001C Corporate Purpose serial bonds due in annual installments of \$80,000 to \$145,000 through December 1, 2011; interest at 3.50% to 4.45%.	Debt Service	790,000	-	120,000	670,000	125,000
\$4,975,000, 2003 General Obligation (Refunding) Serial Bonds due in annual installments of \$75,000 to \$1,915,000 through December 1, 2010; interest at 2.00% to 2.75%.	Debt Service	4,825,000	-	305,000	4,520,000	1,105,000
\$1,850,000, 2005 General Obligation Limited Tax Bonds due in annual installments of \$125,000 to \$215,000 through December 1, 2015; interest at 2.55% to 3.70%.	Debt Service	1,850,000	-	125,000	1,725,000	170,000
<b>TOTAL PRIMARY GOVERNMENT</b>		<b>\$13,879,400</b>	<b>\$ -</b>	<b>\$ 2,042,000</b>	<b>\$ 11,837,400</b>	<b>\$ 2,187,400</b>

b. Component Unit Obligation Bonds

Issue	Fund Debt Retired by	Balances March 1	Additions	Reductions	Balances February 28	Current Portion
\$600,000, construction loan/line of credit dated June 25, 1999 bearing interest at 4.7% due in monthly installments through maturity in December 2019.	Component Unit	\$ 502,418	\$ -	\$ 23,157	\$ 479,261	\$ 24,225

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending February 28,	General Obligation		
	Principal	Interest	Total
2008	\$ 2,187,400	\$ 399,952	\$ 2,587,352
2009	2,235,000	332,499	2,567,499
2010	2,330,000	267,492	2,597,492
2011	2,375,000	199,143	2,574,143
2012	1,885,000	102,991	1,987,991
2013	195,000	26,812	221,812
2014	205,000	20,475	225,475
2015	210,000	13,813	223,813
2016	215,000	6,987	221,987
TOTAL	\$ 11,837,400	\$ 1,370,164	\$ 13,207,564

Fiscal Year Ending February 28,	Component Unit		
	Principal	Interest	Total
2008	\$ 24,225	\$ 22,378	\$ 46,603
2009	25,465	21,138	46,603
2010	26,705	19,898	46,603
2011	28,006	18,597	46,603
2012	29,324	17,279	46,603
2013	30,798	15,805	46,603
2014	32,298	14,305	46,603
2015	33,871	12,732	46,603
2016	35,493	11,110	46,603
2017	37,250	9,353	46,603
2018	39,064	7,539	46,603
2019	40,967	5,636	46,603
2020	42,955	3,648	46,603
2021	45,055	1,548	46,603
2022	7,785	47	7,832
TOTAL	\$ 479,261	\$ 181,013	\$ 660,274

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

d. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in liabilities reported in the Governmental Activities:

	Balances March 1	Additions	Reductions/ Refundings	Balances February 28	Current
Accrued sick leave	\$ 753,565	\$ 298,163	\$ 235,856	\$ 815,872	\$ 258,576
Accrued vacation	492,282	458,027	492,282	458,027	458,027
Net pension obligation	857,621	156,390	-	1,014,011	-
General obligation bonds payable	13,879,400	-	2,042,000	11,837,400	2,187,400
Unamortized loss on refunding	(250,000)	-	(62,500)	(187,500)	-
Unamortized bond discounts	(41,978)	-	(10,494)	(31,484)	-
<b>TOTAL</b>	<b>\$ 15,690,890</b>	<b>\$ 912,580</b>	<b>\$ 2,697,144</b>	<b>\$ 13,906,326</b>	<b>\$ 2,904,003</b>

The accrued sick leave, accrued vacation, and net pension obligation have typically been liquidated by the general fund and garbage fund.

e. Legal Debt Margin

Assessed Valuation - 2005 (most recent data available)	<u>\$802,001,726</u>
Legal Debt Limit - 10.00% of Assessed Valuation	<u>\$ 80,200,173</u>
Amount of Debt Applicable to Debt Limit	
1999 Corporate Purpose Bonds	3,900,000
2001AB Corporate Purpose Bonds	1,015,000
2001C Corporate Purpose Bonds	670,000
2003 Corporate Purpose Refunding Bonds	4,520,000
2005 Corporate Purpose Limited Tax Bonds	1,725,000
	<u>11,830,000</u>
<b>LEGAL DEBT MARGIN</b>	<u><b>\$ 68,370,173</b></u>

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979." However, the Village is a special charter community and has the authority to issue bonds in an amount that does not exceed 10% of the assessed valuation of the property within the limits of the Village.



VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ASSETS/LIABILITIES

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Debt Service	General	\$ 280,840
Police Pension	General	103,749
Nonmajor Governmental	General	34,879
TOTAL		<u>\$ 419,468</u>

The purposes of the Due From/To other funds are as follows:

\$280,840 in property tax revenue due from the General Fund to the Debt Service Fund. The amount is expected to be repaid within a year.

\$103,749 in property tax revenue due from the General Fund to the Police Pension Fund. The amount is expected to be repaid within a year.

\$34,879 in foreign fire insurance revenue due from the General Fund to the Foreign Fire Insurance Fund. The amount is expected to be repaid within a year.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Glencoe Golf Club	<u>\$ 1,220,911</u>
TOTAL		<u>\$ 1,220,911</u>

The purpose of the Advance To/From other funds is as follows:

\$1,220,911 to support the operations of the Glencoe Golf Club.

9. COMMITMENTS

Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to make payments to SWANCC. The Village has committed to pay \$1,588,595. This amount has been calculated using the Village's current allocation percentage of 1.44%. In future years, this allocation percentage will be subject to change.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

9. COMMITMENTS (Continued)

Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

<u>Fiscal Year Ending February 28,</u>	<u>Total Costs</u>
2008	\$ 201,678
2009	201,678
2010	201,678
2011	201,678
2012	201,678
2013	201,678
2014	201,678
2015	<u>176,849</u>
TOTAL	<u>\$ 1,588,595</u>

10. CONTINGENT LIABILITIES

a. 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.

b. 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 that may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

11. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) (the Agency) which consists of twenty-three municipalities. The Agency is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. The Agency is empowered to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. The Agency is reported as a governmental joint venture.

11. JOINT VENTURES (Continued)

Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

The Agency is governed by a board of directors which consists of the mayor or president from each member municipality. Each director has an equal vote. The officers of the Agency are appointed by the board of directors. The board of directors determines the general policy of the Agency, makes all appropriations, approves contracts, provides for the issuance of debt, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements for the Agency can be obtained from the Agency's administrative office at 2700 Patriot Boulevard, Suite 110, Glenview, Illinois 60026.

The Agency's outstanding bonds are revenue obligations. They are limited obligations of the Agency with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by Agency resolutions. The bonds are not the debt of any member. The Agency has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges, and all grants, rents, and receipts derived by the Agency from the ownership and operation of the system. The Agency covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

The Agency has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by the Agency of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$294,434 to the Agency for 2007.

12. POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. The retirees pay an annual premium that is equal to the actuarially determined cost for each plan year as determined by the insurance carrier. Accordingly, no liability has been recorded for postemployment health care benefits. Participants paid the entire cost of \$142,528.03, which is included in health insurance expense in the General Fund.

### 13. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighter's Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

#### Plan Descriptions and Provisions

##### a. Illinois Municipal Retirement Fund

All employees (other than those covered by the Police Pension Plan or Firefighter's Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the calendar year ended 2006 was 9.54% of covered payroll.

##### b. Police Pension

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At February 28, 2007, the Police Pension Plan membership consisted of:

Terminated employees entitled to benefits but not yet receiving them	-
Currently receiving benefits	
Retirees	17
Beneficiaries	9
Current employees	
Vested	24
Nonvested	12
	<hr/>
TOTAL	62
	<hr/>

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

b. Police Pension (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half 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 annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer 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 upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS 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 Police Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended February 28, 2007, the Village's contribution was 32.72% of covered payroll.

c. Firefighters' Pension

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Firefighter's Pension Plan as a pension trust fund. At February 28, 2007, the Firefighter's Pension Plan membership consisted of:

Terminated employees entitled to benefits but not yet receiving them	-
Currently receiving benefits	
Retirees	2
Beneficiaries	2
Current employees	
Vested	-
Nonvested	-
	<hr/>
TOTAL	<hr/> <hr/> 4

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

c. Firefighters' Pension (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75.00% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee 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 upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees 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 finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended February 28, 2007, covered payroll was zero.

d. Significant Investments

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or the Firefighter's Pension Plans. Information for the IMRF is not available.

e. Administering Cost

The costs of administering the plans are financed through employer and employee contributions.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

f. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2004	February 28, 2006	February 28, 2006
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	26 Years, Closed	27 Years, Closed	27 Years, Closed
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.00% Compounded Annually	6.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually	None
c) Additional projected salary increases - seniority/merit	.40 to 11.60%	Not Available	Not Available

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

f. Annual Pension Costs (Continued)

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

			Illinois Municipal Retirement*	Police Pension*	Firefighters' Pension*
Annual Pension Cost (APC)	2004	\$	326,261	\$ 905,275	\$ 38,838
	2005		431,817	985,068	12,620
	2006		474,317	1,049,814	12,899
Actual contribution	2004	\$	326,261	\$ 620,485	\$ 22,094
	2005		431,817	775,590	34,544
	2006		474,317	900,527	5,796
Percentage of APC contributed	2004		100.0%	68.5%	56.9%
	2005		100.0	78.7	273.7
	2006		100.0	85.8	44.9
NPO (Asset)	2004	\$	-	\$ 621,818	\$ 48,249
	2005		-	831,296	26,325
	2006		-	980,583	33,428

\* Police and firefighters' pension information presented is for the fiscal years ended February 28, 2004, February 29, 2005, and February 28, 2006. The information for the Illinois Municipal Retirement is for the calendar years 2004, 2005, and 2006.

The NPO has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,027,821	\$ 13,253
Interest on net pension obligation	58,191	1,711
Adjustment to annual required contributions	(36,198)	(2,065)
Annual pension cost	1,049,814	12,899
Contributions made	900,527	5,796
Increase (decrease) in net pension obligation	149,287	7,103
Net pension obligation (asset), beginning of year	831,296	26,325
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 980,583	\$ 33,428

14. RESTATEMENT

Beginning net assets has been restated by \$125,000 for the Police Pension Fund to correct a prior period error in the posting of unrealized gains.



## **REQUIRED SUPPLEMENTARY INFORMATION**

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended February 28, 2007

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
REVENUES					
Property taxes	\$ 5,819,647	\$ 5,819,647	\$ 5,819,647	\$ 6,011,914	\$ 192,267
Other taxes	4,064,500	4,064,500	4,064,500	4,194,217	129,717
Licenses and permits	1,878,675	1,878,675	1,878,675	1,810,162	(68,513)
Fines and forfeits	114,250	114,250	114,250	105,824	(8,426)
Investment income	76,500	76,500	76,500	359,884	283,384
Charges for services	340,000	340,000	340,000	336,357	(3,643)
Miscellaneous	465,100	465,100	465,100	686,350	221,250
Total revenues	12,758,672	12,758,672	12,758,672	13,504,708	746,036
EXPENDITURES					
Current					
Administration and finance	2,462,674	2,462,674	2,238,794	2,157,049	(81,745)
Public safety	7,254,430	7,254,430	6,594,935	6,443,232	(151,703)
Public works	5,558,747	5,558,747	5,053,406	4,167,389	(886,017)
Capital outlay	201,410	201,410	183,100	85,298	(97,802)
Total expenditures	15,477,261	15,477,261	14,070,235	12,852,968	(1,217,267)
NET CHANGE IN FUND BALANCE	<u>\$ (2,718,589)</u>	<u>\$ (2,718,589)</u>	<u>\$ (1,311,563)</u>	651,740	<u>\$ 1,963,303</u>
FUND BALANCE, MARCH 1				<u>3,600,248</u>	
FUND BALANCE, FEBRUARY 28				<u>\$ 4,251,988</u>	

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GARBAGE FUND

For the Year Ended February 28, 2007

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
<b>REVENUES</b>				
Property taxes	\$ 721,004	\$ 721,004	\$ 753,398	\$ 32,394
Other taxes	7,000	7,000	7,000	-
Investment income	6,000	6,000	19,779	13,779
Charges for services	720,400	720,400	663,424	(56,976)
Miscellaneous and other				
Recycling	49,000	49,000	47,122	(1,878)
Special refuse pick-up	25,000	25,000	26,853	1,853
Miscellaneous and other	-	-	3,047	3,047
Total revenues	1,528,404	1,528,404	1,520,623	(7,781)
<b>EXPENDITURES</b>				
Administration	327,985	298,168	300,804	2,636
Public works	1,136,149	1,032,863	1,029,299	(3,564)
Capital expenditures - equipment	195,250	177,500	167,395	(10,105)
Total expenditures	1,659,384	1,508,531	1,497,498	(11,033)
NET CHANGE IN FUND BALANCE	<u>\$ (130,980)</u>	<u>\$ 19,873</u>	23,125	<u>\$ 3,252</u>
FUND BALANCE, MARCH 1			<u>169,104</u>	
FUND BALANCE, FEBRUARY 28			<u>\$ 192,229</u>	

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

February 28, 2007

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2001	\$ 11,536,145	\$ 9,879,496	116.77%	\$ (1,656,649)	\$ 4,110,147	(40.31%)
2002	11,495,807	10,676,398	107.67%	(819,409)	4,310,262	(19.01%)
2003	11,655,402	11,796,914	98.80%	141,512	4,559,944	3.10%
2004	12,385,423	13,104,559	94.51%	719,136	4,742,163	15.16%
2005	13,308,178	14,093,922	94.42%	785,744	4,851,875	16.19%
2006	14,919,214	15,342,456	97.24%	423,242	4,971,878	8.51%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND

February 28, 2007

Actuarial Valuation Date March 1,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2001	\$ 13,185,434	\$ 17,966,021	73.39%	\$ 4,780,587	\$ 2,123,957	225.08%
2002	13,891,838	19,497,356	71.25%	5,605,518	2,156,232	259.97%
2003	14,098,579	22,116,686	63.75%	8,018,107	2,242,944	357.48%
2004	14,456,837	25,564,805	56.55%	11,107,968	2,442,129	454.85%
2005	15,345,133	27,385,563	56.03%	12,040,430	2,589,181	465.03%
2006	17,113,735	27,738,312	61.70%	10,624,577	2,752,155	386.05%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF FUNDING PROGRESS  
FIREFIGHTERS' PENSION FUND

February 28, 2007

Actuarial Valuation Date March 1,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2001	\$ 942,999	\$ 1,465,866	64.33%	\$ 522,867	\$ -	*
2002	864,286	1,409,390	61.32%	545,104	-	*
2003	807,927	1,229,638	65.70%	421,711	-	*
2004	731,023	1,239,278	58.99%	508,255	-	*
2005	652,687	822,347	79.37%	169,660	-	*
2006	527,550	772,533	68.29%	244,983	-	*

\* Not applicable

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

February 28, 2007

---

<u>Year Ended December 31,</u>	<u>Employer Contribution Made</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2001	\$ 94,122	\$ 94,122	100.00%
2002	120,687	120,687	100.00%
2003	191,974	191,974	100.00%
2004	326,261	326,261	100.00%
2005	431,817	431,817	100.00%
2006	474,317	474,317	100.00%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

February 28, 2007

---

<u>Year Ended February 28,</u>	<u>Employer Contribution Made</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2001	\$ 436,674	\$ 509,202	85.76%
2002	568,692	559,334	101.67%
2003	591,167	711,784	83.05%
2004	620,485	895,617	69.28%
2005	775,590	967,982	80.12%
2006	900,527	1,027,821	87.62%

(See independent auditor's report.)



VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

February 28, 2007

---

<u>Year Ended February 28,</u>	<u>Employer Contribution Made</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2001	\$ 22,420	\$ 39,090	57.35%
2002	39,206	41,154	95.27%
2003	42,399	32,175	131.78%
2004	22,094	39,221	56.33%
2005	34,544	12,620	273.72%
2006	5,796	13,253	43.73%

(See independent auditor's report.)

## VILLAGE OF GLENCOE, ILLINOIS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

February 28, 2007

---

#### LEGAL COMPLIANCE AND ACCOUNTABILITY

##### a. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue (except the Foreign Fire Insurance Fund), Debt Service, and Capital Projects Funds. All annual appropriations lapse at fiscal year end and no supplemental appropriations were necessary.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the Village board finance committee meeting in February, the Village manager submits to the Board of Trustees a proposed operating budget for the fiscal year commencing on March 1. The operating budget includes proposed expenditures and the means of financing them. The operating budget can be amended by the Village board as long as the amended budget remains within the legal expenditures ceiling set forth by the appropriations ordinance.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 15 the budget is legally enacted, and prior to May 15 the appropriation ordinance is legally enacted.
4. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Expenditures in excess of the budgeted amounts at the fund level must be approved by the Board of Trustees. Management may amend the budget of a fund, but cannot change the total budgeted amount for a fund.
5. A supplemental appropriation was passed for the General Fund during the year.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

---

LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

a. Budgets (Continued)

Although the legal level of budgetary control is the appropriations, the Village utilizes a working budget as its management tool to monitor its day to day activities. Due to the high degree of reliance on the budget, both the appropriations and the budget are displayed in the required supplementary information and on the budget and actual schedules throughout this report. The original appropriations was passed as 110% of the working budget.

b. Excess of Actual Expenditures/Expenses Over Budget in Individual Funds

The following fund had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year:

<u>Fund</u>	<u>Excess</u>
Capital Projects	<u>\$ 116,094</u>

## **MAJOR GOVERNMENTAL FUNDS**

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended February 28, 2007

	Original and Final Budget	Actual	Budget Variance Over (Under)
PROPERTY TAXES	\$ 5,819,647	\$ 6,011,914	\$ 192,267
OTHER TAXES			
Utility tax	1,354,000	1,340,479	(13,521)
Sales tax	1,783,400	1,879,556	96,156
State income tax	694,000	727,609	33,609
Vehicle tax	160,000	160,301	301
Personal property replacement tax	73,100	86,272	13,172
Total other taxes	4,064,500	4,194,217	129,717
LICENSES AND PERMITS			
Business licenses	8,000	7,198	(802)
Animal licenses	4,500	5,301	801
Liquor licenses	17,500	13,584	(3,916)
Building and electrical permits	1,581,300	1,526,106	(55,194)
Burglar-fire alarm permits	61,500	72,280	10,780
Impounding fees	875	1,280	405
Ambulance fees	95,000	92,026	(2,974)
Parking lot fees and permits	110,000	92,387	(17,613)
Total licenses and permits	1,878,675	1,810,162	(68,513)
FINES AND FORFEITURES			
Court fines	25,000	28,589	3,589
Other fines	89,250	77,235	(12,015)
Total fines and forfeitures	114,250	105,824	(8,426)
INVESTMENT INCOME	76,500	359,884	283,384
CHARGES FOR SERVICES - SEWER SERVICE CHARGE	340,000	336,357	(3,643)
MISCELLANEOUS AND OTHER			
Cable television	100,000	119,759	19,759
Golf club management fees	60,000	60,000	-
Sundry	36,000	36,949	949
Miscellaneous Other	269,100	469,642	200,542
Total miscellaneous and other	465,100	686,350	221,250
TOTAL REVENUES	\$ 12,758,672	\$ 13,504,708	\$ 746,036

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended February 28, 2007

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
<b>ADMINISTRATION AND FINANCE</b>					
General government	\$ 1,063,227	\$ 1,050,277	\$ 966,570	\$ 916,645	\$ (49,925)
Legal	215,611	228,561	196,010	234,221	38,211
Health service	51,975	51,975	47,250	36,625	(10,625)
Social service	64,020	64,020	58,200	58,180	(20)
Finance	631,333	631,333	573,939	587,155	13,216
Support service	174,708	174,708	158,825	136,413	(22,412)
Risk management	261,800	261,800	238,000	187,810	(50,190)
Total administration and finance	2,462,674	2,462,674	2,238,794	2,157,049	(81,745)
<b>PUBLIC SAFETY</b>					
Fire protection	1,570,102	1,570,102	1,427,365	1,324,141	(103,224)
Police protection	4,923,848	4,923,848	4,476,225	4,439,283	(36,942)
Paramedic service	760,480	760,480	691,345	679,808	(11,537)
Total public safety	7,254,430	7,254,430	6,594,935	6,443,232	(151,703)
<b>PUBLIC WORKS</b>					
Administration	778,833	778,833	708,030	693,628	(14,402)
Streets	1,304,526	1,304,526	1,185,933	1,020,460	(165,473)
Sewers	1,360,568	1,360,568	1,236,880	962,692	(274,188)
Forestry	759,663	759,663	690,603	609,916	(80,687)
Buildings	709,231	703,808	644,755	333,731	(311,024)
Street lighting	83,270	83,270	75,700	59,025	(16,675)
Parking and traffic control	173,432	178,855	157,665	177,698	20,033
Building and zoning	45,375	45,375	41,250	21,072	(20,178)
Municipal garage	318,769	318,769	289,790	275,497	(14,293)
Special boards and commissions	25,080	25,080	22,800	13,670	(9,130)
Total public works	5,558,747	5,558,747	5,053,406	4,167,389	(886,017)
<b>CAPITAL OUTLAY</b>					
Public safety/capital reserve	201,410	201,410	183,100	85,298	(97,802)
Total capital outlay	201,410	201,410	183,100	85,298	(97,802)
<b>TOTAL EXPENDITURES</b>	<b>\$ 15,477,261</b>	<b>\$ 15,477,261</b>	<b>\$ 14,070,235</b>	<b>\$ 12,852,968</b>	<b>\$ (1,217,267)</b>

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL OBLIGATION BONDS FUND

For the Year Ended February 28, 2007

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Property taxes	\$ 2,321,634	\$ 2,321,634	\$ 2,505,438	\$ 183,804
Investment income	17,550	17,550	69,046	51,496
Total revenues	2,339,184	2,339,184	2,574,484	235,300
EXPENDITURES				
Principal	2,238,500	2,035,000	2,035,000	-
Interest and fees	520,293	472,994	472,919	(75)
Total expenditures	2,758,793	2,507,994	2,507,919	(75)
NET CHANGE IN FUND BALANCE	<u>\$ (419,609)</u>	<u>\$ (168,810)</u>	66,565	<u>\$ 235,375</u>
FUND BALANCE, MARCH 1			<u>246,335</u>	
FUND BALANCE, FEBRUARY 28			<u>\$ 312,900</u>	

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND

For the Year Ended February 28, 2007

	Original Appropriations	Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES					
Investment income	\$ -	\$ -	\$ -	\$ 49,907	\$ 49,907
Miscellaneous	-	-	-	1,016	1,016
Total revenues	-	-	-	50,923	50,923
EXPENDITURES					
Capital outlay	385,000	472,067	350,000	466,094	116,094
Total expenditures	385,000	472,067	350,000	466,094	116,094
NET CHANGE IN FUND BALANCE	<u>\$ (385,000)</u>	<u>\$ (472,067)</u>	<u>\$ (350,000)</u>	(415,171)	<u>\$ (65,171)</u>
FUND BALANCE, MARCH 1				<u>1,140,332</u>	
FUND BALANCE, FEBRUARY 28				<u>\$ 725,161</u>	

(See independent auditor's report.)



## **NONMAJOR GOVERNMENTAL FUNDS**

Motor Fuel Tax Fund - to account for allotments of motor fuel taxes. These allotments are received from the State of Illinois.

Enhanced 911 System Fund - to account for the operations of the Village Enhanced Emergency Communications Center. Financing is provided by a surcharge on telephone lines.

Foreign Fire Insurance Fund - to account for the expenditures of a 2% tax on premiums for fire insurance policies covering property in the Village that are sold by insurance companies not incorporated in Illinois. Under state law, the Village must annually appropriate foreign fire insurance tax monies to an administrative board comprised of members of its fire department.

1993 Hogarth Lane Special Service Area Fund - to account for the revenues designated for debt service and payments of principal and interest for the Hogarth Lane Special Service Area bond issue.

VILLAGE OF GLENCOE, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

February 28, 2007

	Special Revenue			Debt Service 1993 Hogarth Lane Special Service Area	Totals
	Motor Fuel Tax	Enhanced 911 System	Foreign Fire Insurance		
ASSETS					
Cash and cash equivalents	\$ 45,800	\$ 643,797	\$ 97,359	\$ 6,927	\$ 793,883
Receivables					
Property taxes	-	-	-	7,010	7,010
Other	22,261	7,284	-	-	29,545
Due from other funds	-	-	34,879	-	34,879
TOTAL ASSETS	<u>\$ 68,061</u>	<u>\$ 651,081</u>	<u>\$ 132,238</u>	<u>\$ 13,937</u>	<u>\$ 865,317</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 990	\$ 628	\$ -	\$ -	\$ 1,618
Deferred revenues	-	-	-	8,216	8,216
Total liabilities	<u>990</u>	<u>628</u>	<u>-</u>	<u>8,216</u>	<u>9,834</u>
FUND BALANCES					
Reserved for debt service	-	-	-	5,721	5,721
Reserved for roadway maintenance	67,071	-	-	-	67,071
Reserved for public safety	-	650,453	132,238	-	782,691
Total fund balances	<u>67,071</u>	<u>650,453</u>	<u>132,238</u>	<u>5,721</u>	<u>855,483</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 68,061</u>	<u>\$ 651,081</u>	<u>\$ 132,238</u>	<u>\$ 13,937</u>	<u>\$ 865,317</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended February 28, 2007

	Special Revenue			Debt Service 1993	
	Motor Fuel Tax	Enhanced 911 System	Foreign Fire Insurance	Hogarth Lane Special Service Area	Totals
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 8,144	\$ 8,144
Other taxes	-	152,686	34,879	-	187,565
Intergovernmental	252,464	-	-	-	252,464
Investment income	6,710	33,177	2,527	-	42,414
Miscellaneous	-	-	7,496	-	7,496
Total revenues	259,174	185,863	44,902	8,144	498,083
EXPENDITURES					
Current					
Administrative and finance	-	46,575	-	-	46,575
Public safety	-	-	15,984	-	15,984
Capital outlay	296,543	43,189	-	-	339,732
Debt service					
Principal	-	-	-	7,000	7,000
Interest	-	-	-	821	821
Total expenditures	296,543	89,764	15,984	7,821	410,112
NET CHANGE IN FUND BALANCES	(37,369)	96,099	28,918	323	87,971
FUND BALANCES, MARCH 1	104,440	554,354	103,320	5,398	767,512
FUND BALANCES, FEBRUARY 28	\$ 67,071	\$ 650,453	\$ 132,238	\$ 5,721	\$ 855,483

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MOTOR FUEL TAX FUND

For the Year Ended February 28, 2007

	Original Appropriations	Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES					
Intergovernmental - allotments	\$ 249,700	\$ 249,700	\$ 249,700	\$ 252,464	\$ 2,764
Investment income	1,700	1,700	1,700	6,710	5,010
Total revenues	251,400	251,400	251,400	259,174	7,774
EXPENDITURES					
Streets maintenance	357,500	-	325,000	296,543	(28,457)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(106,100)	251,400	(73,600)	(37,369)	36,231
OTHER FINANCING SOURCES (USES)					
Transfer (out)	-	(15,569)	-	-	-
Total other financing sources (uses)	-	(15,569)	-	-	-
NET CHANGE IN FUND BALANCE	\$ (106,100)	\$ 235,831	\$ (73,600)	(37,369)	\$ 36,231
FUND BALANCE, MARCH 1				104,440	
FUND BALANCE, FEBRUARY 28				\$ 67,071	

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ENHANCED 911 SYSTEM FUND

For the Year Ended February 28, 2007

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Other taxes				
Telephone surcharge	\$ 160,600	\$ 160,600	\$ 152,686	\$ (7,914)
Investment income	6,000	6,000	33,177	27,177
Total revenues	166,600	166,600	185,863	19,263
EXPENDITURES				
Administration and finance				
Professional services	87,230	79,300	46,575	(32,725)
Capital outlay	672,210	611,100	43,189	(567,911)
Total expenditures	759,440	690,400	89,764	(600,636)
NET CHANGE IN FUND BALANCE	<u>\$ (592,840)</u>	<u>\$ (523,800)</u>	96,099	<u>\$ 619,899</u>
FUND BALANCE, MARCH 1			<u>554,354</u>	
FUND BALANCE, FEBRUARY 28			<u>\$ 650,453</u>	

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOREIGN FIRE INSURANCE FUND

For the Year Ended February 28, 2007

---

REVENUES	
Foreign fire insurance tax	\$ 34,879
Investment income	2,527
Miscellaneous	<u>7,496</u>
Total revenues	<u>44,902</u>
EXPENDITURES	
Current	
Public safety	<u>15,984</u>
Total expenditures	<u>15,984</u>
NET CHANGE IN FUND BALANCE	28,918
FUND BALANCE, MARCH 1	<u>103,320</u>
FUND BALANCE, FEBRUARY 28	<u><u>\$ 132,238</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
1993 HOGARTH LANE SPECIAL SERVICE AREA FUND

For the Year Ended February 28, 2007

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Property taxes	\$ 7,856	\$ 7,856	\$ 8,144	\$ 288
Total revenues	7,856	7,856	8,144	288
EXPENDITURES				
Principal	7,700	7,000	7,000	-
Interest and fees	904	822	821	(1)
Total expenditures	8,604	7,822	7,821	(1)
NET CHANGE IN FUND BALANCE	<u>\$ (748)</u>	<u>\$ 34</u>	323	<u>\$ 289</u>
FUND BALANCE, MARCH 1			<u>5,398</u>	
FUND BALANCE, FEBRUARY 28			<u>\$ 5,721</u>	

See accompanying notes to financial statements.

## **FIDUCIARY FUNDS**



## **PENSION TRUST FUNDS**

Police Pension Fund - to account for the accumulation of resources to be used for disability and retirement annuity payments to uniformed Public Safety Officers covered by the plan. Resources are contributed by employees and by property tax levies.

Firefighters' Pension Fund - to account for the accumulation of resources to be used for disability and retirement annuity payments to uniformed Public Safety Officers not covered by the Police Pension Fund. Resources are contributed by employees and by property tax levies.

VILLAGE OF GLENCOE, ILLINOIS  
COMBINING STATEMENT OF NET ASSETS  
PENSION TRUST FUNDS

February 28, 2007

---

	Police Pension	Firefighters' Pension	Totals
<hr/>			
ASSETS			
Cash and cash equivalents	\$ 2,770,396	\$ 446,950	\$ 3,217,346
Receivables			
Interest	106,101	483	106,584
Due from other funds	103,749	-	103,749
Investments, at fair value			
U.S. government and agency obligations	7,633,576	-	7,633,576
Mutual funds	8,330,037	-	8,330,037
	<hr/>		
Total assets	18,943,859	447,433	19,391,292
LIABILITIES			
None	-	-	-
	<hr/>		
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 18,943,859	\$ 447,433	\$ 19,391,292
	<hr/> <hr/>		

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended February 28, 2007

	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Contributions - employer			
Taxes	\$ 1,033,821	\$ 2,375	\$ 1,036,196
Contributions - plan members	295,340	-	295,340
Total contributions	1,329,161	2,375	1,331,536
Investment income			
Net increase (decrease) in fair value of investments	1,068,713	-	1,068,713
Interest earned	748,373	23,751	772,124
Less investment fees	(49,694)	(2,271)	(51,965)
Net investment income	1,767,392	21,480	1,788,872
Total additions	3,096,553	23,855	3,120,408
<b>DEDUCTIONS</b>			
Pensions and refunds	967,743	100,650	1,068,393
Miscellaneous			
Contractual professional services	21,208	3,322	24,530
Total deductions	988,951	103,972	1,092,923
NET INCREASE (DECREASE)	2,107,602	(80,117)	2,027,485
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
March 1	16,711,257	527,550	17,238,807
Prior period adjustment	125,000	-	125,000
March 1, restated	16,836,257	527,550	17,363,807
February 28	\$ 18,943,859	\$ 447,433	\$ 19,391,292

See accompanying notes to financial statements.

## STATISTICAL SECTION

This part of the Village's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information displays about the Village's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	65-69
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	70-75
<b>Debt Capacity</b> The schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	76-80
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	81-82
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	83-85

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF GLENCOE, ILLINOIS

NET ASSETS BY COMPONENT

Last Three Fiscal Years

Fiscal Year	2004	2005	2006	2007
<b>GOVERNMENTAL ACTIVITIES</b>				
Invested in capital assets				
net of related debt	\$ 57,407,371	\$ 58,245,710	\$ 59,064,321	\$ 60,467,319
Restricted	731,125	770,752	2,154,179	1,893,544
Unrestricted	1,956,108	1,600,820	756,591	1,712,589
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 60,094,604</b>	<b>\$ 60,617,282</b>	<b>\$ 61,975,091</b>	<b>\$ 64,073,452</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Invested in capital assets				
net of related debt	\$ 4,677,612	\$ 4,784,283	\$ 4,789,017	\$ 4,831,297
Unrestricted	(601,866)	(900,226)	(735,329)	(915,159)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 4,075,746</b>	<b>\$ 3,884,057</b>	<b>\$ 4,053,688</b>	<b>\$ 3,916,138</b>
<b>PRIMARY GOVERNMENT</b>				
Invested in capital assets				
net of related debt	\$ 62,084,983	\$ 63,029,993	\$ 63,853,338	\$ 65,298,616
Restricted	731,125	770,752	2,154,179	1,893,544
Unrestricted	1,354,242	700,594	21,262	797,430
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 64,170,350</b>	<b>\$ 64,501,339</b>	<b>\$ 66,028,779</b>	<b>\$ 67,989,590</b>

Data Source

Audited Financial Statements

VILLAGE OF GLENCOE, ILLINOIS

CHANGE IN NET ASSETS

Last Three Fiscal Years

Fiscal Year	2004	2005	2006	2007
<b>EXPENSES</b>				
Governmental Activities				
Administration and finance	\$ 2,409,069	\$ 2,405,068	\$ 2,344,865	\$ 2,527,874
Public safety	5,850,900	6,151,278	6,751,092	6,775,465
Public works	5,439,224	5,751,672	5,902,698	6,218,328
Interest	566,226	604,943	610,169	528,793
Total governmental activities expenses	14,265,419	14,912,961	15,608,824	16,050,460
Business-Type Activities				
Water	1,342,428	1,502,012	1,630,146	1,623,620
Golf Club	1,544,323	1,357,076	1,533,215	1,525,447
Total business-type activities expenses	2,886,751	2,859,088	3,163,361	3,149,067
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 17,152,170</b>	<b>\$ 17,772,049</b>	<b>\$ 18,772,185</b>	<b>\$ 19,199,527</b>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for services				
Administration and finance	\$ 271,154	\$ 279,602	\$ 296,215	\$ 363,441
Public safety	694,222	602,813	646,965	634,342
Public works	2,113,601	2,704,597	2,896,803	2,714,606
Operating grants and contributions	276,813	251,158	254,722	252,464
Capital grants and contributions	141,592	1,100	26,100	148,624
Total governmental activities program revenues	3,497,382	3,839,270	4,120,805	4,113,477
Business-Type Activities				
Charges for services				
Water	1,526,427	1,410,903	1,890,416	1,510,576
Golf Club	1,252,252	1,155,251	1,419,755	1,463,804
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenue	2,778,679	2,566,154	3,310,171	2,974,380
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 6,276,061</b>	<b>\$ 6,405,424</b>	<b>\$ 7,430,976</b>	<b>\$ 7,087,857</b>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	\$ (10,768,037)	\$ (11,073,691)	\$ (11,488,019)	\$ (11,936,983)
Business-type activities	(108,072)	(292,934)	146,810	(174,687)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (10,876,109)</b>	<b>\$ (11,366,625)</b>	<b>\$ (11,341,209)</b>	<b>\$ (12,111,670)</b>

VILLAGE OF GLENCOE, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Three Fiscal Years

Fiscal Year	2004	2005	2006	2007
<b>GENERAL REVENUE AND OTHER</b>				
<b>CHANGES IN NET ASSETS</b>				
Governmental Activities				
Taxes				
Property and replacement	\$ 8,070,995	\$ 8,312,438	\$ 8,688,541	\$ 9,372,165
Sales	1,198,586	1,345,758	1,558,775	1,879,556
Utility	1,259,825	1,254,067	1,403,087	1,340,479
Income	535,039	571,557	666,731	727,609
Other	307,334	40,665	34,593	34,879
Investment earnings	96,558	76,904	305,010	541,030
Miscellaneous	308,333	86,573	189,091	139,626
Transfers	(69,504)	(91,593)	-	-
Total governmental activities	11,707,166	11,596,369	12,845,828	14,035,344
Business-Type Activities				
Investment earnings	5,985	9,652	22,821	37,137
Miscellaneous	-	-	-	-
Contributions	60,000	-	-	-
Transfers	69,504	91,593	-	-
Total business-type activities	135,489	101,245	22,821	37,137
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 11,842,655</b>	<b>\$ 11,697,614</b>	<b>\$ 12,868,649</b>	<b>\$ 14,072,481</b>
<b>CHANGE IN NET ASSETS</b>				
Governmental activities	\$ 939,129	\$ 522,678	\$ 1,357,809	\$ 2,098,361
Business-type activities	27,417	(191,689)	169,631	(137,550)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 966,546</b>	<b>\$ 330,989</b>	<b>\$ 1,527,440</b>	<b>\$ 1,960,811</b>
<b>CHANGE IN NET ASSETS</b>				

Data Source

Audited Financial Statements

VILLAGE OF GLENCOE, ILLINOIS  
FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

Fiscal Year	1998	1999	2000	2001	2002 (1)	2003	2004	2005	2006	2007
<b>GENERAL FUND</b>										
Reserved	\$ -	\$ -	\$ -	\$ 204,945	\$ 178,539	\$ 547,763	\$ 966,646	\$ 1,423,180	\$ 1,419,786	\$ 1,387,696
Reserved for prepaid items	239,167	207,172	-	204,945	178,539	243,186	237,752	221,718	225,649	164,420
Reserved for inventory	-	-	-	-	-	12,056	9,545	14,627	6,751	2,365
Reserved for advances	-	-	-	-	-	292,521	719,349	1,186,835	1,187,386	1,220,911
Unreserved	1,606,042	1,764,130	2,430,510	2,792,948	3,410,503	2,780,788	2,327,178	1,592,212	2,180,462	2,864,292
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,845,209</b>	<b>\$ 1,971,302</b>	<b>\$ 2,430,510</b>	<b>\$ 2,997,893</b>	<b>\$ 3,589,042</b>	<b>\$ 3,328,551</b>	<b>\$ 3,293,824</b>	<b>\$ 3,015,392</b>	<b>\$ 3,600,248</b>	<b>\$ 4,251,988</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$ 174,663	\$ 101,449	\$ 39,814	\$ 172,441	\$ 339,854	\$ 249,148	\$ 777,941	\$ 820,237	\$ 2,204,904	\$ 1,933,353
Garbage Fund	42,833	37,258	-	36,859	32,244	43,937	46,816	49,485	50,725	39,809
General Obligation Bonds	131,830	64,191	39,814	135,582	307,610	205,211	216,082	188,573	246,335	312,900
Capital Projects	-	-	-	-	-	-	-	-	1,140,332	725,161
Non Major Governmental Funds	-	-	-	-	-	-	515,043	582,179	767,512	855,483
Unreserved, reported in	4,506,461	2,606,787	4,395,551	3,531,460	2,002,338	671,439	184,847	(88,399)	118,379	152,420
Garbage Fund	182,245	155,461	182,483	367,316	284,519	408,969	184,847	64,072	118,379	152,420
Capital Projects	3,868,407	1,747,192	3,242,953	1,793,505	51,167	-	-	-	-	-
Non Major Governmental Funds	455,809	704,134	970,115	1,370,639	1,666,652	262,470	-	(152,471)	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 4,681,124</b>	<b>\$ 2,708,236</b>	<b>\$ 4,435,365</b>	<b>\$ 3,703,901</b>	<b>\$ 2,342,192</b>	<b>\$ 920,587</b>	<b>\$ 962,788</b>	<b>\$ 731,838</b>	<b>\$ 2,323,283</b>	<b>\$ 2,085,773</b>

(1) First Year Foreign Fire Insurance Fund reported in Village Financials, fiscal year 2002.

Data Source  
Audited Financial Statements



VILLAGE OF GLENCOE, ILLINOIS  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>REVENUES</b>										
Property taxes	\$6,626,146	\$7,039,854	\$7,129,672	\$7,706,553	\$7,688,998	\$7,880,092	\$8,012,846	\$8,247,208	\$8,594,668	\$9,278,894
Other taxes	2,325,705	2,495,247	2,583,068	2,811,096	2,766,277	2,907,235	3,358,933	3,561,205	4,072,998	4,388,782
Licenses and permits	693,218	788,546	944,780	1,052,408	1,171,142	1,242,438	1,475,667	2,078,579	2,097,259	1,810,162
Intergovernmental	242,447	334,379	232,042	253,389	243,059	249,778	284,153	251,158	254,722	252,464
Fines and forfeitures	66,164	75,239	97,916	102,849	103,667	121,246	117,514	109,425	94,655	105,824
Charges for services	707,478	656,847	720,122	656,214	599,241	597,950	683,737	667,683	921,206	999,781
Investment income	400,836	358,871	527,026	589,270	375,402	154,236	96,558	76,904	305,010	541,030
Miscellaneous	452,305	327,703	1,672,386	2,796,552	2,078,864	2,666,886	1,244,644	535,070	626,115	771,884
Total revenues	11,514,299	12,076,686	13,907,012	15,968,331	15,026,650	15,819,861	15,274,052	15,527,232	16,966,633	18,148,821
<b>EXPENDITURES</b>										
Administration and finance	1,314,895	1,209,549	1,413,341	3,458,512	3,434,466	2,040,836	2,328,162	2,284,502	2,340,785	2,504,428
Public safety	3,477,118	3,774,270	3,781,959	4,036,485	4,820,606	5,104,005	5,398,707	5,713,119	6,208,800	6,459,216
Public works	3,955,132	3,163,450	3,254,747	3,407,626	3,914,784	5,477,178	4,581,598	4,954,437	4,818,429	5,196,688
Pension cost	830,755	816,733	810,149	887,430	355,014	399,250	-	-	-	-
Capital outlay	3,028,055	2,649,097	4,124,035	1,957,640	3,490,173	887,212	569,014	628,011	911,724	1,058,519
Debt service										
Principal	1,174,600	1,249,700	5,924,900	1,420,200	1,605,400	3,013,500	1,736,000	1,816,300	1,821,600	2,042,000
Interest	823,737	1,060,682	986,099	964,519	772,055	822,834	698,041	548,652	524,206	473,740
Total expenditures	14,604,292	13,923,481	20,295,230	16,132,412	18,392,498	17,744,815	15,311,522	15,945,021	16,625,544	17,734,591
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,089,993)	(1,846,795)	(6,388,218)	(164,081)	(3,365,848)	(1,924,954)	(37,470)	(417,789)	341,089	414,230
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	20,000	-	20,000	20,000	145,451	510,913	353,755	60,301	-	-
Transfers (out)	(20,000)	-	(20,000)	(20,000)	(145,451)	(510,913)	(423,259)	(151,894)	-	-
Bonds issued	4,561,021	-	8,574,555	-	10,068,237	-	4,975,000	-	1,850,000	-
Discount on bonds issued	-	-	-	-	-	-	(4,945,922)	-	(14,788)	-
Total other financing sources (uses)	4,561,021	-	8,574,555	-	10,068,237	-	(40,426)	(91,593)	1,835,212	-
NET CHANGE IN FUND BALANCES	\$1,471,028	#####	\$2,186,337	\$ (164,081)	\$6,702,389	#####	\$ (77,896)	\$ (509,382)	\$2,176,301	\$ 414,230
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	18.49%	20.23%	52.41%	15.57%	16.48%	25.20%	16.68%	15.92%	14.62%	14.67%

Data Source  
Audited Financial Statements

VILLAGE OF GLENCOE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Real Property	Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
1996	\$ 347,914	\$ 73	\$ 347,987	1.894	\$ 1,043,961	33.333%
1997	353,981	184	354,165	1.982	1,062,495	33.333%
1998	395,144	217	395,361	1.786	1,186,083	33.333%
1999	410,313	146	410,459	1.833	1,231,377	33.333%
2000	405,129	153	405,282	1.889	1,215,846	33.333%
2001	511,231	160	511,391	1.547	1,534,173	33.333%
2002	553,078	191	553,269	1.462	1,659,807	33.333%
2003	554,225	206	554,431	1.518	1,663,293	33.333%
2004	743,395	232	743,627	1.177	2,230,881	33.333%
2005	801,783	219	802,002	1.154	2,406,006	33.333%

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

VILLAGE OF GLENCOE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>VILLAGE DIRECT RATES</b>										
General	0.9578	0.9756	0.8985	0.8529	0.8954	0.7571	0.7337	0.7558	0.6510	0.6391
Bonds and Interest	0.5612	0.6212	0.5484	0.6017	0.5893	0.4501	0.4124	0.4250	0.3238	0.2842
Garbage	0.1404	0.1680	0.1325	0.1607	0.1677	0.1548	0.1340	0.1102	0.0947	0.0927
Police Pension	0.0984	0.0987	0.0937	0.1107	0.1365	0.1145	0.1121	0.1396	0.1076	0.1079
Fire Pension	0.0003	0.0024	0.0029	0.0052	0.0089	0.0075	0.0036	0.0000	0.0000	0.0000
IMRF	0.0709	0.0635	0.0583	0.0393	0.0262	0.0098	0.0163	0.0301	0.0000	0.0000
Social Security	0.0652	0.0522	0.0521	0.0626	0.0653	0.0528	0.0502	0.0571	0.0000	0.0000
Limited Bonds	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0298
Total direct rates	1.8942	1.9816	1.7864	1.8331	1.8893	1.5466	1.4623	1.5178	1.1771	1.1537
<b>OVERLAPPING RATES</b>										
Public Library	0.3230	0.3320	0.3030	0.2980	0.3150	0.2660	0.2540	0.2670	0.2080	0.2050
High School #203	1.9290	1.9670	1.8710	1.8450	1.9360	1.6110	1.9350	1.7990	1.6210	1.5770
Grade School #35	3.3870	3.4990	3.2180	3.1820	3.3790	2.8250	2.6960	2.8010	2.5630	2.5100
Cook County	1.0630	0.9930	0.9830	0.9240	0.8930	0.8130	0.7510	0.7180	0.6530	0.2740
Metro Water Recl. Dist.	0.4920	0.4510	0.4440	0.4190	0.4150	0.4010	0.3710	0.3610	0.3470	0.3150
Park District	0.5220	0.5430	0.5020	0.4980	0.5660	0.4730	0.4520	0.4880	0.3950	0.3870
Community College #535	0.2080	0.2160	0.2050	0.2030	0.2130	0.1860	0.1790	0.1860	0.1610	0.1580
Other	0.0760	0.1060	0.0760	0.0990	0.0770	0.0950	0.0600	0.0610	0.0480	0.3853
<b>TOTAL RATES</b>	<b>9.8942</b>	<b>10.0886</b>	<b>9.3884</b>	<b>9.3011</b>	<b>9.6833</b>	<b>8.2166</b>	<b>8.1603</b>	<b>8.1988</b>	<b>7.1731</b>	<b>6.9650</b>
<b>VILLAGE PERCENT OF TOTAL TAX RATE</b>										
	19.1%	19.6%	19.0%	19.7%	19.5%	18.8%	17.9%	18.5%	16.4%	16.6%

Data Source  
Office of the County Clerk

VILLAGE OF GLENCOE, ILLINOIS  
SALES TAX REVENUE BY CATEGORY  
Last Ten Calendar Years

Calendar Years	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	94,958	101,831	106,634	122,578	124,014	128,927	124,683	133,639	142,656	143,013
Drinking and eating places	33,432	40,121	35,664	36,661	25,651	41,280	36,453	43,803	44,046	43,008
Apparel	106,911	98,571	92,903	93,750	85,917	83,003	83,719	88,180	106,642	124,218
Furniture & H.H. & Radio	7,190	3,227	6,640	9,916	14,484	18,399	14,246	11,666	11,134	7,772
Lumber, building hardware	1,814	1,330	-	4,759	6,262	5,414	6,746	9,691	5,603	900
Automobile and filling stations	16,814	19,495	25,449	24,115	28,823	204,879	504,290	635,175	724,428	1,159,324
Drugs and miscellaneous retail	151,949	165,693	175,318	179,009	189,051	194,449	210,339	220,417	227,409	234,603
Agriculture and all others	73,563	82,344	76,829	81,395	69,771	61,101	59,711	81,516	95,153	95,815
Manufacturers	341	3,284	310	-	-	-	-	-	-	-
TOTAL	\$ 486,971	\$ 515,897	\$ 519,747	\$ 552,184	\$ 543,972	\$ 737,451	\$ 1,040,189	\$ 1,224,086	\$ 1,357,070	\$ 1,808,653
NUMBER OF TAXPAYERS	364	349	291	306	347	364	340	335	362	370

Data Source  
Illinois Department of Revenue

VILLAGE OF GLENCOE, ILLINOIS

SALES TAX REVENUE BY CATEGORY  
AS COMPARED TO  
SURROUNDING COMMUNITY SALES TAX BY CATEGORY

February 28, 2007

	Village Total	Percent of Total	Surrounding Total (1)	Percent of Total
General merchandise	\$ -	0.00%	\$ 20,798,560	9.47%
Food	1,222,932	13.92%	29,033,139	13.22%
Drinking and eating places	380,118	4.33%	14,417,639	6.56%
Apparel	964,015	10.97%	16,792,399	7.64%
Furniture & H.H. & Radio	104,673	1.19%	16,072,316	7.32%
Lumber, building hardware	42,518	0.48%	8,028,696	3.65%
Automobile and filling stations	3,342,791	38.04%	59,029,084	26.87%
Drugs and miscellaneous retail	1,948,238	22.17%	28,645,269	13.04%
Agriculture and all others	777,198	8.85%	23,541,407	10.72%
Manufacturers	3,935	0.04%	3,309,790	1.51%
TOTAL	\$ 8,786,418	100.00%	\$ 219,668,299	100.00%

(1) Includes sales tax from Highland Park, Kenilworth, Northbrook, Northfield, Wilmette, and Winnetka.

Data Source

Illinois Department of Revenue

VILLAGE OF GLENCOE, ILLINOIS  
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2005		Taxpayer	1996	
	Taxable Assessed Value	Percentage of Total Village Taxable Assessed Valuation		Taxable Assessed Value	Percentage of Total Village Taxable Assessed Valuation
Skokie Country Club	\$ 5,529,947	0.69%	Skokie Country Club	\$ 4,053,550	1.16%
Lakeshore Country Club	4,809,729	0.60%	Lakeshore Country Club	3,730,956	1.07%
Individual - Business	4,679,820	0.58%	United Investors	2,404,983	0.69%
Silverstein Glencoe	3,210,146	0.40%	Harris Bank	1,540,069	0.44%
United Investors Management	3,186,373	0.40%	630 Vernon Associates	1,326,132	0.38%
Harris N.A.	2,250,726	0.28%	Arthur Goldner & Associates	990,978	0.28%
Carmax	2,193,383	0.27%	Park Vernon Partnership	769,050	0.22%
Individual - Residence	1,931,792	0.24%	Individual - Retail	712,860	0.20%
Three Waukegan Rd. LLC	1,857,776	0.23%	Individual - Residence	681,417	0.20%
Individual - Residence	1,710,229	0.21%	Individual - Residence	599,734	0.17%
	<u>\$31,359,921</u>	<u>3.90%</u>		<u>\$16,809,729</u>	<u>4.81%</u>

2005 is the latest data available.

Data Source  
Office of the County Clerk

VILLAGE OF GLENCOE, ILLINOIS  
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 6,680,386	\$ 6,618,953	99.08%	\$ 6,794	\$ 6,625,747	99.18%
1997	7,018,152	6,987,548	99.56%	(152,552)	6,834,996	97.39%
1998	7,065,125	6,940,748	98.24%	91,394	7,032,142	99.53%
1999	7,527,832	7,498,793	99.61%	63,956	7,562,749	100.46%
2000	7,659,830	7,608,823	99.33%	12,604	7,621,427	99.50%
2001	7,911,223	7,881,505	99.62%	(68,150)	7,813,355	98.76%
2002	8,094,313	8,043,516	99.37%	(19,729)	8,023,787	99.13%
2003	8,415,313	8,240,448	97.92%	117,502	8,357,950	99.32%
2004	8,750,840	8,585,407	98.11%	162,093	8,747,500	99.96%
2005	9,252,813	9,150,094	98.89%	24,276	9,174,370	99.15%

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source  
Office of the County Clerk

VILLAGE OF GLENCOE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Installment Contract Certificates	General Obligation Bonds			
1998	\$ 18,804,200	\$ -	\$ 2,355,000	\$ 21,159,200	4.15%	\$ 2,489.61
1999	17,554,500	-	2,030,000	19,584,500	3.84%	2,304.33
2000	20,264,600	-	1,680,000	21,944,600	4.30%	2,582.02
2001	18,844,400	-	1,315,000	20,159,400	3.83%	2,300.78
2002	18,684,000	1,357,800	940,000	20,981,800	2.72%	2,394.64
2003	17,028,300	-	540,000	17,568,300	2.28%	2,005.06
2004	15,667,300	-	130,000	15,797,300	2.05%	1,802.93
2005	13,851,000	-	-	13,851,000	1.80%	1,580.80
2006	13,879,400	-	-	13,879,400	1.80%	1,584.04
2007	11,837,400	-	-	11,837,400	1.53%	1,350.99

Note: Details of the Village's outstanding debt can be found in the notes to the financial statement.

\* See the Schedule of Demographic and Economic Statistics on page 81 for personal income and population data.

Personal income is the largest sole source income type, usually either property or sales tax. In the case of special districts, it may be fees.



# VILLAGE OF GLENCOE, ILLINOIS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
1998	\$ 18,804,200	\$ 131,830	\$ 18,672,370	5.29%	\$ 2,197.01
1999	17,554,500	64,191	17,490,309	4.94%	2,057.93
2000	20,264,600	39,814	20,224,786	5.12%	2,379.67
2001	18,844,400	135,582	18,708,818	4.56%	2,135.22
2002	20,002,800	302,723	19,700,077	4.86%	2,248.35
2003	16,995,000	199,884	16,795,116	3.28%	1,916.81
2004	15,640,000	216,082	15,423,918	2.79%	1,760.32
2005	13,830,000	188,573	13,641,427	2.46%	1,556.89
2006	13,879,400	246,335	13,633,065	1.83%	1,555.93
2007	11,837,400	312,900	11,524,500	1.55%	1,315.28

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

\* See the Schedule of Assessed Value and Actual Value of Taxable Property on page 70 for property value data.

VILLAGE OF GLENCOE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

February 28, 2007

Governmental unit	Gross Debt	Percentage Debt Applicable to the Village of Glencoe (1)	Village of Glencoe Share of Debt
Village of Glencoe	\$ 11,830,000	100.00%	\$ 11,830,000
County of Cook, including Forest Preserve District	3,130,980,000	0.601%	18,817,190
Metropolitan Water Reclamation District	1,521,282,085	0.614%	9,340,672
High School District #203	20,014,000	17.021%	3,406,583
Glencoe Park District	15,090,000	100.000%	15,090,000
Winnetka Park District	4,575,000	1.689%	77,272
School District #35	13,220,000	100.000%	13,220,000
School District #36	13,047,565	1.877%	244,903
Sunset Ridge School District #29	2,126,451	2.066%	43,932
Oakton Community College #535	-	3.774%	-
Special Service Area - Village of Glencoe	7,400	100.000%	7,400
	<u>4,720,342,501</u>		<u>60,247,952</u>
	<u>\$ 4,732,172,501</u>		<u>\$ 72,077,952</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit.

VILLAGE OF GLENCOE, ILLINOIS  
LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legal debt limit	\$ 30,418,219	\$ 35,414,492	\$ 39,536,233	\$ 41,045,974	\$ 40,528,200	\$ 51,139,128	\$ 55,326,812	\$ 55,443,083	\$ 74,339,533	\$ 74,339,533
Total net debt applicable to limit	18,804,200	17,554,500	20,264,600	18,844,400	20,002,800	16,995,000	15,640,000	13,830,000	13,865,000	11,837,400
Legal debt margin	<u>\$ 11,614,019</u>	<u>\$ 17,859,992</u>	<u>\$ 19,271,633</u>	<u>\$ 22,201,574</u>	<u>\$ 20,525,400</u>	<u>\$ 34,144,128</u>	<u>\$ 39,686,812</u>	<u>\$ 41,613,083</u>	<u>\$ 60,474,533</u>	<u>\$ 62,502,133</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>61.82%</u>	<u>49.57%</u>	<u>51.26%</u>	<u>45.91%</u>	<u>49.36%</u>	<u>33.23%</u>	<u>28.27%</u>	<u>24.94%</u>	<u>18.65%</u>	<u>15.92%</u>

Legal Debt Margin Calculation for Fiscal 2006

Assessed value	\$ 743,395,329
Legal debt margin	<u>10.000%</u>
Debt limit	74,339,533
Debt applicable to limit	
General obligation bonds	<u>11,837,400</u>
LEGAL DEBT MARGIN	<u>\$ 62,502,133</u>

VILLAGE OF GLENCOE, ILLINOIS  
DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

---

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1998	8,499	\$ 510,041,988	\$ 60,012	2.10%
1999	8,499	510,041,988	60,012	2.10%
2000	8,499	510,041,988	60,012	1.90%
2001	8,762	525,825,144	60,012	2.80%
2002	8,762	771,572,958	88,059	3.60%
2003	8,762	771,572,958	88,059	4.40%
2004	8,762	771,572,958	88,059	4.30%
2005	8,762	771,572,958	88,059	3.90%
2006	8,762	771,572,958	88,059	3.60%
2007	8,762	771,572,958	88,059	2.70%

Data Source

Illinois Department of Employment Security (IDES)

VILLAGE OF GLENCOE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

---

Rank	Employer	Business	Number of Employees	
			1998	2007
1	Cook County Forest Preserve District	Chicago Botanic Garden	N/A	280
2	Glencoe Park District	Park District	250	271
3	Glencoe School District No. 35	Elementary School District	200	225
4	Village of Glencoe	Municipal Corporation	104	100
5	AutoHaus on Edens	Auto Dealership	0	84
6	Coldwell Banker	Realtor	70	80
7	Fields Infinity	Auto Dealership	0	71
8	Grand Foods Center	Food Store	45	50
9	Harris Bank - Glencoe	Bank	75	50
10	Carmax	Auto Dealership	0	0*

\* Would not disclose employment numbers.

VILLAGE OF GLENCOE, ILLINOIS  
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>GENERAL GOVERNMENT</b>										
Village Manager	4	4	4	4	4	4	4	4	3	3
Finance	4	4	4	4	4	5	5	5	5	5
<b>PUBLIC SAFETY</b>										
Police										
Officers	35	36	36	36	35	35	35	35	35	36
Civilians	9	9	9	9	10	10	10	10	10	10
<b>PUBLIC WORKS</b>										
Administration	12	12	12	12	11	11	11	12	12	12
Community Development	1	1	1	1	2	2	2	2	2	2
Engineer	1	1	1	1	1	1	1	1	1	1
Mechanic	3	3	3	3	3	4	4	4	4	4
Maintenance Equipment Operator	25	24	24	24	23	23	23	23	23	23
Water Plant Operator	5	5	5	5	4	4	4	4	4	4

Data Source

Fiscal Year 1999 Pay Plan and Fiscal Year 2007 Pay Plan

VILLAGE OF GLENCOE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
PUBLIC SAFETY										
Police										
Physical arrests	162	164	158	147	15	162	191	205	155	152
Parking violations	5,518	5,672	6,559	6,980	5,993	7,099	6,630	5,962	6,307	5,215
Traffic violations	674	824	1,027	635	606	1,190	1,650	1,609	999	1,589
Fire										
Emergency responses	1,763	1,695	2,017	2,212	2,348	2,197	2,236	2,052	2,280	2,281
Fires extinguished	N/A	33	31	24	24	39	29	26	34	24
PUBLIC WORKS										
Streeting resurfacing/repairs (sq. feet)	34,000	31,000	29,000	17,000	34,000	38,000	35,574	17,510	22,023	52,425
Pothole repairs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
WATER										
New connections	23	33	30	48	38	42	53	54	52	52
Water main breaks	13	23	17	16	17	22	55	33	44	32
Average daily consumption	1,550,000	1,550,000	1,875,000	162,900	1,629,000	1,629,000	1,629,000	1,935,800	1,935,800	1,935,800
Peak daily consumption	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
WASTEWATER										
Average daily treatment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available

Data Source

Various village departments

VILLAGE OF GLENCOE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Calendar Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	2	2	2	2	2	2	2	2	2	2
Patrol units	8	8	8	8	8	8	8	8	8	8
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire engines	2	2	2	2	2	2	2	2	2	2
<b>PUBLIC WORKS</b>										
Residential streets (miles)	46	46	46	46	46	46	46	46	46	46
Streetlights	221	221	221	221	221	221	221	221	221	221
Traffic signals	3	3	3	3	3	3	3	3	3	3
<b>WATER</b>										
Water mains (miles)	51	51	51	51	51	51	51	51	51	51
Fire hydrants	450	450	450	460	460	460	460	460	460	460
Storage capacity (gallons)	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3150000
<b>WASTEWATER</b>										
Sanitary sewers (miles)	40	40	40	40	40	40	40	40	40	40
Storm sewers (miles)	70	70	70	70	70	70	70	70	70	70
Daily treatment capacity (gallons)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000

Data Source

Various Village departments



VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF INSURANCE IN FORCE

February 28, 2007

Insured	Description of Coverage	Limits	Expiration Date of Policy
Village of Glencoe	General liability Police professionals Employee benefits	\$ 10,000,000	11/1/06
	Auto liability	\$ 10,000,000	11/1/06
	Uninsured/underinsured motorist	\$ 500,000	11/1/06
	Public officials' liability	\$ 10,000,000	11/1/06
	Workers' compensation	\$ 51,500,000	11/1/06
	Employer's liability	\$ 1,000,000	11/1/06
	First party property - all risk	\$ 250,000,000	
	Crime	Blanket per occurrence	
	Employee theft	5,000,000	11/1/06
	Forgery or alteration	5,000,000	11/1/06
	Credit card forgery	5,000,000	11/1/06
	Computer fraud	5,000,000	11/1/06
	Inside theft, robbery, safe burglary	2,500,000	11/1/06
	Non-faithful performance	2,500,000	11/1/06
	Boiler/machinery	\$50,000,000	11/1/06
	Public officials' bonds		
	Mayor/president, treasurer, clerk	Blanket	automatic renewal
	Special district trustees	Statutory Limits	
<u>Yearly Aggregates</u>			
	Member aggregate cap (applies to general/auto liability and public officials' liability loss fund payments only)	To be determined	11/1/06
	Agency aggregate cap	\$ 75,894,495	11/1/06

The above coverages are all provided through membership in IRMA.