

VILLAGE OF GLENCOE, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
FEBRUARY 29, 2016

VILLAGE OF GLENCOE, ILLINOIS

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Prepared by:
Finance Department

VILLAGE OF GLENCOE, ILLINOIS

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INTRODUCTORY SECTION

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

VILLAGE OF GLENCOE, ILLINOIS

**List of Principal Officials
February 29, 2016**

President

Lawrence Levin

Board of Trustees

Trent Cornell
Peter Mulvaney
Dale Thomas

Barbara Miller
Scott Pearce
Jonathan Vree

Clerk

Philip Kiraly

Village Attorney

Steven Elrod

Treasurer

David A. Clark

* * * * *

Village Manager

Philip Kiraly

Director of Finance

David A. Clark

Director of Public Safety

Cary Lewandowski

Director of Public Works

David Mau

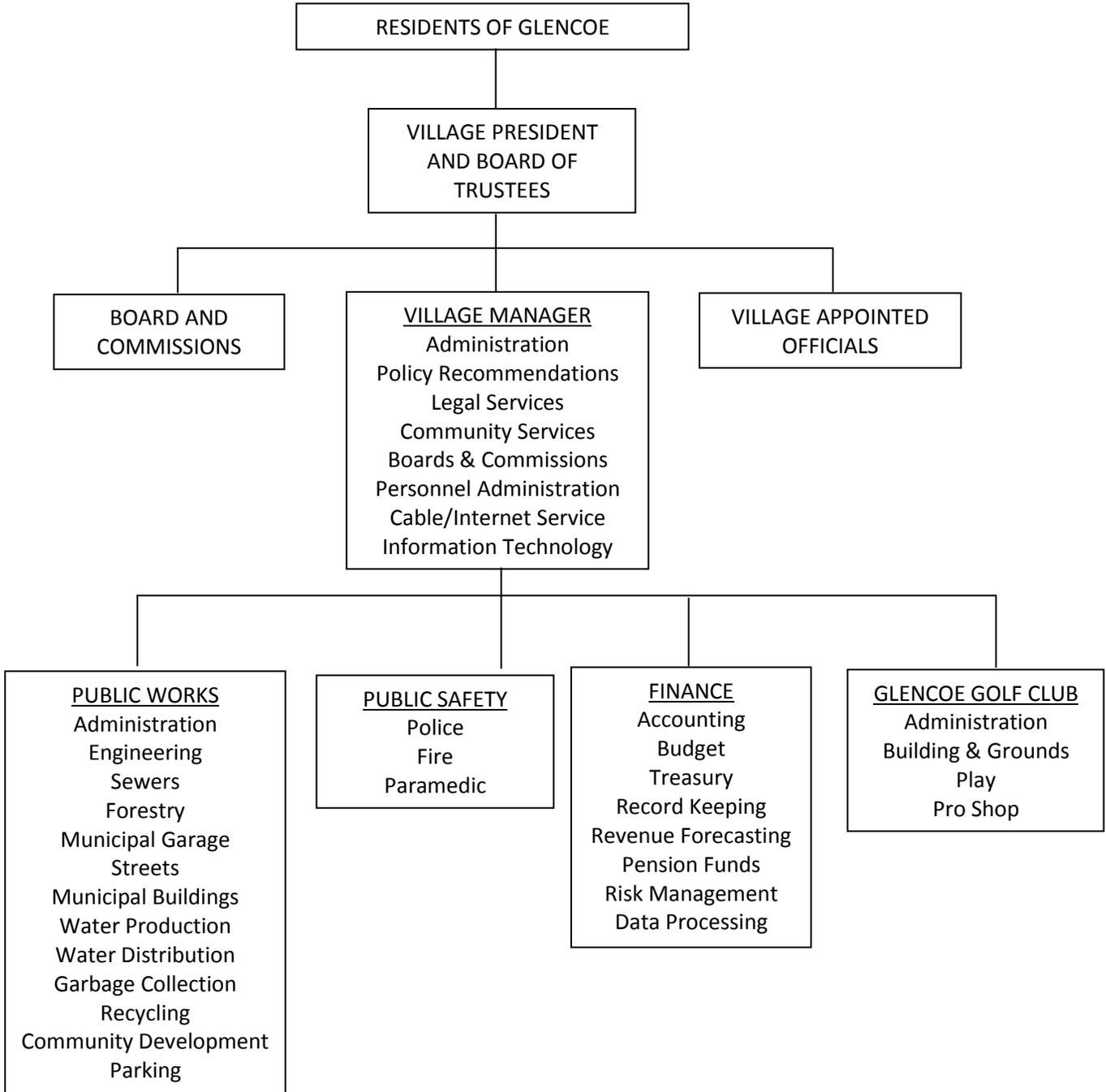
Golf Manager

Stella Nanos

Library – Executive Director

Andrew Kim

VILLAGE OF GLENCOE





Department of Finance
Village of Glencoe
675 Village Court
Glencoe, Illinois 60022

Phone 847.835.4113
FAX 847.835.9880
www.goglencoe.com

August 4, 2016

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 29, 2016, 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.

Lauterbach & Amen, LLP, have issued an unmodified (“clean”) opinion on the Village of Glencoe’s financial statements for the year ended February 29, 2016. 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 has attracted an economically stable, mainly professional residential population. Village per capita income and median family income figures are among the highest in the country. The Village is virtually fully developed and its tax base, which is primarily comprised of highly valued residential property, continues to be stable.

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 consistent. The wealth and income levels are reflected in a tax base that continues to be relatively stable. The Village continues to be rated AAA by Standard & Poors (our status was reviewed during Fiscal Year 2016 due to a bond issuance). This rating is indicative of the demographics of the community and the Village’s financial planning and policies. There are a limited number of communities that are considered AAA.

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, Proprietary Funds, Special Revenue Funds, 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 and actions taken by the Village Board. The sales tax trend has recovered to levels last seen prior to the recent economic downturn. Building permit revenue has increased since the economic downturn, however, building permit revenue has not returned to levels prior to the economic downturn.

The Village is impacted at the local level by regional, state, and national economic conditions as well as 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. At the end of Fiscal Year 2016, the State of Illinois had not disbursed two months of income tax to the Village. 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. As the State of Illinois considers a strategy for improving the financial health of the State, the Village is beginning to update its long-term financial outlook to prepare for the impact of the State's plan.

The revenues from sale of water and golf club revenue can further be affected by weather conditions. During recent years, the Village no longer used the five-year average of water consumption to establish the budget. The Fiscal Year 2016 estimate of revenue from water sales was based on a 5-year average of water pumped.

The Village's 2014 equalized assessed valuation (EAV) increased by 1.1% from the prior year and has decreased by a total of 35.7% from the 2009 EAV level. The decrease in EAV is a lagging indicator of the downturn in the economy. The change has resulted in increased property tax rates but has not adversely impacted property tax revenue. Although EAV has decreased, revenue from building permits have remained at improved levels.

Relevant Financial Policies

Annually, the Village Board reviews financial policies and initiates consideration of 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 identifying issues needing review prior to those issues becoming critical action items.

Looking Forward to Fiscal Year 2017

During the process of Fiscal Year 2017 Budget development, some major issues that the executive staff and the Village Board reviewed included:

- Increased garbage collection fee for once-a-week pick up from \$50.31 per quarter to \$50.69; twice-a-week pick up from \$82.42 to \$83.05 per quarter.
- Water rates were increased from \$3.454 to \$3.480 per thousand cubic feet and sewer rates were also increased from \$9.71 to \$9.78 per thousand cubic feet; and
- The General Fund includes a \$450,000 transfer to the Garbage Fund consistent with practice in Fiscal Year 2016.

After close review of the issues stated above, it was decided that the following major capital items, programs and projects would be included in budget for Fiscal Year 2017:

- STARCOM Transition (\$300,000 – E911 Fund);
- SCADA Sanitary Lift Station (\$75,000 – General Fund);
- Rockgate Lane Storm Outfalls (\$50,000 – General Fund);
- Squad Car Video Cameras (\$20,000 – General Fund);
- 2 ½ Ton Dump Body #41 (\$30,000 – General Fund);
- Brush Chipper #10 (\$60,000 – General Fund);
- PS Vehicle Replacement #661 & #668 (\$67,000 – General Fund);
- Low Lift Pump Raw Water Screen (\$25,000 – Water Fund); and
- High Lift Emergency Pump & Engine (\$75,000 – Water Fund)

Based on the changes that have occurred in the economy over the last several years, the Village Board and Finance Committee continue to closely monitor revenues and expenditures (including capital investment).

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, 2015. This was the thirtieth 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,



Philip Kiraly
Village Manager



David A. Clark
Director of Finance



Government Finance Officers Association

**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, 2015

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

August 4, 2016

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, the 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 29, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Glencoe, Illinois, as of February 29, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF GLENCOE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
February 29, 2016

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 29, 2016. 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. First Year Implementation of GASB No. 68 – The CAFR for the Fiscal Year ending February 29, 2016 is the first to include the assets/deferred outflows and the liabilities/deferred inflows of resources related to unfunded pension obligations as required by GASB No. 68. This change resulted in decreasing beginning net position of the Village by \$21,049,243.
2. Net position and performance in total – The Village's total net position at February 29, 2016 (excluding pension funds) was \$56,428,715, a decrease of \$3,280,545 from a restated beginning balance of \$59,709,260 (See page MD&A 4-Table II and CAFR pages 3-4);
3. Governmental Activity Summary – Net position for governmental activities decreased by \$3,231,646 during the year (See page MD&A 4-Table II and CAFR pages 3-4);
4. Business-Type Activity Summary – Net position for business-type activities decreased by \$48,899 during the year. Net position of the Water Fund decreased \$146,887 during the year while net position of the Glencoe Golf Club increased \$97,988 (See page MD&A 4-Table II, CAFR pages 3-4 and 14);
5. General Fund Summary – The Village's General Corporate Fund reported an increase of \$1,103,731 in fund balance for the year. Actual General Fund revenues were \$669,826 over budget and General Fund expenditures were \$943,668 under budget. All expenditures were within legal appropriation limits (See CAFR pages 10 and 78);
6. New Capital Assets – The net change in capital assets less depreciation expense resulted in \$1,178,466 in governmental capital assets balance from \$80,660,329 to \$79,481,863 (see Notes to the Financial Statements No. 3 in CAFR pages 37-38 and pages MD&A 13-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 financial statements also include notes to the financial statements.

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

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

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 Fund Statements

| Description | Government-Wide | Fund Statements | | |
|---------------------------------------|---|---|---|--|
| | 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 Position (the "Unrestricted Net Position") 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 pages 3-4 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 5-6 of the CAFR 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).

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.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following (Table II) reflects the condensed Statement of Net Position as of February 29, 2016 with a comparison to the prior year. Net position related to governmental activities decreased \$24,059,545 or 31.8% from the prior year. Net position related to business-type activities decreased \$270,243 or 5.2% from the prior year. Net position for total primary government decreased \$24,329,788 or 30.1% from the prior year.

Table II
Statement of Net Position
As of February 29, 2016

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total Primary Government</i> | |
|---|--------------------------------|-----------------|---------------------------------|--------------|---------------------------------|---------------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| <i>Current and other assets</i> | \$ 22,139,000 | \$ 25,852,950 | \$ 1,775,034 | \$ 1,789,291 | \$ 23,914,034 | \$ 27,642,241 |
| <i>Capital Assets</i> | 80,660,329 | 79,481,863 | 6,750,347 | 6,758,685 | 87,410,676 | 86,240,548 |
| <i>Deferred Outflows</i> | - | 8,040,787 | - | 343,091 | - | 8,383,878 |
| <i>Total Assets</i> | 102,799,329 | 113,375,600 | 8,525,381 | 8,891,067 | 111,324,710 | 122,266,667 |
| <i>\$ Change</i> | \$ (981,939) | \$ 10,576,271 | 44,124 | 365,686 | (937,815) | 10,941,957 |
| <i>% Change</i> | -0.9% | 10.3% | 0.5% | 4.3% | -0.8% | 9.8% |
| <i>Non-Current</i> | 13,224,126 | 45,908,172 | 2,865,675 | 3,490,067 | 16,089,801 | 49,398,239 |
| <i>Other Liabilities</i> | 3,080,643 | 3,792,149 | 459,539 | 471,076 | 3,540,182 | 4,263,225 |
| <i>Deferred Inflows</i> | 10,936,224 | 12,176,488 | - | - | 10,936,224 | 12,176,488 |
| <i>Total Liabilities/Def. Inflows</i> | 27,240,993 | 61,876,809 | 3,325,214 | 3,961,143 | 30,566,207 | 65,837,952 |
| <i>\$ Change</i> | \$ (1,270,654) | \$ 34,635,816 | (184,570) | 635,929 | (1,455,224) | 35,271,745 |
| <i>% Change</i> | -4.5% | 127.1% | -5.3% | 19.1% | -4.5% | 115.4% |
| <i>Net Position:</i> | | | | | | |
| <i>Net Investment in Capital Assets</i> | 67,499,293 | 66,981,463 | 3,942,874 | 4,091,214 | 71,442,167 | 71,072,677 |
| <i>Restricted</i> | 1,326,659 | 5,834,505 | - | - | 1,326,659 | 5,834,505 |
| <i>Unrestricted</i> | 6,732,384 | (21,317,177) | 1,257,293 | 838,710 | 7,989,677 | (20,478,467) |
| <i>Total Net Position</i> | 75,558,336 | 51,498,791 | 5,200,167 | 4,929,924 | 80,758,503 | 56,428,715 |
| <i>\$ Change</i> | \$ 288,715 | \$ (24,059,545) | 228,694 | (270,243) | 517,409 | (24,329,788) |
| <i>% Change</i> | 0.4% | -31.8% | 4.6% | -5.2% | 0.6% | -30.1% |

For more detailed information see the Statement of Net Position on pages 3-4 of the CAFR.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Normal Impacts

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

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

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 position 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 position 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 position (which is the Village's bottom line) decreased from \$80,758,503 to \$56,428,715, a decrease of \$24,329,788 or 30.1% as a result of the combined governmental and business-type activities and the implementation of GASB Statement No. 68.

The implementation of GASB Statement No. 68 increased assets/deferred outflows of the primary government by \$5,474,329 and increased liabilities/deferred inflows of the primary government by \$30,607,289.

Net position of the Village's governmental funds decreased from \$75,558,336 to \$51,498,791, a decrease of \$24,059,545 or 31.8% as a result of governmental activities. The restatement for the implementation of GASB Statement No. 68 decreased net position by \$20,827,899 while current year activities decreased net position by \$3,231,646. The Village's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, decreased from \$6,732,384 to (\$21,317,177).

During Fiscal Year 2016, the Village issued \$5,000,000 of a total \$10,000,000 referendum approved general obligation bonds also increased assets and long-term debt liability. It is anticipated that the remaining \$5,000,000 will be issued during Fiscal Year 2017.

Net position from business-type activities funding water production/distribution and Glencoe Golf Club operations decreased from \$5,200,167 to \$4,929,924, a decrease of \$270,243 or 5.2%. The restatement for the implementation of GASB Statement No. 68 decreased net position by \$221,344 while current year activities decreased net position by \$48,899. The unrestricted net position for business-type activities decreased from \$1,257,293 to \$838,710, a decrease of \$414,583 or 33.3%. The Water Fund experienced lower than expected operating revenue and operating expense. The net unrestricted position for the Water Fund was \$1,423,612, while the Glencoe Golf Club unrestricted net position was (\$584,902).

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 5-6 of the CAFR.

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total Primary Government</i> | |
|--|------------------------------------|---------------------|-------------------------------------|------------------|---|---------------------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| REVENUES | | | | | | |
| Program Revenues | | | | | | |
| Charges for Service | \$ 3,174,918 | \$ 3,226,803 | \$ 3,613,124 | \$ 3,684,451 | \$ 6,788,042 | \$ 6,911,254 |
| Operating Grants and Contributions | - | - | - | - | - | - |
| Capital Grants and Contributions | 291,561 | 215,118 | - | - | 291,561 | 215,118 |
| Total Program Revenue | 3,466,479 | 3,441,921 | 3,613,124 | 3,684,451 | 7,079,603 | 7,126,372 |
| General Revenues | | | | | | |
| Property and Replacement Taxes | 10,556,127 | 10,774,846 | - | - | 10,556,127 | 10,774,846 |
| Sales Tax | 2,090,867 | 2,107,088 | - | - | 2,090,867 | 2,107,088 |
| Utility Tax | 1,186,958 | 1,041,829 | - | - | 1,186,958 | 1,041,829 |
| Income Tax | 847,050 | 931,426 | - | - | 847,050 | 931,426 |
| Other | 1,291,153 | 1,338,121 | 5,470 | 6,360 | 1,296,623 | 1,344,481 |
| Total General Revenue | 15,972,155 | 16,193,310 | 5,470 | 6,360 | 15,977,625 | 16,199,670 |
| Total Revenue | 19,438,634 | 19,635,231 | 3,618,594 | 3,690,811 | 23,057,228 | 23,326,042 |
| \$ Change | 240,039 | 196,597 | (265,159) | 72,217 | (25,120) | 268,814 |
| % Change | 1.3% | 1.0% | -6.8% | 2.0% | -0.1% | 1.2% |
| EXPENSES | | | | | | |
| Administration & Finance | 2,666,665 | 2,537,542 | - | - | 2,666,665 | 2,537,542 |
| Public Safety | 8,348,707 | 11,678,964 | - | - | 8,348,707 | 11,678,964 |
| Public Works | 7,810,776 | 8,245,415 | - | - | 7,810,776 | 8,245,415 |
| Debt Service Interest | 323,771 | 404,956 | - | - | 323,771 | 404,956 |
| Water | | | 1,947,397 | 2,101,670 | 1,947,397 | 2,101,670 |
| Glencoe Golf Club | | | 1,442,503 | 1,638,040 | 1,442,503 | 1,638,040 |
| Total Expenses | 19,149,919 | 22,866,877 | 3,389,900 | 3,739,710 | 22,539,819 | 26,606,587 |
| \$ Change | 874,002 | 3,716,958 | 201,822 | 349,810 | 1,075,824 | 4,066,768 |
| % Change | 4.8% | 19.4% | 6.3% | 10.3% | 5.0% | 18.0% |
| CHANGE IN NET POSITION | 288,715 | (3,231,646) | 228,694 | (48,899) | 517,409 | (3,280,545) |
| NET POSITION-BEGINNING | 75,269,621 | 75,558,336 | 4,971,473 | 5,200,167 | 80,241,094 | 80,758,503 |
| NET POSITION RESTATEMENT | N/A | (20,827,899) | N/A | (221,344) | N/A | (21,049,243) |
| NET POSITION-BEGINNING - RESTATED | 75,269,621 | 54,730,437 | 4,971,473 | 4,978,823 | 80,241,094 | 59,709,260 |
| NET POSITION-ENDING | 75,558,336 | 51,498,791 | 5,200,167 | 4,929,924 | 80,758,503 | 56,428,715 |

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Revenue for governmental activities increased \$196,597 or 1.0% from the prior year. Property and replacement taxes increased by \$218,719 or 2.1%. Other revenues including charges for services and utility tax decreased by a combined total of \$93,244. Sales tax and income tax increased by a combined total of \$100,597. Expenses for Governmental activities increased by \$3,716,958 or 19.4% from the prior year due primarily to expenses related to the net pension liabilities for the pension funds. Revenue for business-type activities increased \$72,217 or 2.0% from the prior year and expenses for business-type activities increased \$349,810 or 10.3% from the prior year. The total revenue for primary government activities increased \$268,814 or 1.2% from the prior year and total expenses for primary government activities increased \$4,066,768 or 18.0% from the prior year.

Normal Impacts – Changes in Net Position

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 15 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.

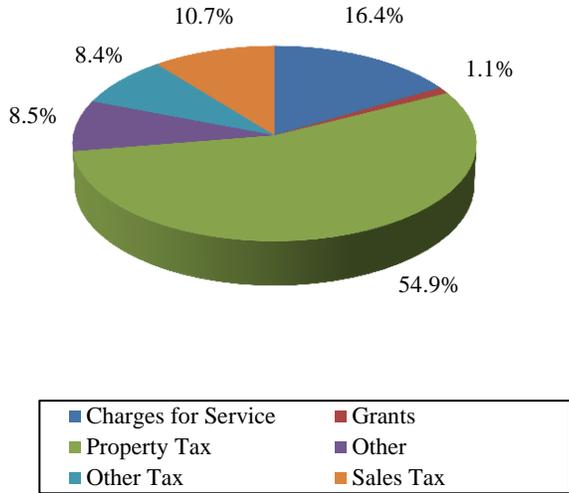
Increase in Authorized Personnel - changes in service demand may cause the Village Board to increase/decrease authorized staffing.

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 the change in the consumer price index (CPI) from December to the next December, has varied significantly in recent years. The CPI used for the 2014 tax levy (Fiscal Year 2016 Budget) was based on the change in CPI from December 31, 2012 to December 31, 2013 or 1.50%. The following year CPI (from December 31, 2013 to December 31, 2014) or 0.76% was used for the 2014 tax levy (Fiscal Year 2017 Budget). Under current conditions, the change in CPI from December 31, 2014 to December 31, 2015 was 0.73% and will be used for the 2016 tax levy (Fiscal Year 2018 Budget). Also, as a major consumer of certain services and commodities such as supplies, fuel and parts, the Village often experiences increases that vary from the change in CPI factors listed above.

Current Year Impacts

2016 Governmental Activities Revenue

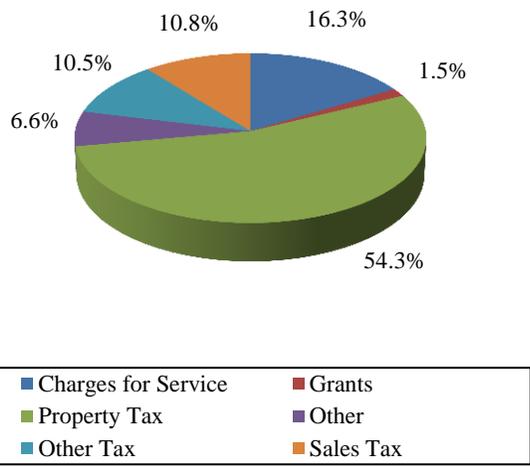


Governmental Activities

For the fiscal year ended February 29, 2016 revenues from government activities totaled \$19,635,231.

Property taxes (and replacement taxes) continue to be the Village’s largest revenue source totaling \$10,774,846 representing 54.9% of total governmental activity revenue. Sales tax revenue was \$2,107,088 or 10.7% of total government activity revenue. Other taxes including, local utility tax revenue was \$1,041,829 and shared state income tax revenue was \$931,426 together representing 10.1% of the total government activity revenue. Total charges for service were \$3,226,803 or 16.4% of governmental activity revenue.

2015 Governmental Activities Revenue

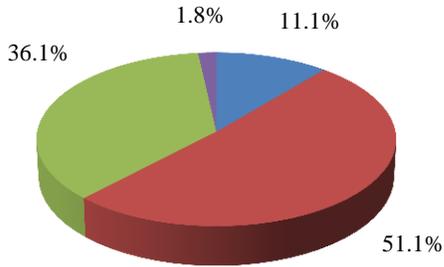


Comparison with Prior Year

Property tax and replacement tax revenue increased by \$218,719 or 2.0% from the prior year. Sales tax increased by \$16,221 or 0.8% from the prior year. Income taxes increased by \$84,376 or 10.0%. Charges for service increased \$51,885 or 1.6%. Building permits decreased from \$1,353,828 to \$1,218,766, a \$135,062 or 10.0% decrease. Sewer charges decreased from \$486,541 to \$484,760, a \$1,781 or 0.4% decrease and burglar & fire alarm permits increased from \$36,757 to \$100,699, a \$63,942 increase. Grants (capital and operating) decreased by \$76,443 or 26.2%.

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

2016 Governmental Activities Expenses



| | |
|----------------|-----------------------|
| Administration | Public Safety |
| Public Works | Debt Service Interest |

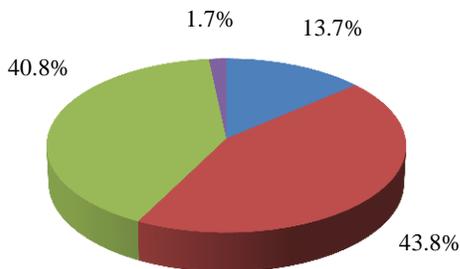
Expenses:

For the fiscal year that ended February 29, 2016, expenses for governmental activities totaled \$22,886,877.

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

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

2015 Governmental Activities Expenses



| | |
|----------------|-----------------------|
| Administration | Public Safety |
| Public Works | Debt Service Interest |

Comparison with Prior Year:

Total expenses for governmental activities increased \$3,716,958 or 19.4% from the prior year. Expenses for administration and finance decreased by \$89,575 or 3.4% from the prior year. The expenses for public safety increased by \$3,280,445 or 39.1% from the prior year. Expenses for public works increased by \$434,639, or 5.6% from the prior year. Expenses related to debt service interest payments also increased by \$81,185 or 25.1%.

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Table IV
 Cost Factors

| Category | 2014 Factors | | 2015 Factors | | 2016 Factors | |
|--|--------------|------------|--------------|------------|--------------|------------|
| | % Change | Effective | % Change | Effective | % Change | Effective |
| Change in CPI (Tax Cap) | 2.96% | 12/31/2011 | 1.74% | 12/31/2012 | 1.50% | 12/31/2013 |
| General Employees | 2.00% | 3/1/2013 | 2.00% | 3/1/2014 | 2.00% | 3/1/2015 |
| Bargaining Unit Public Safety Officers | 1.93% | 3/1/2013 | 2.00% | 3/1/2014 | 2.50% | 3/1/2015 |
| Bargaining Unit Public Works Employees | 1.93% | 3/1/2013 | 2.45% | 3/1/2014 | 1.98% | 3/1/2015 |
| Health Insurance-PPO1 | 5.77% | 1/1/2014 | 2.38% | 1/1/2015 | 0.45% | 1/1/2016 |
| Health Insurance-PPO2 | n/a | 1/1/2014 | n/a | 1/1/2015 | 2.50% | 1/1/2016 |
| Health Insurance-HMO | 5.77% | 1/1/2014 | -1.42% | 1/1/2015 | -2.26% | 1/1/2016 |
| Police Pension Contribution | 12.34% | 1/1/2014 | -10.32% | 1/1/2015 | 5.43% | 1/1/2016 |
| IMRF | -0.67% | 1/1/2014 | -0.16% | 1/1/2015 | 0.12% | 1/1/2016 |

Changes in CPI (Tax Cap)

As a non-home rule community, the Village is subject to tax cap legislation which generally limits future property tax increases to the annual change in the consumer price index (CPI) or 5% whichever is less. The 2014 Tax Levy (for Fiscal Year 2016) was based on a 1.50% increase in the CPI from 2012 to 2013. The 2014 Tax Levy increased the extension by \$223,326 or 2.5% to a total extension for capped funds of \$9,293,875.

Wage Factors

Included in cost factors in Table IV are factors for general employees, public safety officers and bargaining unit employees. During Fiscal Year 2016 general employees received a 2% increase and bargaining unit public safety employees received a 2.5% increase in base pay. The bargaining unit Public Works employees received a 1.98% increase in wages.

Health Insurance

The PPO health insurance premium rate increased by 0.45%, the PPO2 (higher deductible plan) increased by 2.5% and HMO health insurance rate decreased 2.3% effective January 1, 2016.

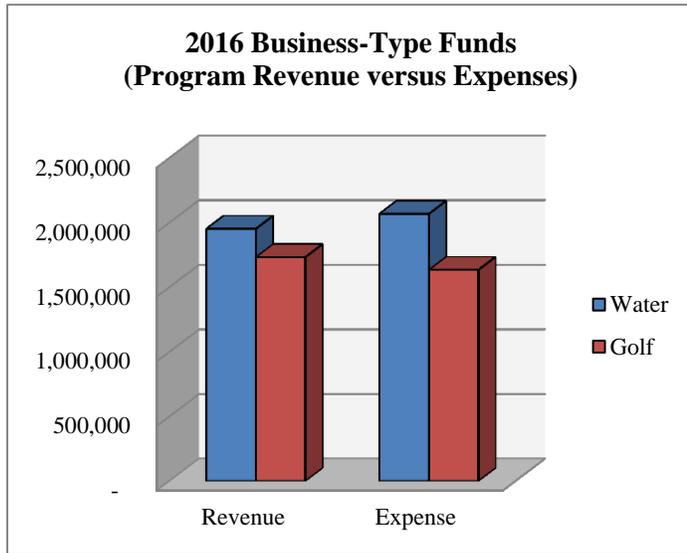
Police Pension (All Sources)

The annual required contribution (ARC) to the Police Pension Fund is actuarially determined and the actual annual contribution is made up of levied property taxes and other financing sources in the General Fund determined during the budget process to be available for the purpose of funding the Police Pension Fund. There was a 5.4% increase in the Village's actual contribution to the Police Pension Fund from the prior year. The ARC for the Police Pension Fund has increased from \$1,037,562 in Fiscal Year 2010 to \$1,167,493 in Fiscal Year 2016. The actual contributions to the Police Pension Fund increased from \$1,407,637 in Fiscal Year 2010 to \$1,562,863 in Fiscal Year 2016. Since Fiscal Year 2010, contributions to the Police Pension Fund have been over \$3.0 Million in excess of the ARC and have averaged 138.5% of the ARC annually.

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Illinois Municipal Retirement Fund (IMRF)

Employees eligible for IMRF benefits contribute 4.5% of their salary towards that pension. All payments have historically been made based on the ARC amount. The IMRF employer rate is at a rate of 11.95% (effective January 1, 2016), which represents a 1.0% increase from the prior year rate of 11.83%. The preliminary 2017 rate (effective January 1, 2017) is 11.92%.



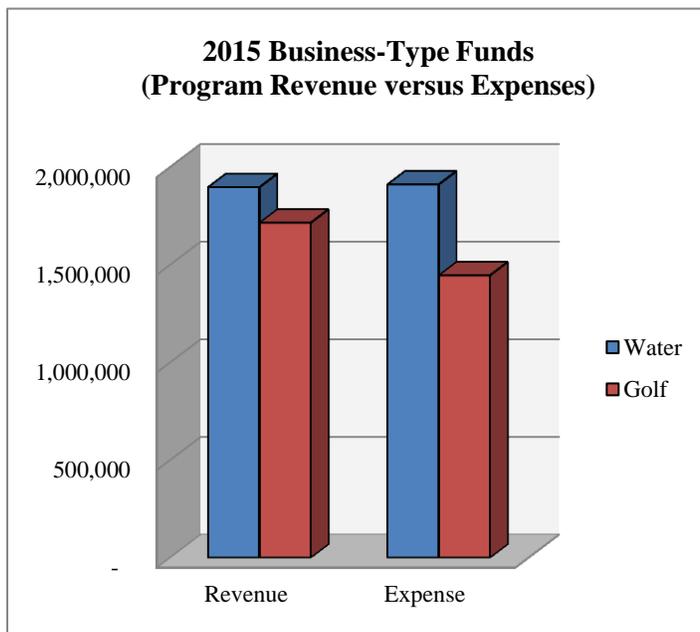
Business Type Activities

Revenue

Revenue from business-type activity totaled \$3,690,811. Revenue generated by business-type activity increased by \$72,217 or 2.0% from the prior year.

At the end of Fiscal Year 2016, the water rate for the Village was 3.454 per 100 cubic feet. Water Fund charges for service increased by \$48,454 or 2.7% due to an increase in consumption and rates.

Charges for service for the Golf Club increased \$13,929 or 0.8% from the prior year. Day-to-day management and excellent course conditions during the fiscal year contributed to the sustained revenue level during a period of adverse weather conditions.



Expenses

Expenses from business-type activity totaled \$3,739,710. Business-type depreciation expenses amounted to \$235,566 as compared to \$229,763 in the prior year.

During the year, the Water Fund experienced an operating loss of \$115,760, as compared to the operating loss of \$13,982 during Fiscal Year 2015. During Fiscal Year 2016, the operating expenditures were \$156,014 greater than the prior year. Absent the annual IEPA loan payment, the Water Fund would have experienced an operating gain. The Glencoe Golf Club had an operating gain of \$98,575, as compared to the operating gain at the Glencoe Golf Club during Fiscal Year 2015 of \$269,321. The reduced operating gain at the golf club was due to increased operating expenditures from the prior year in the amount of \$177,017.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the Fiscal Year ending February 29, 2016, the governmental funds reflect a combined fund balance of \$12,397,498 (see CAFR page 11 for more information). Overall the net change in combined fund balance was an increase of \$5,604,978. The net change in fund balance for the General Fund was an increase of \$1,103,731. The net change for the Garbage Fund was an increase of \$308,777. The net change in fund balance for General Obligation Bonds was an increase of \$20,118. The net change in fund balance for Capital Projects was an increase of \$4,373,605 due to the issuance of \$5,000,000 in general obligation bonds for infrastructure improvements. The net change in fund balance for non-major governmental funds (Motor Fuel Tax Fund and Enhanced 911 Fund) during the year was a decrease of \$201,253.

Table V
General Corporate Fund
Budgetary Highlights

| <i>General Corporate Fund</i> | <i>Final Budget</i> | <i>Final Appropriation</i> | <i>2016 Actual</i> | <i>2015 Actual</i> | <i>2014 Actual</i> |
|-------------------------------------|-------------------------|--------------------------------|------------------------|------------------------|------------------------|
| REVENUES | | | | | |
| Taxes | \$ 13,157,079 | \$ - | \$ 13,481,302 | \$ 13,393,405 | \$ 12,900,406 |
| Licenses & Permits | 1,522,266 | - | 1,744,673 | 1,822,569 | 1,916,490 |
| Other | 1,310,776 | - | 1,433,972 | 1,277,987 | 1,575,117 |
| Total | \$ 15,990,121 | \$ - | \$ 16,659,947 | \$ 16,493,961 | \$ 16,392,013 |
| \$ From Final Budget | | | \$ 669,826 | | |
| % of Final Budget | | | 104.19% | | |
| \$ from Actual | | | \$ 165,986 | \$ 101,948 | \$ 1,006,960 |
| % from Actual | | | 1.0% | 0.6% | 6.5% |
| EXPENDITURES & TRANSFERS | | | | | |
| Expenditures | \$ 16,066,515 | \$ 17,683,263 | \$ 15,122,847 | \$ 16,398,138 | \$ 15,226,838 |
| \$ From Final Budget | | | \$ (943,668) | | |
| % from Final Budget | | | 94.1% | | |
| \$ from Actual | | | \$ (1,275,291) | \$ 1,171,300 | \$ 1,021,551 |
| % from Actual | | | -7.8% | 7.7% | 7.2% |
| Disposal of Capital Assets | | | | - | (123,135) |
| Transfers out | 450,000 | 450,000 | 433,369 | 437,983 | 586,182 |
| Total | \$ 16,516,515 | \$ 18,133,263 | \$ 15,556,216 | \$ 16,836,121 | \$ 15,689,885 |
| Changes In Fund Balance | \$ (526,394) | \$ (18,133,263) | \$ 1,103,731 | \$ (342,160) | \$ 702,128 |

Total revenue in the General Fund increased by \$165,986, or 1.0% from the prior year actual revenue. Total expenditures in the General Fund decreased by \$1,275,291, or 7.8%, from the prior year (See CAFR page 78 for more detail about revenue and expenditure in the General Fund). The General Fund received revenues at 104.2% of budget. Fiscal Year 2016 revenue included increases in sales tax revenue and building permit revenue from prior year actual levels. During development of the Fiscal Year 2016 Budget, the Village board reviewed revenue trends to develop strategies to increase revenue and decrease expenditures. The Village Boards ongoing goal is to anticipate and react to the changing economic climate in a timely, prudent and appropriate fashion.

Expenditures were \$943,668 or 94.1% of budget due to capital expenditures being lower than expected.

During Fiscal Year 2016, the Village Board adopted a supplemental appropriation ordinance. The supplemental appropriation was adopted to make sure that anticipated expenditures would be within appropriated amounts. On a fund-by-fund basis, all Fiscal Year 2016 expenditures were within Fiscal Year 2016 appropriations. There were no amendments to the Fiscal Year 2016 Budget.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Capital Assets

At the end of Fiscal Year 2016, the Village’s Governmental Activities has invested \$79,481,863 (see Notes to Financial Statement No. 3 on page 37) in a variety of capital assets and infrastructure, as reflected in the following schedule.

Table IV
Governmental Funds
Change in Capital Assets

| | Balance February 28, 2014 | Balance February 28, 2015 | Net Additions/ Deletions | Balance February 29, 2016 |
|---|------------------------------|------------------------------|--------------------------------|------------------------------|
| Non-Depreciable Assets | | | | |
| Land & Land Right of Way | \$ 44,654,790 | \$ 44,697,888 | \$ 25,682 | \$ 44,723,570 |
| Construction In Progress | 281,439 | 603,469 | (401,545) | 201,924 |
| Sub-Total | 44,936,229 | 45,301,357 | (375,863) | 44,925,494 |
| Other Capital Assets | | | | |
| Buildings & Improvements | 6,371,275 | 6,529,497 | - | 6,529,497 |
| Vehicles | 5,252,546 | 5,620,648 | 389,335 | 6,009,983 |
| Machinery & Equipment | 873,032 | 965,667 | 69,303 | 1,034,970 |
| Infrastructure | 45,786,279 | 48,715,330 | 306,856 | 49,022,186 |
| Sub-Total | 58,283,132 | 61,831,142 | 765,494 | 62,596,636 |
| Accumulated Depreciation on other Capital Assets | (25,216,838) | (26,472,170) | (1,568,097) | (28,040,267) |
| Totals | 78,002,523 | 80,660,329 | (1,178,466) | 79,481,863 |
| \$ Change from prior year | 2,805,087 | 2,657,806 | | |
| % Change from prior year | 3.73% | 3.41% | -1.46% | |

Assets (net of depreciation) decreased \$1,178,466 or 1.46% from Fiscal Year 2015 to Fiscal Year 2016.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Debt Outstanding

As of February 29, 2016, the Village had \$16,960,000 in outstanding general obligation debt service and \$2,667,471 from an Illinois Environmental Protection Agency (IEPA) loan outstanding. The existing schedule (including the IEPA loan) extends through Fiscal Year 2033. (For more information see Statement Note No. 3 on pages 39-43).

The Village has a legal debt limit of \$79,659,518, which is 10.00% of assessed valuation. The Village has used \$16,960,000 of this limit leaving a legal debt margin of \$62,699,518. As last rated during Fiscal Year 2016, the Village maintained an “AAA” bond rating by Standard & Poor’s Corporation. As stated by Standard & Poor, the rating reflects:

- Participation in the deep and diverse Chicago MSA economy;
- Very strong income and extremely strong wealth levels;
- Very strong reserves paired with good financial management practices; and
- Moderate overall net debt burden as a percentage of market value.

Economic Factors

The Village’s composition is primarily residential with a commercial component enhanced by three car dealerships. The property tax revenue derived from the current housing stock is stable. The commercial component includes vehicles sales, food and drugs and miscellaneous retail. The equalized assessed valuation (EAV) increased 10% from the Tax Year 2013 level of \$787,716,085 to a Tax Year 2014 EAV of \$796,595,180.

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.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Net Position
February 29, 2016**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Net Position
February 29, 2016**

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|--------------------|------------------------|
| | Governmental Activities | Business-Type Activities | Totals | Glencoe Public Library |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and investments | \$ 13,138,105 | 3,180,085 | 16,318,190 | 2,114,421 |
| Receivables - net of allowances | | | | |
| Property taxes | 9,075,400 | - | 9,075,400 | 1,866,371 |
| Other taxes | 864,175 | - | 864,175 | - |
| Grants | - | - | - | - |
| Accounts | 233,385 | 144,335 | 377,720 | 204 |
| Other | 101,335 | 396 | 101,731 | - |
| Internal balances | 1,699,131 | (1,699,131) | - | - |
| Prepays/Inventory | 741,419 | 163,606 | 905,025 | 2,917 |
| Total current assets | 25,852,950 | 1,789,291 | 27,642,241 | 3,983,913 |
| NONCURRENT ASSETS | | | | |
| Capital assets | | | | |
| Nondepreciable | 44,925,494 | 933,090 | 45,858,584 | 75,772 |
| Depreciable | 62,596,636 | 11,450,755 | 74,047,391 | 2,941,139 |
| Accumulated depreciation | (28,040,267) | (5,625,160) | (33,665,427) | (1,542,369) |
| Total noncurrent assets | 79,481,863 | 6,758,685 | 86,240,548 | 1,474,542 |
| Total assets | 105,334,813 | 8,547,976 | 113,882,789 | 5,458,455 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred items - IMRF | 1,750,832 | 343,091 | 2,093,923 | 296,400 |
| Deferred items - police pension | 6,289,847 | - | 6,289,847 | - |
| Deferred items - firefighters' pension | 108 | - | 108 | - |
| Total deferred outflows of resources | 8,040,787 | 343,091 | 8,383,878 | 296,400 |
| Total assets and deferred outflow of resources | 113,375,600 | 8,891,067 | 122,266,667 | 5,754,855 |

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

| | Primary Government | | | Component |
|--|---------------------|------------------|---------------------|---------------------------|
| | Governmental | Business-Type | Total | Unit |
| | Activities | Activities | | Glencoe Public Library |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 2,277,770 | 70,460 | 2,348,230 | 2,633 |
| Accrued interest payable | 148,803 | 11,114 | 159,917 | - |
| Unearned revenue | 41,420 | 196,208 | 237,628 | - |
| Compensated absences payable | 234,156 | 51,536 | 285,692 | - |
| Notes payable | - | - | - | 37,250 |
| General obligation bonds payable | 1,090,000 | - | 1,090,000 | - |
| IEPA loan payable | - | 141,758 | 141,758 | - |
| Total current liabilities | <u>3,792,149</u> | <u>471,076</u> | <u>4,263,225</u> | <u>39,883</u> |
| NONCURRENT LIABILITIES | | | | |
| Net pension liability - IMRF | 3,869,220 | 758,209 | 4,627,429 | 655,024 |
| Net pension liability - police pension | 24,589,252 | - | 24,589,252 | - |
| Net pension liability - firefighters' pension | 350,803 | - | 350,803 | - |
| Net other post-employment benefit payable | 292,273 | - | 292,273 | - |
| Compensated absences payable | 936,624 | 206,145 | 1,142,769 | - |
| Notes payable | - | - | - | 174,036 |
| General obligation bonds payable | 15,870,000 | - | 15,870,000 | - |
| IEPA loan payable | - | 2,525,713 | 2,525,713 | - |
| Total noncurrent liabilities | <u>45,908,172</u> | <u>3,490,067</u> | <u>49,398,239</u> | <u>829,060</u> |
| Total liabilities | <u>49,700,321</u> | <u>3,961,143</u> | <u>53,661,464</u> | <u>868,943</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property Taxes | 11,136,262 | - | 11,136,262 | 2,275,617 |
| Deferred items - police pension | 1,040,226 | - | 1,040,226 | - |
| Total deferred inflows of resources | <u>12,176,488</u> | <u>-</u> | <u>12,176,488</u> | <u>2,275,617</u> |
| Total liabilities and deferred inflows of resources | <u>61,876,809</u> | <u>3,961,143</u> | <u>65,837,952</u> | <u>3,144,560</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 66,981,463 | 4,091,214 | 71,072,677 | 1,263,256 |
| Restricted for fire benevolent fund | 1,005 | - | 1,005 | - |
| Restricted for public safety | 59,126 | - | 59,126 | - |
| Restricted for drug abuse prevention | 2,828 | - | 2,828 | - |
| Restricted for IRMA claim deductibles | 114,898 | - | 114,898 | - |
| Restricted for garbage | 606,918 | - | 606,918 | - |
| Restricted for roadway maintenance | 417,147 | - | 417,147 | - |
| Restricted for E911 specific purposes | 201,409 | - | 201,409 | - |
| Restricted for capital projects - unspent bond proceeds | 4,431,174 | - | 4,431,174 | - |
| Restricted for donor specified purposes | - | - | - | 42,602 |
| Restricted for employee retirement | - | - | - | 49,745 |
| Unrestricted | <u>(21,317,177)</u> | <u>838,710</u> | <u>(20,478,467)</u> | <u>1,254,692</u> |
| TOTAL NET POSITION | <u>51,498,791</u> | <u>4,929,924</u> | <u>56,428,715</u> | <u>2,610,295</u> |

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

VILLAGE OF GLENCOE, ILLINOIS

Statement of Activities

For the Fiscal Year Ended February 29, 2016

| | Expenses | Program Revenues | | |
|---------------------------------|-------------------|----------------------------|---------------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants/ Contributions | Capital Grants/ Contributions |
| FUNCTIONS/PROGRAMS | | | | |
| PRIMARY GOVERNMENT | | | | |
| Governmental activities | | | | |
| Administration and finance | \$ 2,537,542 | 66,665 | - | - |
| Public safety | 11,678,964 | 371,109 | - | - |
| Public works | 8,245,415 | 2,789,029 | - | 215,118 |
| Interest on long-term debt | 404,956 | - | - | - |
| Total governmental activities | <u>22,866,877</u> | <u>3,226,803</u> | <u>-</u> | <u>215,118</u> |
| Business-type activities | | | | |
| Water | 2,101,670 | 1,951,836 | - | - |
| Glencoe golf club | 1,638,040 | 1,732,615 | - | - |
| Total business-type activities | <u>3,739,710</u> | <u>3,684,451</u> | <u>-</u> | <u>-</u> |
| TOTAL PRIMARY GOVERNMENT | <u>26,606,587</u> | <u>6,911,254</u> | <u>-</u> | <u>215,118</u> |
| COMPONENT UNIT | | | | |
| Glencoe Public Library | <u>2,439,157</u> | <u>27,907</u> | <u>39,835</u> | <u>-</u> |

General revenues
Taxes
Property and replacement
Utility
Other
Intergovernmental - Unrestricted
Sales
Income
Interest
Miscellaneous

CHANGE IN NET POSITION

NET POSITION - BEGINNING AS RESTATED

NET POSITION - ENDING

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

| Net (Expenses)/Revenues | | | |
|----------------------------|-----------------------------|--------------|---------------------------|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-Type Activities | Totals | Glencoe Public Library |
| (2,470,877) | - | (2,470,877) | - |
| (11,307,855) | - | (11,307,855) | - |
| (5,241,268) | - | (5,241,268) | - |
| (404,956) | - | (404,956) | - |
| (19,424,956) | - | (19,424,956) | - |
| - | (149,834) | (149,834) | - |
| - | 94,575 | 94,575 | - |
| - | (55,259) | (55,259) | - |
| (19,424,956) | (55,259) | (19,480,215) | - |
| - | - | - | (2,371,415) |
| 10,774,846 | - | 10,774,846 | 2,168,828 |
| 1,041,829 | - | 1,041,829 | - |
| 608,894 | - | 608,894 | - |
| 2,107,088 | - | 2,107,088 | - |
| 931,426 | - | 931,426 | - |
| 46,435 | 6,360 | 52,795 | 6,234 |
| 682,792 | - | 682,792 | 3,756 |
| 16,193,310 | 6,360 | 16,199,670 | 2,178,818 |
| (3,231,646) | (48,899) | (3,280,545) | (192,597) |
| 54,730,437 | 4,978,823 | 59,709,260 | 2,802,892 |
| 51,498,791 | 4,929,924 | 56,428,715 | 2,610,295 |

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

VILLAGE OF GLENCOE, ILLINOIS

**Balance Sheet - Governmental Funds
February 29, 2016**

| | <u>General</u> |
|---|--------------------------|
| ASSETS | |
| Cash and investments | \$ 6,658,102 |
| Receivables - net of allowances | |
| Property taxes | 7,719,130 |
| Other taxes | 845,011 |
| Accounts | 126,699 |
| Other | 100,242 |
| Due from other funds | 1,912,944 |
| Prepays | 629,479 |
| Inventory | <u>8,789</u> |
| TOTAL ASSETS | <u>18,000,396</u> |
| LIABILITIES | |
| Accounts payable and accrued liabilities | 1,987,330 |
| Due to other funds | - |
| Other payables | <u>33,980</u> |
| Total liabilities | <u>2,021,310</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property taxes | <u>9,479,248</u> |
| Total liabilities and deferred inflows of resources | <u>11,500,558</u> |
| FUND BALANCES | |
| Nonspendable | 2,336,803 |
| Restricted | 177,857 |
| Unassigned | <u>3,985,178</u> |
| Total fund balances | <u>6,499,838</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>18,000,396</u> |

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

| Special Revenue Garbage | Debt Service General Obligation Bonds | Capital Projects | Nonmajor | Totals |
|-------------------------------|---|---------------------|----------|------------|
| 526,171 | 438,605 | 4,823,231 | 691,996 | 13,138,105 |
| - | 1,356,270 | - | - | 9,075,400 |
| - | - | - | 19,164 | 864,175 |
| 106,686 | - | - | - | 233,385 |
| 1,093 | - | - | - | 101,335 |
| - | - | - | - | 1,912,944 |
| 101,503 | - | - | - | 730,982 |
| 1,648 | - | - | - | 10,437 |
| 737,101 | 1,794,875 | 4,823,231 | 711,160 | 26,066,763 |
| 18,414 | - | 392,057 | 92,604 | 2,490,405 |
| 1,178 | - | - | - | 1,178 |
| 7,440 | - | - | - | 41,420 |
| 27,032 | - | 392,057 | 92,604 | 2,533,003 |
| - | 1,657,014 | - | - | 11,136,262 |
| 27,032 | 1,657,014 | 392,057 | 92,604 | 13,669,265 |
| 103,151 | - | - | - | 2,439,954 |
| 606,918 | 137,861 | 4,431,174 | 618,556 | 5,972,366 |
| - | - | - | - | 3,985,178 |
| 710,069 | 137,861 | 4,431,174 | 618,556 | 12,397,498 |
| 737,101 | 1,794,875 | 4,823,231 | 711,160 | 26,066,763 |

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

VILLAGE OF GLENCOE, ILLINOIS

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

February 29, 2016

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS \$ 12,397,498

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

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 79,481,863

Deferred outflows (inflows) of resources related to the pensions not reported
in the funds.

Deferred items - IMRF 1,750,832
Deferred items - police pension 5,249,621
Deferred items - firefighters' pension 108

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Net pension liability - IMRF (3,869,220)
Net pension liability - police pension (24,589,252)
Net pension liability - firefighters' pension (350,803)
Net other post-employment benefit obligation payable (292,273)
Compensated absences payable (1,170,780)
General obligation bonds payable (16,960,000)
Accrued interest payable (148,803)

NET POSITION OF GOVERNMENTAL ACTIVITIES 51,498,791

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

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended February 29, 2016**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended February 29, 2016

| | <u>General</u> |
|--|-------------------------|
| REVENUES | |
| Property taxes | \$ 9,027,429 |
| Other taxes | 4,453,873 |
| Intergovernmental | - |
| Licenses, permits and fees | 1,744,673 |
| Charges for services | 628,508 |
| Fines and forfeitures | 126,112 |
| Interest | 23,768 |
| Miscellaneous | 655,584 |
| Total revenues | <u>16,659,947</u> |
| EXPENDITURES | |
| Current | |
| Administration and finance | 2,193,602 |
| Public safety | 8,178,926 |
| Public works | 4,518,262 |
| Capital outlay | 232,057 |
| Debt service | |
| Principal retirement | - |
| Interest and fiscal charges | - |
| Total expenditures | <u>15,122,847</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,537,100</u> |
| OTHER FINANCING SOURCES (USES) | |
| Debt Issuance | - |
| Transfers in | - |
| Transfers out | (433,369) |
| | <u>(433,369)</u> |
| NET CHANGE IN FUND BALANCES | 1,103,731 |
| FUND BALANCES - BEGINNING | <u>5,396,107</u> |
| FUND BALANCES - ENDING | <u><u>6,499,838</u></u> |

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

| Special Revenue Garbage | Debt Service General Obligation Bonds | Capital Projects | Nonmajor | Totals |
|-------------------------------|---|---------------------|-----------|------------|
| - | 1,602,382 | - | - | 10,629,811 |
| 7,000 | - | - | 123,719 | 4,584,592 |
| - | - | - | 215,118 | 215,118 |
| - | - | - | - | 1,744,673 |
| 977,190 | - | - | - | 1,605,698 |
| - | - | - | - | 126,112 |
| 868 | 1,513 | 18,996 | 1,290 | 46,435 |
| 27,208 | - | - | - | 682,792 |
| 1,012,266 | 1,603,895 | 18,996 | 340,127 | 19,635,231 |
| - | - | 10,258 | - | 2,203,860 |
| - | - | - | 59,435 | 8,238,361 |
| 1,105,896 | - | - | 51,082 | 5,675,240 |
| 30,962 | - | 635,133 | 430,863 | 1,329,015 |
| - | 1,265,000 | - | - | 1,265,000 |
| - | 318,777 | - | - | 318,777 |
| 1,136,858 | 1,583,777 | 645,391 | 541,380 | 19,030,253 |
| (124,592) | 20,118 | (626,395) | (201,253) | 604,978 |
| - | - | 5,000,000 | - | 5,000,000 |
| 433,369 | - | - | - | 433,369 |
| - | - | - | - | (433,369) |
| 433,369 | - | 5,000,000 | - | 5,000,000 |
| 308,777 | 20,118 | 4,373,605 | (201,253) | 5,604,978 |
| 401,292 | 117,743 | 57,569 | 819,809 | 6,792,520 |
| 710,069 | 137,861 | 4,431,174 | 618,556 | 12,397,498 |

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

VILLAGE OF GLENCOE, ILLINOIS

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

For the Fiscal Year Ended February 29, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,604,978

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

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

| | |
|--------------------------------------|-------------|
| Capital outlays | 630,552 |
| Depreciation expense | (1,783,711) |
| Disposals - cost | (240,921) |
| Disposals - accumulated depreciation | 215,614 |

The net effect of deferred outflows (inflows) of resources related to the pensions
not reported in the funds.

| | |
|--|-----------|
| Change in deferred items - IMRF | 1,137,292 |
| Change in deferred items - police pension | 3,686,758 |
| Change in deferred items - firefighters' pension | (60,099) |

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

| | |
|--|-------------|
| Increase in net pension liability - IMRF | (2,126,141) |
| Increase in net pension liability - police pension | (6,712,291) |
| Decrease in net pension liability - firefighters' pension | 184,538 |
| Increase in net other post-employment benefit obligation payable | (37,815) |
| Decrease in compensated absences payable | 90,779 |
| Issuance of debt | (5,000,000) |
| Retirement of debt | 1,265,000 |

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

(86,179)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

(3,231,646)

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

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Net Assets - Proprietary Funds
February 29, 2016**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Net Position - Proprietary Funds
February 29, 2016**

| | Water | Glencoe Golf Club | Totals |
|--|-------------------------|-------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and investments | \$ 1,683,292 | 1,496,793 | 3,180,085 |
| Receivables - net of allowances | | | |
| Customer accounts | 144,335 | - | 144,335 |
| Other | 396 | - | 396 |
| Prepays | 68,384 | 55,303 | 123,687 |
| Inventory | 21,256 | 18,663 | 39,919 |
| Total current assets | <u>1,917,663</u> | <u>1,570,759</u> | <u>3,488,422</u> |
| NONCURRENT ASSETS | | | |
| Capital Assets | | | |
| Nondepreciable | 933,090 | - | 933,090 |
| Depreciable | 8,564,149 | 2,886,606 | 11,450,755 |
| Accumulated depreciation | (4,609,832) | (1,015,328) | (5,625,160) |
| Total noncurrent assets | <u>4,887,407</u> | <u>1,871,278</u> | <u>6,758,685</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred items - IMRF | 190,867 | 152,224 | 343,091 |
| Total assets/ deferred outflows of resources | <u>6,995,937</u> | <u>3,594,261</u> | <u>10,590,198</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued liabilities | 46,900 | 23,560 | 70,460 |
| Due to other funds | 596 | 1,698,535 | 1,699,131 |
| Accrued interest payable | 11,114 | - | 11,114 |
| Other payables | - | 196,208 | 196,208 |
| Net pension liability | 421,804 | 336,405 | 758,209 |
| Compensated absences payable | 40,901 | 10,635 | 51,536 |
| IEPA loan payable | 141,758 | - | 141,758 |
| Total current liabilities | <u>663,073</u> | <u>2,265,343</u> | <u>2,928,416</u> |
| NONCURRENT LIABILITIES | | | |
| Compensated absences payable | 163,603 | 42,542 | 206,145 |
| IEPA loan payable | 2,525,713 | - | 2,525,713 |
| Total noncurrent liabilities | <u>2,689,316</u> | <u>42,542</u> | <u>2,731,858</u> |
| Total liabilities | <u>3,352,389</u> | <u>2,307,885</u> | <u>5,660,274</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,219,936 | 1,871,278 | 4,091,214 |
| Unrestricted | 1,423,612 | (584,902) | 838,710 |
| TOTAL NET POSITION | <u><u>3,643,548</u></u> | <u><u>1,286,376</u></u> | <u><u>4,929,924</u></u> |

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

VILLAGE OF GLENCOE, ILLINOIS**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended February 29, 2016**

| | Water | Glencoe Golf Club | Totals |
|---|-------------------------|-------------------------|-------------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,858,076 | 1,717,282 | 3,575,358 |
| Miscellaneous | 93,760 | 15,333 | 109,093 |
| Total operating revenues | <u>1,951,836</u> | <u>1,732,615</u> | <u>3,684,451</u> |
| OPERATING EXPENSES | | | |
| Water production | 1,076,345 | - | 1,076,345 |
| Water distribution | 882,834 | - | 882,834 |
| Golf | - | 1,506,891 | 1,506,891 |
| Depreciation | 108,417 | 127,149 | 235,566 |
| Total operating expenses | <u>2,067,596</u> | <u>1,634,040</u> | <u>3,701,636</u> |
| OPERATING INCOME (LOSS) | <u>(115,760)</u> | <u>98,575</u> | <u>(17,185)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Disposal of capital assets | - | (4,000) | (4,000) |
| Interest income | 2,947 | 3,413 | 6,360 |
| Interest expense | (34,074) | - | (34,074) |
| | <u>(31,127)</u> | <u>(587)</u> | <u>(31,714)</u> |
| CHANGE IN NET POSITION | <u>(146,887)</u> | <u>97,988</u> | <u>(48,899)</u> |
| NET POSITION - BEGINNING AS RESTATED | <u>3,790,435</u> | <u>1,188,388</u> | <u>4,978,823</u> |
| NET POSITION - ENDING | <u><u>3,643,548</u></u> | <u><u>1,286,376</u></u> | <u><u>4,929,924</u></u> |

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

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended February 29, 2016**

| | Water | Glencoe Golf Club | Totals |
|---|-------------------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 1,967,793 | 1,721,630 | 3,689,423 |
| Payments to employees | (872,455) | (695,818) | (1,568,273) |
| Payments to suppliers | (1,002,417) | (636,371) | (1,638,788) |
| | <u>92,921</u> | <u>389,441</u> | <u>482,362</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets | - | (250,904) | (250,904) |
| Disposal of capital assets | - | 3,000 | 3,000 |
| Payment on capital debt | (140,002) | - | (140,002) |
| Interest expense | (34,074) | - | (34,074) |
| | <u>(174,076)</u> | <u>(247,904)</u> | <u>(421,980)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 2,947 | 3,413 | 6,360 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (78,208) | 144,950 | 66,742 |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>1,761,500</u> | <u>1,351,843</u> | <u>3,113,343</u> |
| CASH AND CASH EQUIVALENTS - ENDING | <u><u>1,683,292</u></u> | <u><u>1,496,793</u></u> | <u><u>3,180,085</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | (115,760) | 98,575 | (17,185) |
| Adjustments to reconcile operating income to net income to net cash provided by (used in) operating activities: | | | |
| Depreciation expense | 108,417 | 127,149 | 235,566 |
| (Increase) decrease in current assets | 15,957 | (10,985) | 4,972 |
| Increase (decrease) in current liabilities | 84,307 | 174,702 | 259,009 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>92,921</u></u> | <u><u>389,441</u></u> | <u><u>482,362</u></u> |

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

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Fiduciary Net Position
February 29, 2016**

| | <u>Pension Trust</u> |
|---|--------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,751,772 |
| Investments | |
| U.S. government and agency obligations | 4,210,815 |
| Local government obligations | 479,911 |
| Corporate bonds | 4,899,848 |
| Mutual funds | 12,878,557 |
| Common Stock | 6,080,282 |
| Receivables | |
| Accrued interest | 74,553 |
| Other | <u>5,449</u> |
| Total assets | 30,381,187 |
| LIABILITIES | |
| Due to other funds | <u>212,635</u> |
| NET POSITION RESTRICTED FOR PENSIONS | <u><u>30,168,552</u></u> |

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

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended February 29, 2016**

| | Pension Trust |
|--------------------------------------|--------------------------|
| ADDITIONS | |
| Contributions - employer | \$ 1,623,070 |
| Contributions - plan members | <u>340,092</u> |
| Total contributions | <u>1,963,162</u> |
| Investment income | |
| Interest earned | 1,073,453 |
| Net change in fair value | <u>(2,756,043)</u> |
| | (1,682,590) |
| Less investment expenses | <u>(76,251)</u> |
| Net investment income | <u>(1,758,841)</u> |
| Total additions | <u>204,321</u> |
| DEDUCTIONS | |
| Pensions and refunds | 2,133,954 |
| Miscellaneous | |
| Contractual professional services | <u>21,347</u> |
| Total deductions | <u>2,155,301</u> |
| CHANGE IN FIDUCIARY NET POSITION | (1,950,980) |
| NET POSITION RESTRICTED FOR PENSIONS | |
| BEGINNING | <u>32,119,532</u> |
| ENDING | <u><u>30,168,552</u></u> |

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Glencoe (Village), Illinois, incorporated March 29, 1869, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include public safety (police and fire), paramedic services, highways and streets, health, social, and cultural services, public library, water and sanitation, public improvements, planning and zoning, public golf course, and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

| | |
|--------------------------------------|---|
| Primary Government: | Village of Glencoe |
| Discretely Presented Component Unit: | Village of Glencoe Public Library (the Library) |

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "the Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village.

Police Pension Employees Retirement System

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). In 1954, the Village began training "public safety officers" to perform as both police officers and firefighters. Eventually all police officers and firefighters were replaced with public safety officers. All public safety officers participate in the Police Pension Fund. The last active firefighter retired in 1994. FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the Village President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

Village of Glencoe Public Library

The Village of Glencoe Public Library has a separately elected seven-member board and provides services to residents within the geographic boundaries. The Library is included within the Village's financial statements as a discretely presented component unit because the Village approves the budget and the 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 for the Library can be obtained from the Glencoe Public Library at 320 Park Avenue, Glencoe, Illinois 60022.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety (police and fire), paramedic services, highways and streets, health, social, and cultural services, public library, public improvements, planning and zoning, and general administrative services are classified as governmental activities. The Village's water and public golf course services are classified as business-type activities.

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

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

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either have debt outstanding or a specific or community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

Governmental Funds

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one major special revenue fund, the Garbage Fund, and two nonmajor funds, the Motor Fuel Tax Fund and the Enhanced 911 Fund. The Garbage Fund is used to account for revenues derived from a separate property tax levy and user fees used to finance garbage collection and disposal within the Village.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village maintains one major debt service fund, the General Obligation Bonds Fund. The General Obligation Bonds Fund is used to account for the revenues designated for debt service and payments of principal and interest for the following bond issues: the 2005 General Obligation Limited Tax Bonds, the 2009 General Obligation Bonds, 2012A General Obligation Bonds and 2015A General Obligation Bonds.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund, a major fund, is used to account for the 2012A General Obligation and 2015A General Obligation bond proceeds used for the construction of various street and sewer improvements.

Proprietary Funds

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

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains two major enterprise funds, the Water Fund and the Glencoe Golf Club Fund. The Water Fund is used to account 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 is used to account 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.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

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

Basis of Accounting

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

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

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

Interfund Receivables, Payables and Activity

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Receivables

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

Prepays/Inventories

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 to \$100,000 or more, depending on asset category, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

| | |
|---------------------------|---------------|
| Building and Improvements | 45 Years |
| Vehicles | 5 - 20 Years |
| Machinery and Equipment | 5 - 20 Years |
| Infrastructure | 40 - 50 Years |
| Water Transmission System | 50 Years |
| Golf Course Improvements | 20 Years |

Compensated Absences

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

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

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow or resources (expense)/inflow of resources (revenue) until that future time.

Long-Term Obligations

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Long-Term Obligations – Continued

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

Net Position

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

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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are for all funds. All annual appropriations lapse at fiscal year-end.

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 in the applicable category of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no material encumbrances outstanding at year-end.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

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

- The budget process and review by the Finance Committee begins in November. The Village Board reviews the budget in preliminary form in advance of the tax levy.
- By no later than 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.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to April 15 the budget is legally enacted, and prior to May 15 the appropriation ordinance is legally enacted.
- The level of budgetary control (that is, the level at which expenditures cannot 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. The Board of Trustees may amend the budget of a fund.
- Supplemental appropriations were passed for the General, General Obligation Bonds and Capital Projects Funds during the year.

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 operations. 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 for all categories.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report:

| <u>Fund</u> | <u>Excess</u> |
|--------------------------|---------------|
| General Obligation Bonds | \$ 17,546 |
| Police Pension | 20,584 |

Although over budget, all funds were within the legally adopted appropriation level.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Both the Village and Library 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.

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$9,063,041 and the bank balances totaled \$9,227,780.

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

| Investment Type | Fair Value | Investment Maturities (in Years) |
|-----------------|------------|----------------------------------|
| | | Less Than 1 |
| Illinois Funds | \$ 290,474 | 290,474 |
| IMET | 6,964,675 | 6,964,675 |
| Totals | 7,255,149 | 7,255,149 |

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 the 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. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, and 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, the Village's investment policy does not further limit its exposure to credit risk.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Credit Risk – Continued. At year-end, the Village's investment in the Illinois Funds was rated AAAM by Standard & Poor's. The Illinois Metropolitan Investment Trust Convenience Fund is not rated and the IMET's 1-3-year government bond is rate Aaa by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy does not mitigate custodial credit risk for investments. At year-end, the Village's investment in the Illinois Fund is noncategorizable. The IMET Convenience Fund is a depository vehicle that is 110 percent collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of IMET at the Federal Reserve Bank of New York.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy 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. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Metropolitan Investment Fund.

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$1,749,544 and the bank balances totaled \$1,751,244.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|------------------------------|--------------|----------------------------------|-----------|-----------|--------------|
| | | Less Than 1 | 1 to 5 | 6 to 10 | More Than 10 |
| U.S. Treasuries Obligations | \$ 1,217,791 | 300,219 | 201,220 | 716,352 | - |
| U.S. Agencies Obligations | 2,993,024 | - | 642,367 | 285,218 | 2,065,439 |
| Local Government Obligations | 479,911 | - | 414,334 | 65,577 | - |
| Corporate Bonds | 4,899,848 | 403,743 | 3,186,571 | 967,003 | 342,531 |
| Totals | 9,590,574 | 703,962 | 4,444,492 | 2,034,150 | 2,407,970 |

Interest Rate Risk. In accordance with its investment policy, the 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 Fund to 20 years from the date of purchase.

Credit Risk. The Fund's investment policy helps limit its exposure to credit risk 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. Treasury and Agency Obligations, and the local government obligations ratings are not available, while the corporate bonds reported ratings ranging from BBB- to AAA.

Custodial Credit Risk. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. For investments, the Fund's investment policy limits its exposure to custodial credit risk by requiring that all security transactions that are exposed to custodial credit risk be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. Furthermore, the Fund's investment in U.S. Treasury and Agency securities as well as local government obligations are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Concentration Risk. At year-end the Fund also has \$12,878,557 invested in mutual funds and \$6,080,282 invested in common stock. At year-end, the Fund has over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Vanguard 500 Index FD Admiral Shares of \$2,022,621, IShares Russell 1000 Growth of \$1,981,783 and Templeton Global Bond of \$1,664,351. Per the investment policy, the Fund's investment portfolio shall not exceed the following diversification limits:

- Not more than 10% of the 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).
- Funds deposited at a financial institution shall not exceed 5% of the capital stock and surplus of that institution.
- Investments are allowed in mutual funds that have at least \$250 million in assets and have been in operations for at least 5 years.
- 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.
- Total investments in separate accounts, mutual funds, and direct equity investments shall not exceed 45% of the market value of the Fund's total assets (evaluated on an annual basis).

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

| <u>Asset Class</u> | <u>Target</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|---------------|---|
| Fixed Income | 31%-65% | 3.98% |
| Equity | 35%-65% | 7.66% |
| Cash and Cash Equivalents | 0% | 0.00% |

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 10% of the total fund.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Concentration Risk – Continued. The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in March 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of February 29, 2016 are listed in the table above.

Rate of Return

For the year ended February 29, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (5.24%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$2,228 and the bank balances totaled \$2,228.

Interest Rate Risk. In accordance with its investment policy, the 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 Fund.

Credit Risk. The Fund's investment policy helps limit its exposure to credit risk 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.

Custodial Credit Risk. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. For investments, the Fund's investment policy limits its exposure to custodial credit risk by requiring that all security transactions that are exposed to custodial credit risk be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Concentration Risk. The Fund is a “wasting fund” in that no contributions are being made to the 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 the FDIC.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

| <u>Asset Class</u> | <u>Target</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|---------------|---|
| Cash and Cash Equivalents | 100% | 0.00% |

Since the Fund has no active members there is no long-term expected rate of return for any asset class besides cash and cash equivalents.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in February 2015 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of February 29, 2016 are listed in the table above.

Rate of Return

For the year ended February 29, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.70%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, 2015, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1, 2016, and September 1, 2016. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--------------------------------------|-----------------------|------------------|----------------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 4,529,289 | 25,682 | - | 4,554,971 |
| Land Right of Way | 40,168,599 | - | - | 40,168,599 |
| Construction in Progress | 603,469 | 201,924 | 603,469 | 201,924 |
| | <u>45,301,357</u> | <u>227,606</u> | <u>603,469</u> | <u>44,925,494</u> |
| Depreciable Capital Assets | | | | |
| Buildings and Improvements | 6,529,497 | - | - | 6,529,497 |
| Vehicles | 5,620,648 | 630,256 | 240,921 | 6,009,983 |
| Machinery and Equipment | 965,667 | 69,303 | - | 1,034,970 |
| Infrastructure | 48,715,330 | 306,856 | - | 49,022,186 |
| | <u>61,831,142</u> | <u>1,006,415</u> | <u>240,921</u> | <u>62,596,636</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | 2,361,295 | 128,268 | - | 2,489,563 |
| Vehicles | 2,980,671 | 541,235 | 215,614 | 3,306,292 |
| Machinery and Equipment | 575,565 | 83,890 | - | 659,455 |
| Infrastructure | 20,554,639 | 1,030,318 | - | 21,584,957 |
| | <u>26,472,170</u> | <u>1,783,711</u> | <u>215,614</u> | <u>28,040,267</u> |
| Total Net Depreciable Capital Assets | <u>35,358,972</u> | <u>(777,296)</u> | <u>25,307</u> | <u>34,556,369</u> |
| Total Net Capital Assets | <u>80,660,329</u> | <u>(549,690)</u> | <u>628,776</u> | <u>79,481,863</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|------------------|
| Administration and Finance | \$ 91,493 |
| Public Safety | 223,250 |
| Public Works | <u>1,468,968</u> |
| Total | <u>1,783,711</u> |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--------------------------------------|-------------------------|----------------------|---------------------|-------------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 933,090 | - | - | 933,090 |
| Depreciable Capital Assets | | | | |
| Buildings and Improvements | 1,059,429 | 20,231 | - | 1,079,660 |
| Machinery and Equipment | 1,584,932 | 25,950 | 17,500 | 1,593,382 |
| Water Transmission System | 7,214,683 | - | - | 7,214,683 |
| Golf Course Improvements | 1,358,307 | 204,723 | - | 1,563,030 |
| | <u>11,217,351</u> | <u>250,904</u> | <u>17,500</u> | <u>11,450,755</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | 504,324 | 17,276 | - | 521,600 |
| Machinery and Equipment | 1,058,785 | 79,915 | 10,500 | 1,128,200 |
| Water Transmission System | 3,451,395 | 81,720 | - | 3,533,115 |
| Golf Course Improvements | 385,590 | 56,655 | - | 442,245 |
| | <u>5,400,094</u> | <u>235,566</u> | <u>10,500</u> | <u>5,625,160</u> |
| Total Net Depreciable Capital Assets | <u>5,817,257</u> | <u>15,338</u> | <u>7,000</u> | <u>5,825,595</u> |
| Total Net Capital Assets | <u><u>6,750,347</u></u> | <u><u>15,338</u></u> | <u><u>7,000</u></u> | <u><u>6,758,685</u></u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|-------------------|-----------------------|
| Water | \$ 108,417 |
| Glencoe Golf Club | <u>127,149</u> |
| Total | <u><u>235,566</u></u> |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES AND PAYABLES

Interfund Balances

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

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------------|-------------------------|
| General | Glencoe Golf Club | \$ 1,698,535 |
| General | Garbage | 1,178 |
| General | Water | 596 |
| General | Police Pension | 211,174 |
| General | Firefighters' Pension | <u>1,461</u> |
| | | <u><u>1,912,944</u></u> |

The purpose of the interfund balance is to support the operations of the Glencoe Golf Club, Garbage and Water Funds. The purpose of the interfund balance payable by the Police and Firefighters' Pension is to reflect receipt of next year's property taxes directly remitted to the pension funds prior to the end of the fiscal year.

Interfund Transfers

Interfund transfers for the year consisted of the following:

| Transfers In | Transfers Out | Amount |
|--------------|---------------|-------------------|
| Garbage | General | <u>\$ 433,369</u> |

Transfers are used to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

Component Unit – Public Library Promissory Note Payable

| Issue | Fund Debt Retired by | Beginning Balances | Issuances | Retirements | Ending Balances |
|--|-------------------------|-----------------------|-----------|---------------|--------------------|
| Promissory Note Payable of 1999 due in monthly installments of \$3,884 including interest at 4.40% through May 31, 2021. | Component Unit | <u>\$ 246,813</u> | - | <u>35,527</u> | <u>211,286</u> |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

| Issue | Fund Debt Retired by | Beginning Balances | Issuances | Retirements | Ending Balances |
|---|--------------------------------|-----------------------|------------------|------------------|--------------------|
| General Obligation Limited Tax Bonds of 2005 due in annual installments of \$125,000 to \$215,000 plus interest at 3.20% to 3.25% through December 1, 2015. | General Obligation Bonds | \$ 215,000 | - | 215,000 | - |
| General Obligation Bonds of 2009 due in annual installments of \$945,000 to \$1,185,000 plus interest at 2.00% to 2.70% through December 15, 2018. | General Obligation Bonds | 4,460,000 | - | 1,050,000 | 3,410,000 |
| General Obligation Bonds of 2012A due in annual installments of \$860,000 to \$1,055,000 plus interest at 2.00% to 2.50% through December 15, 2027. | General Obligation Bonds | 8,550,000 | - | - | 8,550,000 |
| General Obligation Bonds of 2015A due in annual installments of \$425,000 to \$715,000 plus interest at 3.00% to 3.50% through December 15, 2034. | General Obligation Bonds | - | 5,000,000 | - | 5,000,000 |
| | | <u>13,225,000</u> | <u>5,000,000</u> | <u>1,265,000</u> | <u>16,960,000</u> |

Illinois Environmental Protection Agency (IEPA) Loans Payable

The Village has entered into loan agreements with the IEPA to provide low interest financing for water improvements. As of the date of this report the total amount owed to the IEPA is \$2,667,471 including interest during construction. IEPA loans currently outstanding are as follows:

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Illinois Environmental Protection Agency (IEPA) Loans Payable – Continued

| Issue | Fund Debt Retired by | Beginning Balances | Issuances | Retirements | Ending Balances |
|--|-------------------------|-----------------------|-----------|-------------|--------------------|
| IEPA Loan of 2011 due in semi-annual installments of \$68,490 to \$86,788 plus interest at 1.25% through November 1, 2032. | Water | \$ 2,807,473 | - | 140,002 | 2,667,471 |

Long-Term Liability Activity

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

| Type of Debt | Beginning Balances as Restated | Additions | Deductions | Ending Balances | Amounts Due within One Year |
|---|--------------------------------------|-------------------|------------------|--------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Compensated Absences | \$ 1,261,559 | 90,779 | 181,558 | 1,170,780 | 234,156 |
| Net Pension Liability - IMRF | 1,743,079 | 2,126,141 | - | 3,869,220 | - |
| Net Pension Liability - Police | 17,876,961 | 6,712,291 | - | 24,589,252 | - |
| Net Pension Liability - Fire | 535,341 | - | 184,538 | 350,803 | - |
| Net Other Post-Employment Benefit Obligation | 254,458 | 37,815 | - | 292,273 | - |
| General Obligation Bonds | 13,225,000 | 5,000,000 | 1,265,000 | 16,960,000 | 1,090,000 |
| | <u>34,896,398</u> | <u>13,967,026</u> | <u>1,631,096</u> | <u>47,232,328</u> | <u>1,324,156</u> |
| Business-Type Activities | | | | | |
| Compensated Absences | 247,755 | 19,852 | 9,926 | 257,681 | 51,536 |
| Net Pension Liability - IMRF | 341,694 | 416,515 | - | 758,209 | - |
| IEPA Loan Payable | 2,807,473 | - | 140,002 | 2,667,471 | 141,758 |
| | <u>3,396,922</u> | <u>436,367</u> | <u>149,928</u> | <u>3,683,361</u> | <u>193,294</u> |
| Component Unit - Public Library | | | | | |
| Net Pension Liability - IMRF | 295,105 | 359,919 | - | 655,024 | - |
| Promissory Note | 246,813 | - | 35,527 | 211,286 | 37,250 |
| | <u>541,918</u> | <u>359,919</u> | <u>35,527</u> | <u>866,310</u> | <u>37,250</u> |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For governmental activities, compensated absences are generally liquidated by the General Fund and the Garbage Fund. Payments on the net pension liabilities and the net other post-employment benefit obligation are generally made by the General Fund. Additionally, the General Obligation Bonds Fund makes payments on the general obligation bonds. Payments on the compensated absences for business-type activities are made by the Water Fund and the Glencoe Golf Club Fund. The IEPA loan payable is being liquidated by the Water Fund.

Debt Service Requirements to Maturity

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

| Fiscal Year | Governmental Activities | | Business-Type Activities | | Component Unit | |
|----------------|-----------------------------|-----------|--------------------------|----------|--------------------|----------|
| | General Obligation Bonds | | IEPA Loan | | Promissory Note | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 1,090,000 | 488,107 | 141,758 | 32,902 | 37,250 | 9,353 |
| 2018 | 1,135,000 | 404,070 | 143,535 | 31,124 | 39,064 | 7,539 |
| 2019 | 1,185,000 | 375,694 | 145,335 | 29,325 | 40,967 | 5,636 |
| 2020 | 860,000 | 343,700 | 147,158 | 27,502 | 42,955 | 3,648 |
| 2021 | 880,000 | 326,500 | 149,003 | 25,657 | 45,055 | 1,549 |
| 2022 | 900,000 | 308,900 | 150,871 | 23,788 | 5,995 | 47 |
| 2023 | 920,000 | 290,900 | 152,763 | 21,896 | - | - |
| 2024 | 945,000 | 272,500 | 154,679 | 19,982 | - | - |
| 2025 | 970,000 | 252,418 | 156,618 | 18,042 | - | - |
| 2026 | 995,000 | 231,806 | 158,582 | 16,078 | - | - |
| 2027 | 1,025,000 | 209,419 | 160,570 | 14,090 | - | - |
| 2028 | 1,480,000 | 185,076 | 162,584 | 12,076 | - | - |
| 2029 | 595,000 | 145,950 | 164,623 | 10,037 | - | - |
| 2030 | 615,000 | 128,100 | 166,687 | 7,973 | - | - |
| 2031 | 635,000 | 109,650 | 168,776 | 5,883 | - | - |
| 2032 | 655,000 | 90,600 | 170,893 | 3,767 | - | - |
| 2033 | 670,000 | 70,950 | 173,036 | 1,623 | - | - |
| 2034 | 690,000 | 49,175 | - | - | - | - |
| 2035 | 715,000 | 25,025 | - | - | - | - |
| Totals | 16,960,000 | 4,308,540 | 2,667,471 | 301,745 | 211,286 | 27,772 |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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.

| | |
|---|-----------------------|
| Assessed Valuation - 2014 | <u>\$ 796,595,180</u> |
| Legal Debt Limit - 10.00% of Assessed Value | <u>79,659,518</u> |
| Amount of Debt Applicable to Limit | |
| General Obligation Bonds of 2009 | 3,410,000 |
| General Obligation Bonds of 2012A | 8,550,000 |
| General Obligation Bonds of 2015A | <u>5,000,000</u> |
| | <u>16,960,000</u> |
| Legal Debt Margin | <u>62,699,518</u> |

FUND BALANCE/NET POSITION

Net Position Restatement

Net position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

| Net Position | As Reported | As Restated | (Decrease) |
|--------------------------|---------------|-------------|--------------|
| Governmental Activities | \$ 75,558,336 | 54,730,437 | (20,827,899) |
| Business-Type Activities | 5,200,167 | 4,978,823 | (221,344) |
| Water Fund | 3,913,572 | 3,790,435 | (123,137) |
| Glencoe Golf Club Fund | 1,286,595 | 1,188,388 | (98,207) |

Fund Balance Classifications

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

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance Classifications – Continued

Minimum Fund Balance Policy. The Village’s policy manual states that the General and Garbage Funds should maintain a minimum unassigned fund balance equal to 10% of budgeted operating expenditures, excluding capital expenditures. Furthermore, the General Fund unassigned fund balance should not be less than \$1,400,000 as of the end of the fiscal year.

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

| | General | Special Revenue Garbage | Debt Service General Obligation Bonds | Capital Projects | Nonmajor | Totals |
|----------------------------|------------------|-------------------------------|---|---------------------|----------------|-------------------|
| Fund Balances | | | | | | |
| Nonspendable | | | | | | |
| Due from Golf Club | \$ 1,698,535 | - | - | - | - | 1,698,535 |
| Prepays | 629,479 | 101,503 | - | - | - | 730,982 |
| Inventory | 8,789 | 1,648 | - | - | - | 10,437 |
| | <u>2,336,803</u> | <u>103,151</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,439,954</u> |
| Restricted | | | | | | |
| Fire Benevolent Fund | 1,005 | - | - | - | - | 1,005 |
| Police and Fire | 59,126 | - | - | - | - | 59,126 |
| Drug Abuse Prevention | 2,828 | - | - | - | - | 2,828 |
| IRMA Claim Deductibles | 114,898 | - | - | - | - | 114,898 |
| Garbage | - | 606,918 | - | - | - | 606,918 |
| Debt Service | - | - | 137,861 | - | - | 137,861 |
| Capital Projects - Unspent | | | | | | |
| Bond Proceeds | - | - | - | 4,431,174 | - | 4,431,174 |
| Roadway Maintenance | - | - | - | - | 417,147 | 417,147 |
| E911 Specific Purposes | - | - | - | - | 201,409 | 201,409 |
| | <u>177,857</u> | <u>606,918</u> | <u>137,861</u> | <u>4,431,174</u> | <u>618,556</u> | <u>5,972,366</u> |
| Unassigned | <u>3,985,178</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,985,178</u> |
| Total Fund Balances | <u>6,499,838</u> | <u>710,069</u> | <u>137,861</u> | <u>4,431,174</u> | <u>618,556</u> | <u>12,397,498</u> |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of February 29, 2016:

| | |
|--|--------------------|
| Governmental Activities | |
| Capital Assets - Net of Accumulated Depreciation | \$ 79,481,863 |
| Plus Unspent Bond Proceeds | 4,459,600 |
| Less Capital Related Debt: | |
| General Obligation Bonds of 2009 | (3,410,000) |
| General Obligation Bonds of 2012A | (8,550,000) |
| General Obligation Bonds of 2015A | <u>(5,000,000)</u> |
| Net Investment in Capital Assets | <u>66,981,463</u> |
| Business-Type Activities | |
| Capital Assets - Net of Accumulated Depreciation | 6,758,685 |
| Less Capital Related Debt: | |
| IEPA Loan Payable of 2011 | <u>(2,667,471)</u> |
| Net Investment in Capital Assets | <u>4,091,214</u> |
| Component Unit - Public Library | |
| Capital Assets - Net of Accumulated Depreciation | 1,474,542 |
| Less Capital Related Debt: | |
| Promissory Note Payable of 1999 | <u>(211,286)</u> |
| Net Investment in Capital Assets | <u>1,263,256</u> |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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 also participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 to \$100,000 of each occurrence (depending upon deductible selected), and IRMA has a mix of self-insurance and commercial insurance at various amounts about that level. Since January 1, 2011, the Village has selected a deductible level of \$100,000.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

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

Grants

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

Solid Waste Agency of Northern Cook County (SWANCC)

Annual payments to SWANCC are based on estimated tonnage of waste transported to SWANCC. It is assumed that there will be no material changes in deliveries to SWANCC. For 2016 through 2023, the Village estimates it will pay approximately \$181,040 annually.

Chicago Botanic Garden Children's Learning Campus

The Village entered into an agreement with the Chicago Horticultural Society (the "Society"), having a mailing address at 1000 Lake Cook Road, Glencoe, Illinois 60028, to serve as the local agency for the construction of a paved and landscaped entryway to the new children's Learning Center Campus at the Chicago Botanic Garden in unincorporated Glencoe. Per the agreement financial resources will flow from the society through the Village to reimburse project costs. Grant reimbursements will flow from the Illinois Department of Commerce and Economic Opportunity through the Village and to the Society. The Village does not budget for the activities of the Society. During 2016, the Village received \$13,086 from the Society itself that was disbursed to vendors.

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) which consists of twenty-three municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution Act of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

SWANCC is empowered to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. SWANCC is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors.

The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the SWANCC agreement or the by-laws. Separate audited financial statements are available at 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

SWANCC's bonds are revenue obligations. They are limited obligations of SWANCC, 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 SWANCC resolutions. SWANCC has no power to levy taxes.

Revenues of the system consist of: (a) all receipts derived from Solid Waste Disposal Contracts or any other contracts for the disposal of waste; (b) all income derived from the investment of monies; and (c) all income, fees, service charges, and all grants, rents, and receipts derived by SWANCC from the ownership and operation of the system. SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC 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 in the Contract. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual cost of 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 SWANCC of its obligations under this Contract.

The payments required to be made by the Village under this Contract are required to be made solely from revenues to be derived by the Village from the operation of the Municipal Waste System Fund. The Village is not prohibited by the Contract from using any other funds to make the payments required by the Contract. The Contract shall 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 \$162,336 to SWANCC for the year ended February 29, 2016, which is recorded in the Village's Garbage Fund.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan, which is also a single-employer pension plan. Separate reports are issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the Village at 675 Village Court, Glencoe, Illinois 60022. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2015, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive Plan Members Currently Receiving Benefits | 102 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 62 |
| Active Plan Members | <u>90</u> |
| Total | <u><u>254</u></u> * |

* The employees in the above table include the Glencoe Library.

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2015 was 11.83% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

| | |
|----------------------------|---------------------|
| Actuarial Valuation Date | 12/31/2015 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market |
| Actuarial Assumptions | |
| Interest Rate | 7.47% |
| Salary Increases | 3.75% to 14.50% |
| Cost of Living Adjustments | 2.75% |
| Inflation | 2.75% |

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

| | 1% Decrease (6.47%) | Current Discount Rate (7.47%) | 1% Increase (8.47%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | | | |
| Village | \$ 9,502,271 | 4,627,429 | 595,133 |
| Library | 1,345,070 | 655,024 | 84,243 |
| Totals | 10,847,341 | 5,282,453 | 679,376 |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2014 | \$ 40,438,444 | 38,058,566 | 2,379,878 |
| Changes for the Year: | | | |
| Service Cost | 702,405 | - | 702,405 |
| Interest on the Total Pension Liability | 2,984,215 | - | 2,984,215 |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 142,372 | - | 142,372 |
| Changes of Assumptions | 102,700 | - | 102,700 |
| Contributions - Employer | - | 724,554 | (724,554) |
| Contributions - Employees | - | 275,612 | (275,612) |
| Net Investment Income | - | 188,058 | (188,058) |
| Benefit Payments, including Refunds of Employee Contributions | (1,893,991) | (1,893,991) | - |
| Other (Net Transfer) | - | (159,107) | 159,107 |
| Net Changes | 2,037,701 | (864,874) | 2,902,575 |
| Balances at December 31, 2015 | 42,476,145 | 37,193,692 | 5,282,453 |
| Net Pension Liability | | | |
| Village | 37,209,103 | 32,581,674 | 4,627,429 |
| Library | 5,267,042 | 4,612,018 | 655,024 |
| | 42,476,145 | 37,193,692 | 5,282,453 |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended February 29, 2016, the Village recognized pension expense of \$1,182,623 and the Library recognized pension expense of \$167,403 for a total pension expense of \$1,350,026. At February 29, 2016, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|------------------|
| Difference Between Expected and Actual Experience | \$ 102,026 | - | 102,026 |
| Change in Assumptions | 73,597 | - | 73,597 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 2,101,480 | - | 2,101,480 |
| Pension Contributions Made Subsequent to the Measurement Date | 113,220 | - | 113,220 |
| Total Deferred Amounts Related to IMRF | <u>2,390,323</u> | - | <u>2,390,323</u> |
| Total Deferred Amounts Related to IMRF Village | 2,093,923 | - | 2,093,923 |
| Library | 296,400 | - | 296,400 |
| Totals | <u>2,390,323</u> | - | <u>2,390,323</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| Fiscal Year | Village Net Deferred Outflows of Resources | Library Net Deferred Outflows of Resources | Totals |
|----------------|---|---|------------------|
| 2017 | \$ 620,242 | 87,797 | 708,039 |
| 2018 | 521,061 | 73,758 | 594,819 |
| 2019 | 492,395 | 69,700 | 562,095 |
| 2020 | 460,224 | 65,145 | 525,369 |
| 2021 | - | - | - |
| Thereafter | - | - | - |
| Totals | <u>2,093,923</u> | <u>296,400</u> | <u>2,390,323</u> |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum 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 Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At February 29, 2016, the measurement date, membership consisted of the following:

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | 33 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 1 |
| Active Plan Members | <u>33</u> |
| Total | <u><u>67</u></u> |

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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 be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended February 29, 2016, the Village's contribution was 46.02% of covered payroll.

Concentrations. At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

| Investment | Amount |
|-----------------------------------|--------------|
| Vanguard 500 Index FD Admiral Shs | \$ 2,022,621 |
| IShares Russell 1000 Growth | 1,981,783 |
| Templeton Global Bond | 1,664,351 |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of February 29, 2016, using the following actuarial methods and assumptions:

| | |
|----------------------------|---------------------|
| Actuarial Valuation Date | 2/29/2016 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market |
| Actuarial Assumptions | |
| Interest Rate | 6.75% |
| Salary Increases | 5.50% |
| Cost of Living Adjustments | 2.50% |
| Inflation | 2.50% |

Mortality rates were based on the RP-2014 Mortality Table(BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 31,957,111 | 24,589,252 | 18,543,639 |

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at February 28, 2015 | \$ 49,991,818 | 32,114,857 | 17,876,961 |
| Changes for the Year: | | | |
| Service Cost | 824,280 | - | 824,280 |
| Interest on the Total Pension Liability | 3,304,601 | - | 3,304,601 |
| Difference Between Expected and Actual Experience of the Total Pension Liability | (1,331,838) | - | (1,331,838) |
| Changes of Assumptions | 4,037,694 | - | 4,037,694 |
| Contributions - Employer | - | 1,562,863 | (1,562,863) |
| Contributions - Employees | - | 340,092 | (340,092) |
| Net Investment Income | - | (1,758,880) | 1,758,880 |
| Benefit Payments, including Refunds of Employee Contributions | (2,069,518) | (2,069,518) | - |
| Other (Net Transfer) | - | (21,629) | 21,629 |
| Net Changes | 4,765,219 | (1,947,072) | 6,712,291 |
| Balances at February 29, 2016 | 54,757,037 | 30,167,785 | 24,589,252 |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended February 29, 2016, the Village recognized pension expense of \$3,025,533. At February 29, 2016, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|------------------|
| Difference Between Expected and Actual Experience | \$ - | (1,040,226) | (1,040,226) |
| Change in Assumptions | 3,153,623 | - | 3,153,623 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 3,136,224 | - | 3,136,224 |
| Total Deferred Amounts Related to Police Pension | <u>6,289,847</u> | <u>(1,040,226)</u> | <u>5,249,621</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| Fiscal Year | Net Deferred Outflows of Resources |
|----------------|--|
| 2017 | \$ 1,376,516 |
| 2018 | 1,376,516 |
| 2019 | 1,376,516 |
| 2020 | 1,120,073 |
| 2021 | - |
| Thereafter | - |
| Total | <u>5,249,621</u> |

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 29, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan

Plan Descriptions – Continued

Plan Administration. The Firefighters’ Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum 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 Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At February 29, 2016, the measurement date, membership consisted of the following:

| | |
|--|-----------------|
| Inactive Plan Members Currently Receiving Benefits | 1 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | - |
| Active Plan Members | <u>-</u> |
| Total | <u><u>1</u></u> |

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

The Firefighters’ Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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 firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3percent compounded annually thereafter.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. 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 contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended February 29, 2016, the Village did not have any covered payroll and made \$60,207 in contributions to the Firefighters' Pension Plan.

Significant Investments. At year end, the Pension Plan has no investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of February 29, 2016, using the following actuarial methods and assumptions:

| | |
|----------------------------|---------------------|
| Actuarial Valuation Date | 2/29/2016 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market |
| Actuarial Assumptions | |
| Interest Rate | 6.50% |
| Salary Increases | 0.00% |
| Cost of Living Adjustments | 2.50% |
| Inflation | 2.50% |

Mortality rates were based on the RP-2014 Mortality Table(BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | | Current | |
|-----------------------|-------------|---------------|-------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (5.50%) | (6.50%) | (7.50%) |
| Net Pension Liability | \$ 369,137 | 350,802 | 334,067 |

Changes in the Net Pension Liability

| | Total | Plan Fiduciary | Net Pension |
|---|------------|----------------|-------------|
| | Pension | Net Position | Liability |
| | Liability | Net Position | Liability |
| | (A) | (B) | (A) - (B) |
| Balances at February 28, 2015 | \$ 540,016 | 4,675 | 535,341 |
| Changes for the Year: | | | |
| Service Cost | 33,007 | - | 33,007 |
| Interest on the Total Pension Liability | - | - | - |
| Difference Between Expected and Actual | | | |
| Experience of the Total Pension Liability | (213,816) | - | (213,816) |
| Changes of Assumptions | 56,799 | - | 56,799 |
| Contributions - Employer | - | 60,207 | (60,207) |
| Contributions - Employees | - | - | - |
| Net Investment Income | - | 39 | (39) |
| Benefit Payments, including Refunds | | | |
| of Employee Contributions | (64,436) | (64,436) | - |
| Other (Net Transfer) | - | 282 | (282) |
| Net Changes | (188,446) | (3,908) | (184,538) |
| Balances at February 29, 2016 | 351,570 | 767 | 350,803 |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended February 29, 2016, the Village recognized pension revenue of \$124,439. At February 29, 2016, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|--------|
| Difference Between Expected and Actual Experience | \$ - | - | - |
| Change in Assumptions | - | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 108 | - | 108 |
| Total Deferred Amounts Related to Firefighters' Pension | 108 | - | 108 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| Fiscal Year | Net Deferred Outflows of Resources |
|----------------|--|
| 2017 | \$ 28 |
| 2018 | 28 |
| 2019 | 28 |
| 2020 | 24 |
| 2021 | - |
| Thereafter | - |
| Total | 108 |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

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

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending February 29, 2016, retirees contributed \$233,804. Active employees do not contributed to the plan until retirement.

At February 29, 2016, membership consisted of:

| | |
|--|------------|
| Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them | 22 |
| Active Employees | <u>109</u> |
| Total | <u>131</u> |
| Participating Employers | 1 |

The Village does not currently have a funding policy.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of February 29, 2016, was calculated as follows:

| | |
|------------------------------|-----------------------|
| Annual Required Contribution | \$ 123,524 |
| Interest on the NOPEBO | 10,178 |
| Adjustment to the ARC | <u>(8,481)</u> |
| Annual OPEB Cost | 125,221 |
| Actual Contribution | <u>87,406</u> |
| Increase in the NOPEBO | 37,815 |
| NOPEBO - Beginning | <u>254,458</u> |
| NOPEBO - Ending | <u><u>292,273</u></u> |

Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

| Fiscal Year | Annual OPEB Cost | Actual Contributions | Percentage of OPEB Cost Contributed | Net OPEB Obligation |
|-------------|------------------|----------------------|-------------------------------------|---------------------|
| 2014 | \$ 101,837 | \$ 65,713 | 64.53% | \$ 214,910 |
| 2015 | 120,205 | 80,657 | 67.10% | 254,458 |
| 2016 | 125,221 | 87,406 | 69.80% | 292,273 |

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of February 28, 2015, the date of the latest actuarial valuation, was as follows:

| | |
|---|--------------|
| Actuarial Accrued Liability (AAL) | \$ 2,312,699 |
| Actuarial Value of Plan Assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 2,312,699 |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | - |
| Covered Payroll (Active Plan Members) | \$ 7,654,757 |
| UAAL as a Percentage of Covered Payroll | 30.21% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 28, 2015 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.50% and an ultimate rate of 5.50%. The investment rate of return includes a 4.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at February 29, 2016, was 30 years.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 29, 2016

NOTE 4 – OTHER INFORMATION – Continued

SUBSEQUENT EVENT

On April 15, 2016, the Village issued \$250,000 of Washington Place SSA Bonds, due in annual installments of \$10,795 to \$24,244, plus interest at 3.10% through December 15, 2030.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Investment Returns
Police Pension Fund
Firefighters' Pension Fund

- Budgetary Comparison Schedules
General Fund
Garbage - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF GLENCOE, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
February 29, 2016**

Funding Progress

| Actuarial Valuation Date | (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) |
|--------------------------|---------------------------------------|--|----------------------------------|---|-------------------------------|--|
| 2011 | \$ N/A | \$ N/A | N/A | \$ N/A | \$ N/A | N/A |
| 2012 | - | 2,070,270 | - | 2,070,270 | 9,400,510 | 22.02% |
| 2013 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2014 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2015 | - | 2,312,699 | - | 2,312,699 | 7,654,757 | 30.21% |
| 2016 | N/A | N/A | N/A | N/A | N/A | N/A |

Employer Contributions

| Fiscal Year | Employer Contributions | Annual Required Contributions | Percent Contributed |
|-------------|------------------------|-------------------------------|---------------------|
| 2011 | \$ 49,090 | \$ 88,722 | 55.33% |
| 2012 | 49,090 | 83,701 | 58.65% |
| 2013 | 65,713 | 91,534 | 71.79% |
| 2014 | 65,713 | 98,857 | 66.47% |
| 2015 | 80,657 | 118,773 | 67.91% |
| 2016 | 87,406 | 123,524 | 70.76% |

The Village is required to have an actuarial valuation performed triennially.

VILLAGE OF GLENCOE, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

February 29, 2016

| Calendar Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|---------------|-------------------------------------|--|-----------------------------------|--------------------------|---|
| 2015 Village | \$ 634,709 | \$ 634,709 | \$ - | \$ 5,365,254 | 11.83% |
| Library | 89,845 | 89,845 | - | 759,465 | 11.83% |
| Totals | 724,554 | 724,554 | - | 6,124,719 | 11.83% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial Valuation Date | December 31, 2015 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 28 Years |
| Asset Valuation Method | 5-Year Smoothed Market |
| Inflation | 3.00% |
| Salary Increases | 4.40% - 16.00% |
| Investment Rate of Return | 7.50% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | RP-2000 Combined Healthy Mortality Table |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
February 29, 2016**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|-------------|-------------------------------------|--|-----------------------------------|--------------------------|---|
| 2015 | \$ 1,114,467 | \$ 1,482,314 | \$ 367,847 | \$ 3,298,679 | 44.94% |
| 2016 | 1,167,493 | 1,562,863 | 395,370 | 3,395,836 | 46.02% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial Valuation Date | February 29, 2016 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 25 Years |
| Asset Valuation Method | Market value |
| Inflation | 2.50% |
| Salary Increases | 5.50% |
| Investment Rate of Return | 6.75% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | RP 2014 projected to 2016 |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
February 29, 2016**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|-------------|-------------------------------------|--|-----------------------------------|--------------------------|---|
| 2015 | \$ 38,224 | \$ 85,136 | \$ 46,912 | \$ - | 0.00% |
| 2016 | 38,232 | 60,207 | 21,975 | - | 0.00% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial Valuation Date | February 29, 2016 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 25 Years |
| Asset Valuation Method | Market value |
| Inflation | 2.50% |
| Salary Increases | 0.00% |
| Investment Rate of Return | 6.5% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | RP 2014 projected to 2016 |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
February 29, 2016**

| | 12/31/2015 | | |
|---|---------------------|------------------|-------------------|
| | Village | Library | Totals |
| Total Pension Liability | | | |
| Service Cost | \$ 615,307 | 87,098 | 702,405 |
| Interest | 2,614,172 | 370,043 | 2,984,215 |
| Changes in Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience | 124,718 | 17,654 | 142,372 |
| Change of Assumptions | 89,965 | 12,735 | 102,700 |
| Benefit Payments, Including Refunds of Member Contributions | (1,659,136) | (234,855) | (1,893,991) |
| Net Change in Total Pension Liability | 1,785,026 | 252,675 | 2,037,701 |
| Total Pension Liability - Beginning | 35,424,077 | 5,014,367 | 40,438,444 |
| Total Pension Liability - Ending | 37,209,103 | 5,267,042 | 42,476,145 |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 634,709 | 89,845 | 724,554 |
| Contributions - Members | 241,436 | 34,176 | 275,612 |
| Net Investment Income | 164,739 | 23,319 | 188,058 |
| Benefit Payments, Including Refunds of Member Contributions | (1,659,136) | (234,855) | (1,893,991) |
| Other (Net Transfer) | (139,378) | (19,729) | (159,107) |
| Net Change in Plan Fiduciary Net Position | (757,630) | (107,244) | (864,874) |
| Plan Net Position - Beginning | 33,339,304 | 4,719,262 | 38,058,566 |
| Plan Net Position - Ending | 32,581,674 | 4,612,018 | 37,193,692 |
| Employer's Net Pension Liability | \$ 4,627,429 | 655,024 | 5,282,453 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 87.56% | 87.56% | 87.56% |
| Covered-Employee Payroll | \$ 5,365,254 | 759,465 | 6,124,719 |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | 86.25% | 86.25% | 86.25% |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
February 29, 2016**

| | 2015 | 2016 |
|--|---------------|-------------|
| Total Pension Liability | | |
| Service Cost | \$ 768,722 | 824,280 |
| Interest | 2,980,948 | 3,304,601 |
| Differences Between Expected and Actual Experience | (111,871) | (1,331,838) |
| Change of Assumptions | 3,168,019 | 4,037,694 |
| Benefit Payments, Including Refunds of Member Contributions | (1,952,395) | (2,069,518) |
| Net Change in Total Pension Liability | 4,853,423 | 4,765,219 |
| Total Pension Liability - Beginning | 45,138,395 | 49,991,818 |
| Total Pension Liability - Ending | 49,991,818 | 54,757,037 |
| Plan Fiduciary Net Position | | |
| Contributions - Employer | \$ 1,482,314 | 1,562,863 |
| Contributions - Members | 317,645 | 340,092 |
| Net Investment Income | 2,209,655 | (1,758,880) |
| Benefit Payments, Including Refunds of Member Contributions | (1,952,395) | (2,069,518) |
| Administrative Expense | (17,521) | (21,629) |
| Net Change in Plan Fiduciary Net Position | 2,039,698 | (1,947,072) |
| Plan Net Position - Beginning | 30,075,159 | 32,114,857 |
| Plan Net Position - Ending | 32,114,857 | 30,167,785 |
| Employer's Net Pension Liability | \$ 17,876,961 | 24,589,252 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 64.24% | 55.09% |
| Covered-Employee Payroll | \$ 3,298,679 | 3,395,836 |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | 541.94% | 724.10% |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
February 29, 2016**

| | 2015 | 2016 |
|--|------------|-----------|
| Total Pension Liability | | |
| Interest | \$ 29,216 | 33,007 |
| Differences Between Expected and Actual Experience | 48,184 | (213,816) |
| Change of Assumptions | 58,711 | 56,799 |
| Benefit Payments, Including Refunds of Member Contributions | (91,141) | (64,436) |
| Net Change in Total Pension Liability | 44,970 | (188,446) |
| Total Pension Liability - Beginning | 495,046 | 540,016 |
| Total Pension Liability - Ending | 540,016 | 351,570 |
| Plan Fiduciary Net Position | | |
| Contributions - Employer | \$ 85,136 | 60,207 |
| Net Investment Income | 51 | 39 |
| Benefit Payments, Including Refunds of Member Contributions | (91,141) | (64,436) |
| Administrative Expense | (1,161) | 282 |
| Net Change in Plan Fiduciary Net Position | (7,115) | (3,908) |
| Plan Net Position - Beginning | 11,790 | 4,675 |
| Plan Net Position - Ending | 4,675 | 767 |
| Employer's Net Pension Liability | \$ 535,341 | 350,803 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 0.87% | 0.22% |
| Covered-Employee Payroll | \$ - | - |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | 0.00% | 0.00% |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Investment Returns

February 29, 2016

| Fiscal Year | Annual Money- Weighted Rate of Return, Net of Investment Expense |
|----------------|--|
| 2015 | 7.60% |
| 2016 | (5.24%) |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Investment Returns

February 29, 2016

| Fiscal Year | Annual Money- Weighted Rate of Return, Net of Investment Expense |
|----------------|--|
| 2015 | 0.06% |
| 2016 | (1.70%) |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF GLENCOE, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Budget | | Actual | Budget Variance Over (Under) |
|--|----------------|--------------|------------|------------|------------|---------------------------------------|
| | Original | Final | Original | Final | | |
| REVENUES | | | | | | |
| Property taxes | \$ - | - | 8,957,183 | 8,957,183 | 9,027,429 | 70,246 |
| Other taxes | - | - | 4,199,896 | 4,199,896 | 4,453,873 | 253,977 |
| Licenses, permits and fees | - | - | 1,522,266 | 1,522,266 | 1,744,673 | 222,407 |
| Charges for services | - | - | 704,084 | 704,084 | 628,508 | (75,576) |
| Fines and forfeitures | - | - | 73,500 | 73,500 | 126,112 | 52,612 |
| Interest | - | - | 16,989 | 16,989 | 23,768 | 6,779 |
| Miscellaneous | - | - | 516,203 | 516,203 | 655,584 | 139,381 |
| Total revenues | - | - | 15,990,121 | 15,990,121 | 16,659,947 | 669,826 |
| EXPENDITURES | | | | | | |
| Administration and finance | 2,604,524 | 2,614,620 | 2,367,749 | 2,367,749 | 2,193,602 | (174,147) |
| Public safety | 9,245,565 | 9,245,565 | 8,405,059 | 8,405,059 | 8,178,926 | (226,133) |
| Public works | 5,325,988 | 5,328,088 | 4,841,807 | 4,841,807 | 4,518,262 | (323,545) |
| Capital outlay | 497,090 | 494,990 | 451,900 | 451,900 | 232,057 | (219,843) |
| Total expenditures | 17,673,167 | 17,683,263 | 16,066,515 | 16,066,515 | 15,122,847 | (943,668) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | | |
| | (17,673,167) | (17,683,263) | (76,394) | (76,394) | 1,537,100 | 1,613,494 |
| OTHER FINANCING (USES) | | | | | | |
| Transfers out | (495,000) | (484,904) | (450,000) | (450,000) | (433,369) | 16,631 |
| NET CHANGE IN FUND BALANCE | | | | | | |
| | (18,168,167) | (18,168,167) | (526,394) | (526,394) | 1,103,731 | 1,630,125 |
| FUND BALANCE - BEGINNING | | | | | 5,396,107 | |
| FUND BALANCE - ENDING | | | | | 6,499,838 | |

VILLAGE OF GLENCOE, ILLINOIS

Garbage - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 29, 2016

| | Appropriations | | Original and Final | Actual | Budget Variance Over |
|--|--------------------|--------------------|-----------------------|-----------------------|----------------------------|
| | Original | Final | Budget | | (Under) |
| REVENUES | | | | | |
| Other taxes | \$ - | - | 7,000 | 7,000 | - |
| Charges for services | - | - | 1,014,408 | 977,190 | (37,218) |
| Interest | - | - | 600 | 868 | 268 |
| Miscellaneous | | | | | |
| Recycling | - | - | 9,100 | 7,589 | (1,511) |
| Other | - | - | - | 19,619 | 19,619 |
| Total revenues | - | - | 1,031,108 | 1,012,266 | (18,842) |
| EXPENDITURES | | | | | |
| Public works | 1,475,857 | 1,475,857 | 1,316,688 | 1,105,896 | (210,792) |
| Capital outlay | - | - | 25,000 | 30,962 | 5,962 |
| Total expenditures | 1,475,857 | 1,475,857 | 1,341,688 | 1,136,858 | (204,830) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | |
| | (1,475,857) | (1,475,857) | (310,580) | (124,592) | 185,988 |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | - | - | 450,000 | 433,369 | (16,631) |
| NET CHANGE IN FUND BALANCE | | | | | |
| | <u>(1,475,857)</u> | <u>(1,475,857)</u> | <u>139,420</u> | <u>308,777</u> | <u>169,357</u> |
| FUND BALANCE - BEGINNING | | | | <u>401,292</u> | |
| FUND BALANCE - ENDING | | | | <u><u>710,069</u></u> | |

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
 - General Fund
 - General Obligation Bonds – Debt Service Fund
 - Capital Projects Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
 - Motor Fuel Tax – Special Revenue Fund
 - Enhanced 911 System – Special Revenue Fund
- Budgetary Comparison Schedules – Enterprise Funds
 - Water
 - Glencoe Golf Club
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds
 - Police Pension
 - Firefighters' Pension

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Garbage Fund

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

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the maintenance and construction of streets and roads as approved by the Illinois Department of Transportation.

Enhanced 911 System Fund

The Enhanced 911 Fund is used to account for surcharge revenue received for the E-911 system. Expenditures are used for the maintenance and upgrading of the E-911 system.

DEBT SERVICE FUND

The Debt Service Funds are used account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Obligation Bonds Fund

The General Obligation Bonds Fund is used to account for the revenues designated for debt service and payments of principal and interest for the following bond issues: the 2005 General Obligation Limited Tax Bonds, the 2009 General Obligation Bonds and the 2009A General Obligation Refunding Bonds.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the 2012A General Obligation Bond and 2015A General Obligation Bond proceeds used for the construction of various storm sewer construction projects.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water Fund

The Water Fund is used to account for the provisions of water to the residents of the Village. All activities necessary to provide such services are accounting for in this fund, including administration, operations, maintenance, and billing and collection.

Glencoe Golf Club Fund

The Glencoe Golf Club Fund is used to account 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.

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

VILLAGE OF GLENCOE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Original and Final Budget | Original and Final Budget | Actual | Budget Variance Over (Under) |
|-----------------------------------|----------------|-------|---------------------------------|---------------------------------|-----------|---------------------------------------|
| | Original | Final | | | | |
| PROPERTY TAXES | \$ - | - | 8,957,183 | 8,957,183 | 9,027,429 | 70,246 |
| OTHER TAXES | | | | | | |
| Utility tax | - | - | 1,199,046 | 1,199,046 | 1,041,829 | (157,217) |
| Sales tax | - | - | 1,853,100 | 1,853,100 | 2,107,088 | 253,988 |
| State income tax | - | - | 842,520 | 842,520 | 931,426 | 88,906 |
| Personal property replacement tax | - | - | 78,630 | 78,630 | 98,835 | 20,205 |
| Cable television | - | - | 226,600 | 226,600 | 228,495 | 1,895 |
| Foreign fire insurance tax | - | - | - | - | 46,200 | 46,200 |
| Total other taxes | - | - | 4,199,896 | 4,199,896 | 4,453,873 | 253,977 |
| LICENSES, PERMITS AND FEES | | | | | | |
| Vehicle licenses | - | - | 265,000 | 265,000 | 249,680 | (15,320) |
| Business licenses | - | - | 35,000 | 35,000 | 30,440 | (4,560) |
| Animal licenses | - | - | 7,390 | 7,390 | 12,025 | 4,635 |
| Liquor licenses | - | - | 22,400 | 22,400 | 24,200 | 1,800 |
| Building and electrical permits | - | - | 996,270 | 996,270 | 1,218,766 | 222,496 |
| Burglar-fire alarm permits | - | - | 81,600 | 81,600 | 100,699 | 19,099 |
| Impounding fees | - | - | 650 | 650 | 550 | (100) |
| Parking lot fees and permits | - | - | 111,100 | 111,100 | 106,435 | (4,665) |
| Coin box and meter fees | - | - | 2,856 | 2,856 | 1,878 | (978) |
| Total licenses, permits and fees | - | - | 1,522,266 | 1,522,266 | 1,744,673 | 222,407 |
| CHARGES FOR SERVICES | | | | | | |
| Sewer service charge | - | - | 559,954 | 559,954 | 484,760 | (75,194) |
| Ambulance fees | - | - | 144,130 | 144,130 | 143,748 | (382) |
| Total charges for services | - | - | 704,084 | 704,084 | 628,508 | (75,576) |

VILLAGE OF GLENCOE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Budget | | Actual | Budget Variance Over (Under) |
|------------------------------|----------------|-------|------------|------------|------------|---------------------------------------|
| | Original | Final | Original | Final | | |
| FINES AND FORFEITURES | | | | | | |
| Court fines | \$ - | - | 13,500 | 13,500 | 17,733 | 4,233 |
| Other fines | - | - | 60,000 | 60,000 | 108,379 | 48,379 |
| Total fines and forfeitures | - | - | 73,500 | 73,500 | 126,112 | 52,612 |
| INTEREST | - | - | 16,989 | 16,989 | 23,768 | 6,779 |
| MISCELLANEOUS | | | | | | |
| Golf club management fees | - | - | 42,512 | 42,512 | 42,512 | - |
| Water management fees | - | - | 43,625 | 43,625 | 43,626 | 1 |
| Garbage management fees | - | - | 43,625 | 43,625 | 43,625 | - |
| Sundry | - | - | 5,000 | 5,000 | 10,857 | 5,857 |
| Other | - | - | 381,441 | 381,441 | 514,964 | 133,523 |
| Total miscellaneous | - | - | 516,203 | 516,203 | 655,584 | 139,381 |
| TOTAL REVENUES | - | - | 15,990,121 | 15,990,121 | 16,659,947 | 669,826 |

VILLAGE OF GLENCOE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Budget | | Actual | Budget Variance Over (Under) |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------------------------|
| | Original | Final | Original | Final | | |
| ADMINISTRATION AND FINANCE | | | | | | |
| General government | \$ 854,785 | 854,785 | 777,077 | 777,077 | 681,334 | (95,743) |
| Legal | 253,884 | 253,884 | 230,804 | 230,804 | 237,262 | 6,458 |
| Health and community service | 99,015 | 99,015 | 90,014 | 90,014 | 80,779 | (9,235) |
| Special boards service | 97,075 | 97,075 | 88,250 | 88,250 | 81,436 | (6,814) |
| Finance | 829,443 | 829,443 | 754,039 | 754,039 | 783,303 | 29,264 |
| Support service | 457,081 | 457,081 | 415,528 | 406,350 | 304,896 | (101,454) |
| Risk management | 13,241 | 23,337 | 12,037 | 21,215 | 24,592 | 3,377 |
| Total administration and finance | 2,604,524 | 2,614,620 | 2,367,749 | 2,367,749 | 2,193,602 | (174,147) |
| PUBLIC SAFETY | | | | | | |
| Fire protection | 2,025,745 | 2,025,745 | 1,841,586 | 1,841,586 | 1,819,947 | (21,639) |
| Police protection | 6,263,454 | 6,263,454 | 5,694,049 | 5,694,049 | 5,515,469 | (178,580) |
| Paramedic service | 956,366 | 956,366 | 869,424 | 869,424 | 843,510 | (25,914) |
| Total public safety | 9,245,565 | 9,245,565 | 8,405,059 | 8,405,059 | 8,178,926 | (226,133) |
| PUBLIC WORKS | | | | | | |
| Administration | 1,208,620 | 1,208,620 | 1,098,754 | 1,098,754 | 1,180,184 | 81,430 |
| Streets | 946,127 | 946,127 | 860,115 | 860,115 | 745,563 | (114,552) |
| Sewers | 1,079,928 | 1,079,928 | 981,753 | 981,753 | 885,720 | (96,033) |
| Forestry | 934,814 | 934,814 | 849,831 | 849,831 | 695,386 | (154,445) |
| Buildings | 150,139 | 150,139 | 136,490 | 136,490 | 128,380 | (8,110) |
| Street lighting | 103,070 | 103,070 | 93,700 | 93,700 | 95,090 | 1,390 |
| Parking and traffic control | 81,895 | 81,895 | 74,450 | 74,450 | 62,721 | (11,729) |
| Municipal garage | 336,425 | 338,525 | 305,832 | 305,832 | 288,893 | (16,939) |
| Community development | 484,970 | 484,970 | 440,882 | 440,882 | 436,325 | (4,557) |
| Total public works | 5,325,988 | 5,328,088 | 4,841,807 | 4,841,807 | 4,518,262 | (323,545) |
| CAPITAL OUTLAY | | | | | | |
| Administration and finance | 152,240 | 152,240 | 138,400 | 138,400 | 42,411 | (95,989) |
| Public safety/capital reserve | 135,300 | 135,300 | 123,000 | 123,000 | 84,300 | (38,700) |
| Public works | 209,550 | 207,450 | 190,500 | 190,500 | 105,346 | (85,154) |
| Total capital outlay | 497,090 | 494,990 | 451,900 | 451,900 | 232,057 | (219,843) |
| TOTAL EXPENDITURES | 17,673,167 | 17,683,263 | 16,066,515 | 16,066,515 | 15,122,847 | (943,668) |

VILLAGE OF GLENCOE, ILLINOIS

General Obligation Bonds - Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Original and Final | Actual | Budget Variance Over (Under) |
|-----------------------------------|--------------------|--------------------|-----------------------|----------------|---------------------------------------|
| | Original | Final | Budget | | |
| REVENUES | | | | | |
| Property taxes | \$ - | - | 1,564,196 | 1,602,382 | 38,186 |
| Interest | - | - | 1,312 | 1,513 | 201 |
| Total revenues | - | - | 1,565,508 | 1,603,895 | 38,387 |
| EXPENDITURES | | | | | |
| Debt service | | | | | |
| Principal retirement | 1,722,854 | 1,722,854 | 1,265,000 | 1,265,000 | - |
| Interest and fiscal charges | - | - | 301,231 | 318,777 | 17,546 |
| Total expenditures | 1,722,854 | 1,722,854 | 1,566,231 | 1,583,777 | 17,546 |
| NET CHANGE IN FUND BALANCE | <u>(1,722,854)</u> | <u>(1,722,854)</u> | <u>(723)</u> | 20,118 | <u>20,841</u> |
| FUND BALANCE - BEGINNING | | | | <u>117,743</u> | |
| FUND BALANCE - ENDING | | | | <u>137,861</u> | |

VILLAGE OF GLENCOE, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Budget | | Actual | Budget Variance Over (Under) |
|--|-----------------|------------------|-----------------|------------------|------------------|---------------------------------------|
| | Original | Final | Original | Final | | |
| REVENUES | | | | | | |
| Interest | \$ - | - | - | - | 18,996 | 18,996 |
| EXPENDITURES | | | | | | |
| Administration and finance | - | - | - | - | 10,258 | 10,258 |
| Capital outlay | 78,670 | 834,214 | 71,518 | 758,376 | 635,133 | (123,243) |
| Total expenditures | 78,670 | 834,214 | 71,518 | 758,376 | 645,391 | (112,985) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | | |
| | (78,670) | (834,214) | (71,518) | (758,376) | (626,395) | 131,981 |
| OTHER FINANCING SOURCES | | | | | | |
| Debt Issuance | - | - | - | - | 5,000,000 | 5,000,000 |
| NET CHANGE IN FUND BALANCE | <u>(78,670)</u> | <u>(834,214)</u> | <u>(71,518)</u> | <u>(758,376)</u> | 4,373,605 | <u>5,131,981</u> |
| FUND BALANCE - BEGINNING | | | | | <u>57,569</u> | |
| FUND BALANCE - ENDING | | | | | <u>4,431,174</u> | |

VILLAGE OF GLENCOE, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

February 29, 2016

| | <u>Special Revenue</u> | | |
|--|------------------------|-----------------|----------------|
| | <u>Motor Fuel</u> | <u>Enhanced</u> | |
| | <u>Tax</u> | <u>System</u> | <u>Totals</u> |
| ASSETS | | | |
| Cash and investments | \$ 459,117 | 232,879 | 691,996 |
| Receivables - net of allowances | | | |
| Other | 19,164 | - | 19,164 |
| TOTAL ASSETS | 478,281 | 232,879 | 711,160 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 61,134 | 31,470 | 92,604 |
| FUND BALANCES | | | |
| Restricted | 417,147 | 201,409 | 618,556 |
| TOTAL LIABILITIES AND FUND BALANCES | 478,281 | 232,879 | 711,160 |

VILLAGE OF GLENCOE, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended February 29, 2016**

| | Special Revenue | | |
|-----------------------------|-----------------|----------|-----------|
| | Motor Fuel | Enhanced | |
| | Tax | System | Totals |
| REVENUES | | | |
| Other taxes | \$ - | 123,719 | 123,719 |
| Intergovernmental | 215,118 | - | 215,118 |
| Interest | 872 | 418 | 1,290 |
| Total revenues | 215,990 | 124,137 | 340,127 |
| EXPENDITURES | | | |
| Public safety | - | 59,435 | 59,435 |
| Public works | 51,082 | - | 51,082 |
| Capital outlay | 353,692 | 77,171 | 430,863 |
| Total expenditures | 404,774 | 136,606 | 541,380 |
| NET CHANGE IN FUND BALANCES | (188,784) | (12,469) | (201,253) |
| FUND BALANCES - BEGINNING | 605,931 | 213,878 | 819,809 |
| FUND BALANCES - ENDING | 417,147 | 201,409 | 618,556 |

VILLAGE OF GLENCOE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Original and Final Budget | Actual | Budget Variance Over (Under) |
|-----------------------------------|------------------|------------------|---------------------------------|------------------|---------------------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| Allotments | \$ - | - | 207,170 | 215,118 | 7,948 |
| Interest | - | - | 400 | 872 | 472 |
| Total revenues | - | - | 207,570 | 215,990 | 8,420 |
| EXPENDITURES | | | | | |
| Public works | | | | | |
| Street maintenance | 86,261 | 86,261 | 78,419 | 51,082 | (27,337) |
| Capital outlay | 396,000 | 396,000 | 360,000 | 353,692 | (6,308) |
| Total expenditures | 482,261 | 482,261 | 438,419 | 404,774 | (33,645) |
| NET CHANGE IN FUND BALANCE | (482,261) | (482,261) | (230,849) | (188,784) | 42,065 |
| FUND BALANCE - BEGINNING | | | | 605,931 | |
| FUND BALANCE - ENDING | | | | 417,147 | |

VILLAGE OF GLENCOE, ILLINOIS

Enhanced 911 System - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Original and Final Budget | Actual | Budget Variance Over (Under) |
|-----------------------------------|------------------|------------------|---------------------------------|----------------|---------------------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Other taxes | | | | | |
| Telephone surcharge | \$ - | - | 145,168 | 123,719 | (21,449) |
| Interest | - | - | 700 | 418 | (282) |
| Total revenues | - | - | 145,868 | 124,137 | (21,731) |
| EXPENDITURES | | | | | |
| Public safety | 220,880 | 220,880 | 200,800 | 59,435 | (141,365) |
| Capital outlay | 107,800 | 107,800 | 98,000 | 77,171 | (20,829) |
| Total expenditures | 328,680 | 328,680 | 298,800 | 136,606 | (162,194) |
| NET CHANGE IN FUND BALANCE | <u>(328,680)</u> | <u>(328,680)</u> | <u>(152,932)</u> | (12,469) | <u>140,463</u> |
| FUND BALANCE - BEGINNING | | | | <u>213,878</u> | |
| FUND BALANCE - ENDING | | | | <u>201,409</u> | |

VILLAGE OF GLENCOE, ILLINOIS

Water - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Original and Final | Actual | Budget Variance Over Under) |
|---|--------------------|--------------------|-----------------------|------------------|--------------------------------------|
| | Original | Final | Budget | | (Under) |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ - | - | 2,125,254 | 1,858,076 | (267,178) |
| Miscellaneous | - | - | 78,542 | 93,760 | 15,218 |
| Total operating revenues | - | - | 2,203,796 | 1,951,836 | (251,960) |
| OPERATING EXPENSES | | | | | |
| Operations | | | | | |
| Water production | 1,288,825 | 1,288,825 | 1,102,659 | 1,076,345 | (26,314) |
| Water distribution | 1,140,338 | 1,140,338 | 1,036,671 | 882,834 | (153,837) |
| Total operations | 2,429,163 | 2,429,163 | 2,139,330 | 1,959,179 | (180,151) |
| Less: capital assets capitalized | (266,200) | (266,200) | - | - | - |
| | 2,162,963 | 2,162,963 | 2,139,330 | 1,959,179 | (180,151) |
| Depreciation | - | - | 69,000 | 108,417 | 39,417 |
| Total operating expenses | 2,162,963 | 2,162,963 | 2,208,330 | 2,067,596 | (140,734) |
| OPERATING INCOME (LOSS) | (2,162,963) | (2,162,963) | (4,534) | (115,760) | (111,226) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | - | - | 2,850 | 2,947 | 97 |
| Interest expense | - | - | - | (34,074) | (34,074) |
| | - | - | 2,850 | (31,127) | (33,977) |
| CHANGE IN NET POSITION | (2,162,963) | (2,162,963) | (1,684) | (146,887) | (145,203) |
| NET POSITION - BEGINNING AS RESTATED | | | | 3,790,435 | |
| NET POSITION - ENDING | | | | 3,643,548 | |

VILLAGE OF GLENCOE, ILLINOIS

Glencoe Golf Club - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Original and Final Budget | Actual | Budget Variance Over (Under) |
|---|----------------|-------|---------------------------------|-----------|---------------------------------------|
| | Original | Final | | | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ - | - | 1,593,928 | 1,717,282 | 123,354 |
| Miscellaneous | - | - | - | 15,333 | 15,333 |
| Total operating revenues | - | - | 1,593,928 | 1,732,615 | 138,687 |
| OPERATING EXPENSES | | | | | |
| Operations | - | - | 2,379,067 | 1,757,795 | (621,272) |
| Less: capital assets capitalized | - | - | (171,600) | (250,904) | (79,304) |
| Total operations | - | - | 2,207,467 | 1,506,891 | (700,576) |
| Depreciation | - | - | 105,000 | 127,149 | 22,149 |
| Total operating expenses | - | - | 2,312,467 | 1,634,040 | (678,427) |
| OPERATING INCOME (LOSS) | - | - | (718,539) | 98,575 | 817,114 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Disposal of capital assets | - | - | - | (4,000) | (4,000) |
| Interest income | - | - | 1,610 | 3,413 | 1,803 |
| | - | - | 1,610 | (587) | (2,197) |
| CHANGE IN NET POSITION | - | - | (716,929) | 97,988 | 814,917 |
| NET POSITION - BEGINNING AS RESTATED | | | | 1,188,388 | |
| NET POSITION - ENDING | | | | 1,286,376 | |

VILLAGE OF GLENCOE, ILLINOIS

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
February 29, 2016**

| | Police Pension | Firefighters' Pension | Totals |
|---|-------------------|--------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,749,544 | 2,228 | 1,751,772 |
| Investments | | | |
| U.S. government and agency obligations | 4,210,815 | - | 4,210,815 |
| Local government obligations | 479,911 | - | 479,911 |
| Corporate bonds | 4,899,848 | - | 4,899,848 |
| Mutual funds | 12,878,557 | - | 12,878,557 |
| Common Stock | 6,080,282 | - | 6,080,282 |
| Receivables | | | |
| Accrued interest | 74,553 | - | 74,553 |
| Other | 5,449 | - | 5,449 |
| <hr/> | | | |
| Total assets | 30,378,959 | 2,228 | 30,381,187 |
| LIABILITIES | | | |
| Due to other funds | 211,174 | 1,461 | 212,635 |
| <hr/> | | | |
| NET POSITION RESTRICTED FOR PENSIONS | 30,167,785 | 767 | 30,168,552 |

VILLAGE OF GLENCOE, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended February 29, 2016**

| | Police Pension | Firefighters' Pension | Totals |
|---|--------------------------|--------------------------|--------------------------|
| ADDITIONS | | | |
| Contributions - employer | \$ 1,562,863 | 60,207 | 1,623,070 |
| Contributions - plan members | 340,092 | - | 340,092 |
| Total contributions | <u>1,902,955</u> | <u>60,207</u> | <u>1,963,162</u> |
| Investment income | | | |
| Interest earned | 1,073,414 | 39 | 1,073,453 |
| Net change in fair value | (2,756,043) | - | (2,756,043) |
| | <u>(1,682,629)</u> | <u>39</u> | <u>(1,682,590)</u> |
| Less investment expenses | (76,251) | - | (76,251) |
| Net investment income | <u>(1,758,880)</u> | <u>39</u> | <u>(1,758,841)</u> |
| Total additions | <u>144,075</u> | <u>60,246</u> | <u>204,321</u> |
| DEDUCTIONS | | | |
| Pensions and refunds | 2,069,518 | 64,436 | 2,133,954 |
| Miscellaneous | | | |
| Contractual professional services | 21,629 | (282) | 21,347 |
| Total deductions | <u>2,091,147</u> | <u>64,154</u> | <u>2,155,301</u> |
| CHANGE IN FIDUCIARY NET POSITIN | (1,947,072) | (3,908) | (1,950,980) |
| NET POSITION RESTRICTED FOR PENSIONS | | | |
| BEGINNING | <u>32,114,857</u> | <u>4,675</u> | <u>32,119,532</u> |
| ENDING | <u><u>30,167,785</u></u> | <u><u>767</u></u> | <u><u>30,168,552</u></u> |

VILLAGE OF GLENCOE, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended February 29, 2016**

| | Appropriations | | Original and Final Budget | Actual | Budget Variance Over (Under) |
|---|--------------------|--------------------|---------------------------------|--------------------|---------------------------------------|
| | Original | Final | | | |
| ADDITIONS | | | | | |
| Contributions - employer | \$ - | - | 1,562,863 | 1,562,863 | - |
| Contributions - plan members | - | - | 343,000 | 340,092 | (2,908) |
| Contributions - other | - | - | 6,000 | - | (6,000) |
| Total contributions | - | - | 1,911,863 | 1,902,955 | (8,908) |
| Investment income | | | | | |
| Interest earned | - | - | 1,008,000 | 1,073,414 | 65,414 |
| Net change in fair value | - | - | - | (2,756,043) | (2,756,043) |
| | - | - | 1,008,000 | (1,682,629) | (2,690,629) |
| Less investment expenses | - | - | - | (76,251) | (76,251) |
| Net investment income | - | - | 1,008,000 | (1,758,880) | (2,766,880) |
| Total additions | - | - | 2,919,863 | 144,075 | (2,775,788) |
| DEDUCTIONS | | | | | |
| Pensions and refunds | 2,277,619 | 2,277,619 | 1,980,143 | 2,069,518 | 89,375 |
| Miscellaneous | | | | | |
| Contractual professional services | - | - | 90,420 | 21,629 | (68,791) |
| Total deductions | 2,277,619 | 2,277,619 | 2,070,563 | 2,091,147 | 20,584 |
| CHANGE IN FIDUCIARY NET POSITION | | | | | |
| | <u>(2,277,619)</u> | <u>(2,277,619)</u> | <u>849,300</u> | <u>(1,947,072)</u> | <u>(2,796,372)</u> |
| NET POSITION RESTRICTED FOR PENSIONS | | | | | |
| BEGINNING | | | | <u>32,114,857</u> | |
| ENDING | | | | <u>30,167,785</u> | |

VILLAGE OF GLENCOE, ILLINOIS

Firefighters' Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended February 29, 2016

| | Appropriations | | Original and Final Budget | Actual | Budget Variance Over (Under) |
|---|------------------|------------------|---------------------------------|-------------------|---------------------------------------|
| | Original | Final | | | |
| ADDITIONS | | | | | |
| Contributions - employer | \$ - | - | 93,876 | 60,207 | (33,669) |
| Contributions - other | - | - | 2,375 | - | (2,375) |
| | - | - | 96,251 | 60,207 | (36,044) |
| Investment income | | | | | |
| Interest earned | - | - | - | 39 | 39 |
| Net change in fair value | - | - | - | - | - |
| | - | - | - | 39 | 39 |
| Less investment expenses | | | | | |
| Net investment income | - | - | - | 39 | 39 |
| | - | - | - | 39 | 39 |
| Total additions | - | - | 96,251 | 60,246 | (36,005) |
| DEDUCTIONS | | | | | |
| Pensions and refunds | 104,091 | 104,091 | 93,876 | 64,436 | (29,440) |
| Miscellaneous | | | | | |
| Contractual professional services | - | - | 752 | (282) | (1,034) |
| Total deductions | 104,091 | 104,091 | 94,628 | 64,154 | (30,474) |
| CHANGE IN FIDUCIARY NET POSITION | | | | | |
| | <u>(104,091)</u> | <u>(104,091)</u> | <u>1,623</u> | <u>(3,908)</u> | <u>(5,531)</u> |
| NET POSITION RESTRICTED FOR PENSIONS | | | | | |
| BEGINNING | | | | <u>4,675</u> | |
| ENDING | | | | <u><u>767</u></u> | |

SUPPLEMENTAL SCHEDULES

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

**Promissory Note Payable of 1999 - Library Discretely Presented Component Unit
February 29, 2016**

| | |
|--------------------------|----------------------------|
| Date of Issue | June 25, 1999 |
| Date of Maturity | May 31, 2021 |
| Principal Amount | \$600,000 |
| Interest Rate | 4.40% |
| Monthly Installment Date | Last Day of Month |
| Maturity Date | May 31, 2021 |
| Payable to | North Shore Community Bank |

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

| Fiscal Year | Requirements | | |
|----------------|--------------|----------|---------|
| | Principal | Interest | Totals |
| 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 | 1,549 | 46,604 |
| 2022 | 5,995 | 47 | 6,042 |
| Totals | 211,286 | 27,772 | 239,058 |

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2009

February 29, 2016

| | |
|-------------------------|-------------------------|
| Date of Issue | January 15, 2009 |
| Date of Maturity | December 15, 2018 |
| Authorized Issue | \$7,400,000 |
| Denomination of Bonds | \$5,000 |
| Interest Rates | 2.00% - 2.70% |
| Interest Dates | June 15 and December 15 |
| Principal Maturity Date | December 15 |
| Payable at | Bank of New York Mellon |

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Requirements | | | Interest Due on | | | |
|---------------------|------------------|----------------|------------------|-----------------|---------------|---------|---------------|
| | Principal | Interest | Totals | Jun. 15 | Amount | Dec. 15 | Amount |
| 2015 | \$ 1,090,000 | 84,894 | 1,174,894 | 2016 | 42,447 | 2016 | 42,447 |
| 2016 | 1,135,000 | 60,370 | 1,195,370 | 2017 | 30,185 | 2017 | 30,185 |
| 2017 | 1,185,000 | 31,994 | 1,216,994 | 2018 | 15,997 | 2018 | 15,997 |
| Totals | <u>3,410,000</u> | <u>177,258</u> | <u>3,587,258</u> | | <u>88,629</u> | | <u>88,629</u> |

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2012A
February 29, 2016**

| | |
|-------------------------|-------------------------|
| Date of Issue | November 15, 2012 |
| Date of Maturity | December 15, 2027 |
| Authorized Issue | \$8,550,000 |
| Denomination of Bonds | \$5,000 |
| Interest Rates | 2.00% - 2.50% |
| Interest Dates | June 15 and December 15 |
| Principal Maturity Date | December 15 |
| Payable at | Bank of New York Mellon |

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Requirements | | | Interest Due on | | | |
|---------------------|------------------|------------------|-------------------|-----------------|----------------|---------|----------------|
| | Principal | Interest | Totals | Jun. 15 | Amount | Dec. 15 | Amount |
| 2015 | \$ - | 185,000 | 185,000 | 2016 | 92,500 | 2016 | 92,500 |
| 2016 | - | 185,000 | 185,000 | 2017 | 92,500 | 2017 | 92,500 |
| 2017 | - | 185,000 | 185,000 | 2018 | 92,500 | 2018 | 92,500 |
| 2018 | 860,000 | 185,000 | 1,045,000 | 2019 | 92,500 | 2019 | 92,500 |
| 2019 | 880,000 | 167,800 | 1,047,800 | 2020 | 83,900 | 2020 | 83,900 |
| 2020 | 900,000 | 150,200 | 1,050,200 | 2021 | 75,100 | 2021 | 75,100 |
| 2021 | 920,000 | 132,200 | 1,052,200 | 2022 | 66,100 | 2022 | 66,100 |
| 2022 | 945,000 | 113,800 | 1,058,800 | 2023 | 56,900 | 2023 | 56,900 |
| 2023 | 970,000 | 93,718 | 1,063,718 | 2024 | 46,859 | 2024 | 46,859 |
| 2024 | 995,000 | 73,106 | 1,068,106 | 2025 | 36,553 | 2025 | 36,553 |
| 2025 | 1,025,000 | 50,719 | 1,075,719 | 2026 | 25,360 | 2026 | 25,359 |
| 2026 | 1,055,000 | 26,376 | 1,081,376 | 2027 | 13,188 | 2027 | 13,188 |
| Totals | <u>8,550,000</u> | <u>1,547,919</u> | <u>10,097,919</u> | | <u>773,960</u> | | <u>773,959</u> |

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2015A
February 29, 2016**

| | |
|-------------------------|---|
| Date of Issue | July 30, 2015 |
| Date of Maturity | December 15, 2034 |
| Authorized Issue | \$5,000,000 |
| Denomination of Bonds | \$5,000 |
| Interest Rates | 3.00% - 3.50% |
| Interest Dates | June 15 and December 15 |
| Principal Maturity Date | December 15 |
| Payable at | Zions First National Bank, Salt Lake City |

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Requirements | | | Interest Due on | | | |
|---------------------|------------------|------------------|------------------|-----------------|------------------|---------|------------------|
| | Principal | Interest | Totals | Jun. 15 | Amount | Dec. 15 | Amount |
| 2015 | \$ - | 218,213 | 218,213 | 2016 | 138,863 | 2016 | 79,350 |
| 2016 | - | 158,700 | 158,700 | 2017 | 79,350 | 2017 | 79,350 |
| 2017 | - | 158,700 | 158,700 | 2018 | 79,350 | 2018 | 79,350 |
| 2018 | - | 158,700 | 158,700 | 2019 | 79,350 | 2019 | 79,350 |
| 2019 | - | 158,700 | 158,700 | 2020 | 79,350 | 2020 | 79,350 |
| 2020 | - | 158,700 | 158,700 | 2021 | 79,350 | 2021 | 79,350 |
| 2021 | - | 158,700 | 158,700 | 2022 | 79,350 | 2022 | 79,350 |
| 2022 | - | 158,700 | 158,700 | 2023 | 79,350 | 2023 | 79,350 |
| 2023 | - | 158,700 | 158,700 | 2024 | 79,350 | 2024 | 79,350 |
| 2024 | - | 158,700 | 158,700 | 2025 | 79,350 | 2025 | 79,350 |
| 2025 | - | 158,700 | 158,700 | 2026 | 79,350 | 2026 | 79,350 |
| 2026 | 425,000 | 158,700 | 583,700 | 2027 | 79,350 | 2027 | 79,350 |
| 2027 | 595,000 | 145,950 | 740,950 | 2028 | 72,975 | 2028 | 72,975 |
| 2028 | 615,000 | 128,100 | 743,100 | 2029 | 64,050 | 2029 | 64,050 |
| 2029 | 635,000 | 109,650 | 744,650 | 2030 | 54,825 | 2030 | 54,825 |
| 2030 | 655,000 | 90,600 | 745,600 | 2031 | 45,300 | 2031 | 45,300 |
| 2031 | 670,000 | 70,950 | 740,950 | 2032 | 35,475 | 2032 | 35,475 |
| 2032 | 690,000 | 49,175 | 739,175 | 2033 | 24,588 | 2033 | 24,587 |
| 2033 | 715,000 | 25,025 | 740,025 | 2034 | 12,513 | 2034 | 12,512 |
| Totals | <u>5,000,000</u> | <u>2,583,363</u> | <u>7,583,363</u> | | <u>1,321,439</u> | | <u>1,261,924</u> |

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2011

February 29, 2016

| | |
|-------------------------|--|
| Date of Issue | September 29, 2011 |
| Date of Maturity | November 1, 2032 |
| Authorized Issue | \$3,014,233 |
| Interest Rate | 1.25% |
| Interest Dates | May 1 and November 1 |
| Principal Maturity Date | November 1 |
| Payable at | Illinois Environmental Protection Agency |

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

| Fiscal Year | Requirements | | | Interest Due on | | | |
|----------------|------------------|----------------|------------------|-----------------|----------------|--------|----------------|
| | Principal | Interest | Totals | May 1 | Amount | Nov. 1 | Amount |
| 2017 | \$ 141,758 | 32,902 | 174,660 | 2016 | 16,672 | 2016 | 16,230 |
| 2018 | 143,535 | 31,124 | 174,659 | 2017 | 15,786 | 2017 | 15,338 |
| 2019 | 145,335 | 29,325 | 174,660 | 2018 | 14,889 | 2018 | 14,436 |
| 2020 | 147,158 | 27,502 | 174,660 | 2019 | 13,980 | 2019 | 13,522 |
| 2021 | 149,003 | 25,657 | 174,660 | 2020 | 13,061 | 2020 | 12,596 |
| 2022 | 150,871 | 23,788 | 174,659 | 2021 | 12,129 | 2021 | 11,659 |
| 2023 | 152,763 | 21,896 | 174,659 | 2022 | 11,186 | 2022 | 10,710 |
| 2024 | 154,679 | 19,982 | 174,661 | 2023 | 10,232 | 2023 | 9,750 |
| 2025 | 156,618 | 18,042 | 174,660 | 2024 | 9,265 | 2024 | 8,777 |
| 2026 | 158,582 | 16,078 | 174,660 | 2025 | 8,286 | 2025 | 7,792 |
| 2027 | 160,570 | 14,090 | 174,660 | 2026 | 7,295 | 2026 | 6,795 |
| 2028 | 162,584 | 12,076 | 174,660 | 2027 | 6,291 | 2027 | 5,785 |
| 2029 | 164,623 | 10,037 | 174,660 | 2028 | 5,275 | 2028 | 4,762 |
| 2030 | 166,687 | 7,973 | 174,660 | 2029 | 4,246 | 2029 | 3,727 |
| 2031 | 168,776 | 5,883 | 174,659 | 2030 | 3,204 | 2030 | 2,679 |
| 2032 | 170,893 | 3,767 | 174,660 | 2031 | 2,150 | 2031 | 1,617 |
| 2033 | 173,036 | 1,623 | 174,659 | 2032 | 1,081 | 2032 | 542 |
| Totals | <u>2,667,471</u> | <u>301,745</u> | <u>2,969,216</u> | | <u>155,028</u> | | <u>146,717</u> |

STATISTICAL SECTION

(Unaudited)

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

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF GLENCOE, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

| | 2007 | 2008 | 2009 |
|--|-------------------|-------------------|-------------------|
| GOVERNMENTAL ACTIVITIES | | | |
| Net invested in capital assets | \$ 60,467,319 | 66,372,675 | 68,481,254 |
| Restricted | 1,893,544 | 503,862 | 518,814 |
| Unrestricted | 1,712,589 | 2,041,779 | 2,423,358 |
| TOTAL GOVERNMENTAL ACTIVITIES NET POSITION | 64,073,452 | 68,918,316 | 71,423,426 |
| BUSINESS-TYPE ACTIVITIES | | | |
| Net invested in capital assets | 4,831,297 | 2,692,694 | 2,996,915 |
| Unrestricted | (915,159) | (1,096,968) | (1,160,828) |
| TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION | 3,916,138 | 1,595,726 | 1,836,087 |
| PRIMARY GOVERNMENT | | | |
| Net invested in capital assets | 65,298,616 | 69,065,369 | 71,478,169 |
| Restricted | 1,893,544 | 503,862 | 518,814 |
| Unrestricted | 797,430 | 944,811 | 1,262,530 |
| TOTAL PRIMARY GOVERNMENT NET POSITION | 67,989,590 | 70,514,042 | 73,259,513 |

Data Source: Village Records

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------|------------|------------|------------|------------|------------|--------------|
| 66,567,750 | 66,206,059 | 67,972,854 | 68,335,649 | 67,541,888 | 67,499,293 | 66,981,463 |
| 654,916 | 1,316,599 | 1,205,651 | 1,027,936 | 1,276,556 | 1,326,659 | 5,834,505 |
| 3,225,221 | 3,766,260 | 3,620,966 | 4,983,358 | 6,451,177 | 6,732,384 | (21,317,177) |
| 70,447,887 | 71,288,918 | 72,799,471 | 74,346,943 | 75,269,621 | 75,558,336 | 51,498,791 |
| 3,206,293 | 3,430,650 | 3,689,431 | 3,636,236 | 3,807,766 | 3,942,874 | 4,091,214 |
| (1,119,059) | (459,698) | (229,775) | 639,562 | 1,163,707 | 1,257,293 | 838,710 |
| 2,087,234 | 2,970,952 | 3,459,656 | 4,275,798 | 4,971,473 | 5,200,167 | 4,929,924 |
| 69,774,043 | 69,636,709 | 71,662,285 | 71,971,885 | 71,349,654 | 71,442,167 | 71,072,677 |
| 654,916 | 1,316,599 | 1,205,651 | 1,027,936 | 1,276,556 | 1,326,659 | 5,834,505 |
| 2,106,162 | 3,306,562 | 3,391,191 | 5,622,920 | 7,614,884 | 7,989,677 | (20,478,467) |
| 72,535,121 | 74,259,870 | 76,259,127 | 78,622,741 | 80,241,094 | 80,758,503 | 56,428,715 |

VILLAGE OF GLENCOE, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years
February 29, 2016 (Unaudited)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| EXPENSES | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Administration and finance | \$ 2,527,874 | 3,330,243 | 3,546,692 | 2,161,110 | 2,210,625 | 2,228,867 | 2,165,875 | 2,083,351 | 2,666,665 | 2,537,542 |
| Public safety | 6,775,465 | 6,668,913 | 6,745,762 | 7,022,845 | 7,308,147 | 7,345,809 | 7,293,431 | 7,483,246 | 8,348,707 | 11,678,964 |
| Public works | 6,218,328 | 6,888,667 | 5,460,694 | 9,118,339 | 8,492,940 | 7,219,444 | 7,187,119 | 8,363,911 | 7,810,776 | 8,245,415 |
| Interest on long-term debt | 528,793 | 457,828 | 401,833 | 408,322 | 254,387 | 188,549 | 6,014 | 345,409 | 323,771 | 404,956 |
| Total governmental activities expenses | 16,050,460 | 17,345,651 | 16,154,981 | 18,710,616 | 18,266,099 | 16,982,669 | 16,652,439 | 18,275,917 | 19,149,919 | 22,866,877 |
| Business-type activities | | | | | | | | | | |
| Water | 1,623,620 | 1,708,594 | 1,786,861 | 1,784,162 | 1,589,552 | 1,767,803 | 1,938,933 | 1,764,927 | 1,947,397 | 2,101,670 |
| Glencoe golf club | 1,525,447 | 1,400,874 | 1,349,099 | 1,312,568 | 1,412,498 | 1,335,309 | 1,366,415 | 1,423,151 | 1,442,503 | 1,638,040 |
| Total business-type activities net position | 3,149,067 | 3,109,468 | 3,135,960 | 3,096,730 | 3,002,050 | 3,103,112 | 3,305,348 | 3,188,078 | 3,389,900 | 3,739,710 |
| TOTAL PRIMARY GOVERNMENT EXPENSES | 19,199,527 | 20,455,119 | 19,290,941 | 21,807,346 | 21,268,149 | 20,085,781 | 19,957,787 | 21,463,995 | 22,539,819 | 26,606,587 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Administration and finance | 363,441 | 47,456 | 47,881 | 51,286 | 62,559 | 62,044 | 69,963 | 64,446 | 68,175 | 66,665 |
| Public safety | 634,342 | 314,919 | 402,149 | 344,396 | 381,330 | 362,258 | 411,007 | 323,050 | 204,919 | 371,109 |
| Public works | 2,714,606 | 2,841,840 | 2,234,229 | 1,662,405 | 2,344,329 | 2,329,511 | 2,585,227 | 2,945,114 | 2,901,824 | 2,789,029 |
| Operating grants/contributions | 252,464 | - | - | - | - | - | - | - | - | - |
| Capital grants/contributions | 148,624 | 247,856 | 230,888 | 220,432 | 259,938 | 255,882 | 247,568 | 256,016 | 291,561 | 215,118 |
| Total governmental activities program revenues | 4,113,477 | 3,452,071 | 2,915,147 | 2,278,519 | 3,048,156 | 3,009,695 | 3,313,765 | 3,588,626 | 3,466,479 | 3,441,921 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water | 1,510,576 | 1,689,359 | 1,799,604 | 1,721,484 | 2,208,600 | 2,096,998 | 2,451,344 | 2,170,586 | 1,897,600 | 1,951,836 |
| Glencoe golf club | 1,463,804 | 1,581,936 | 1,555,899 | 1,617,380 | 1,669,949 | 1,490,998 | 1,665,073 | 1,708,226 | 1,715,524 | 1,732,615 |
| Total business-type activities program revenues | 2,974,380 | 3,271,295 | 3,355,503 | 3,338,864 | 3,878,549 | 3,587,996 | 4,116,417 | 3,878,812 | 3,613,124 | 3,684,451 |
| TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES | 7,087,857 | 6,723,366 | 6,270,650 | 5,617,383 | 6,926,705 | 6,597,691 | 7,430,182 | 7,467,438 | 7,079,603 | 7,126,372 |

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| NET (EXPENSES) REVENUES | | | | | | | | | | |
| Governmental activities | \$ (11,936,983) | (13,893,580) | (13,239,834) | (16,432,097) | (15,217,943) | (13,972,974) | (13,338,674) | (14,687,291) | (15,683,440) | (19,424,956) |
| Business-type activities | (174,687) | 161,827 | 219,543 | 242,134 | 876,499 | 484,884 | 811,069 | 690,734 | 223,224 | (55,259) |
| TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES | (12,111,670) | (13,731,753) | (13,020,291) | (16,189,963) | (14,341,444) | (13,488,090) | (12,527,605) | (13,996,557) | (15,460,216) | (19,480,215) |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property and replacement | 9,372,165 | 9,378,310 | 10,091,906 | 10,591,945 | 10,782,099 | 10,525,553 | 9,886,338 | 10,238,879 | 10,556,127 | 10,774,846 |
| Sales | 1,879,556 | 1,955,323 | 1,668,937 | 1,576,372 | 1,748,726 | 1,694,456 | 1,790,991 | 1,942,829 | 2,090,867 | 2,107,088 |
| Utility | 1,340,479 | 1,435,857 | 1,487,638 | 1,296,223 | 1,338,875 | 1,130,667 | 1,056,834 | 1,156,935 | 1,186,958 | 1,041,829 |
| Income | 727,609 | 797,387 | 810,043 | 699,419 | 690,864 | 687,752 | 783,247 | 843,471 | 690,050 | 931,426 |
| Other | 34,879 | 481,603 | 446,897 | 584,016 | 586,188 | 614,200 | 631,926 | 640,836 | 631,316 | 608,894 |
| Interest | 541,030 | 490,280 | 208,112 | 183,375 | 106,902 | 19,354 | 27,133 | 34,852 | 30,225 | 46,435 |
| Miscellaneous | 139,626 | 943,857 | 1,031,411 | 525,208 | 805,320 | 811,545 | 709,677 | 752,167 | 629,612 | 682,792 |
| Transfers - internal activity | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities | 14,035,344 | 15,482,617 | 15,744,944 | 15,456,558 | 16,058,974 | 15,483,527 | 14,886,146 | 15,609,969 | 15,972,155 | 16,193,310 |
| Business-type activities | | | | | | | | | | |
| Interest | 37,137 | 35,867 | 20,818 | 9,013 | 7,219 | 3,820 | 5,073 | 4,941 | 5,470 | 6,360 |
| Contributions | - | - | - | - | - | - | - | - | - | - |
| Transfers - internal activity | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities | 37,137 | 35,867 | 20,818 | 9,013 | 7,219 | 3,820 | 5,073 | 4,941 | 5,470 | 6,360 |
| TOTAL PRIMARY GOVERNMENT | 14,072,481 | 15,518,484 | 15,765,762 | 15,465,571 | 16,066,193 | 15,487,347 | 14,891,219 | 15,614,910 | 15,977,625 | 16,199,670 |
| CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental activities | 2,098,361 | 1,589,037 | 2,505,110 | (975,539) | 841,031 | 1,510,553 | 1,547,472 | 922,678 | 288,715 | (3,231,646) |
| Business-type activities | (137,550) | 197,694 | 240,361 | 251,147 | 883,718 | 488,704 | 816,142 | 695,675 | 228,694 | (48,899) |
| TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION | 1,960,811 | 1,786,731 | 2,745,471 | (724,392) | 1,724,749 | 1,999,257 | 2,363,614 | 1,618,353 | 517,409 | (3,280,545) |

Data Source: Village Records

VILLAGE OF GLENCOE, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

| | 2007 | 2008 | 2009 |
|---|------------------|------------------|------------------|
| GENERAL FUND | | | |
| Reserved | \$ 1,387,696 | 1,697,345 | 1,777,706 |
| Unreserved | 2,864,292 | 2,142,474 | 2,080,214 |
| Nonspendable | - | - | - |
| Restricted | - | - | - |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| TOTAL GENERAL FUND | 4,251,988 | 3,839,819 | 3,857,920 |
| ALL OTHER GOVERNMENTAL FUNDS | | | |
| Reserved | 1,933,353 | 640,460 | 7,990,698 |
| Unreserved, reported in | | | |
| Special revenue - garbage fund | 152,420 | 278,342 | 174,296 |
| Capital projects fund | - | - | - |
| Nonmajor governmental funds | - | - | - |
| Nonspendable | - | - | - |
| Restricted | - | - | - |
| Assigned | - | - | - |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | 2,085,773 | 918,802 | 8,164,994 |

Data Source: Village Records
The Village implemented GASB 54 in Fiscal Year 2012.

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1,855,477 | 1,779,760 | - | - | - | - | - |
| 2,099,722 | 2,550,922 | - | - | - | - | - |
| - | - | 1,837,960 | 1,894,428 | 1,977,544 | 2,093,137 | 2,336,803 |
| - | - | 193,917 | 86,069 | 113,878 | 129,760 | 177,857 |
| - | - | - | - | 300,000 | - | - |
| - | - | - | - | 216,250 | - | - |
| - | - | 2,213,910 | 3,055,642 | 3,130,595 | 3,173,210 | 3,985,178 |
| 3,955,199 | 4,330,682 | 4,245,787 | 5,036,139 | 5,738,267 | 5,396,107 | 6,499,838 |
| 5,340,310 | 1,413,807 | - | - | - | - | - |
| 184,847 | 229,865 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 50,038 | 56,934 | 65,170 | 79,321 | 103,151 |
| - | - | 1,053,022 | 1,013,391 | 1,231,237 | 1,259,523 | 5,794,509 |
| - | - | - | 8,740,588 | 3,762,769 | 57,569 | - |
| 5,525,157 | 1,643,672 | 1,103,060 | 9,810,913 | 5,059,176 | 1,396,413 | 5,897,660 |

VILLAGE OF GLENCOE, ILLINOIS

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

| | 2007 | 2008 | 2009 |
|--|-------------------|--------------------|-------------------|
| REVENUES | | | |
| Property taxes | \$ 9,278,894 | 9,280,168 | 9,967,799 |
| Other taxes | 4,388,782 | 4,768,312 | 4,537,622 |
| Intergovernmental | 252,464 | 247,856 | 230,888 |
| Licenses, permits and fees | 1,810,162 | 2,125,768 | 1,491,828 |
| Charges for services | 999,781 | 946,155 | 989,595 |
| Fines and forfeitures | 105,824 | 132,292 | 202,836 |
| Interest | 541,030 | 490,280 | 208,112 |
| Miscellaneous | 771,884 | 943,857 | 1,031,411 |
| Total revenues | <u>18,148,821</u> | <u>18,934,688</u> | <u>18,660,091</u> |
| EXPENDITURES | | | |
| Administration and finance | 2,504,428 | 3,067,285 | 3,493,435 |
| Public safety | 6,459,216 | 6,945,078 | 7,149,458 |
| Public works | 5,196,688 | 5,826,135 | 4,567,300 |
| Capital outlay | 1,058,519 | 2,086,233 | 1,015,403 |
| Debt service | | | |
| Principal retirement | 2,042,000 | 2,187,400 | 2,235,000 |
| Interest and fiscal charges | 473,740 | 401,697 | 335,202 |
| Total expenditures | <u>17,734,591</u> | <u>20,513,828</u> | <u>18,795,798</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>414,230</u> | <u>(1,579,140)</u> | <u>(135,707)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Debt issuance | - | - | 7,400,000 |
| Discount on debt issuance | - | - | - |
| Premium on debt issuance | - | - | - |
| Payment to escrow agent | - | - | - |
| Disposal of Capital Assets | - | - | - |
| Transfers in | - | 106,719 | - |
| Transfers out | - | (106,719) | - |
| | <u>-</u> | <u>-</u> | <u>7,400,000</u> |
| NET CHANGE IN FUND BALANCES | <u>414,230</u> | <u>(1,579,140)</u> | <u>7,264,293</u> |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | <u>15.08%</u> | <u>14.06%</u> | <u>14.63%</u> |

Data Source: Village Records

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------|-------------|------------|------------|-------------|-------------|------------|
| 10,479,497 | 10,665,204 | 10,418,008 | 9,778,820 | 10,107,261 | 10,425,125 | 10,629,811 |
| 4,009,429 | 4,227,284 | 3,962,482 | 4,103,306 | 4,443,178 | 4,632,420 | 4,584,592 |
| 220,432 | 259,938 | 255,882 | 247,568 | 256,016 | 291,561 | 215,118 |
| 1,205,211 | 1,304,857 | 1,243,485 | 1,408,675 | 1,916,490 | 1,822,569 | 1,744,673 |
| 960,919 | 1,599,683 | 1,652,127 | 1,739,002 | 1,528,571 | 1,533,460 | 1,605,698 |
| 151,006 | 137,942 | 130,339 | 185,730 | 160,060 | 73,662 | 126,112 |
| 183,376 | 106,902 | 19,354 | 27,133 | 34,852 | 30,225 | 46,435 |
| 525,208 | 805,320 | 811,545 | 709,677 | 752,167 | 629,612 | 682,792 |
| 17,735,078 | 19,107,130 | 18,493,222 | 18,199,911 | 19,198,595 | 19,438,634 | 19,635,231 |
| 2,121,416 | 2,057,316 | 2,049,311 | 2,062,403 | 2,204,087 | 2,450,222 | 2,203,860 |
| 7,306,828 | 7,593,311 | 7,638,931 | 7,636,793 | 7,968,005 | 8,168,347 | 8,238,361 |
| 5,065,840 | 5,470,308 | 5,667,860 | 5,509,611 | 5,869,950 | 5,997,179 | 5,675,240 |
| 3,078,301 | 4,848,415 | 1,707,923 | 987,709 | 5,795,923 | 5,273,103 | 1,329,015 |
| 2,230,000 | 2,325,000 | 1,805,000 | 1,140,000 | 1,185,000 | 1,225,000 | 1,265,000 |
| 313,061 | 318,782 | 249,704 | 333,128 | 348,374 | 329,706 | 318,777 |
| 20,115,446 | 22,613,132 | 19,118,729 | 17,669,644 | 23,371,339 | 23,443,557 | 19,030,253 |
| (2,380,368) | (3,506,002) | (625,507) | 530,267 | (4,172,744) | (4,004,923) | 604,978 |
| 3,890,000 | - | - | 8,550,000 | - | - | 5,000,000 |
| - | - | - | - | - | - | - |
| 148,551 | - | - | 357,350 | - | - | - |
| (4,200,741) | - | - | - | - | - | - |
| - | - | - | 60,588 | 123,135 | - | - |
| - | 345,998 | 343,267 | 450,000 | 586,182 | 437,983 | 433,369 |
| - | (345,998) | (343,267) | (450,000) | (586,182) | (437,983) | (433,369) |
| (162,190) | - | - | 8,967,938 | 123,135 | - | 5,000,000 |
| (2,542,558) | (3,506,002) | (625,507) | 9,498,205 | (4,049,609) | (4,004,923) | 5,604,978 |
| 13.23% | 13.44% | 11.57% | 8.57% | 8.08% | 8.12% | 8.61% |

VILLAGE OF GLENCOE, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years (in Thousands)
February 29, 2016 (Unaudited)**

| Tax Levy Year | Real Property | Railroad Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Estimated Actual Taxable Value |
|---------------|---------------|-------------------|------------------------------|-----------------------|--------------------------------|--------------------------------|
| 2005 | \$ 801,783 | \$ 219 | \$ 802,002 | 1.1537 | \$ 2,406,006 | 33.333% |
| 2006 | 805,287 | 218 | 805,505 | 1.1890 | 2,416,516 | 33.333% |
| 2007 | 1,109,035 | 239 | 1,109,274 | 0.9034 | 3,327,823 | 33.333% |
| 2008 | 1,159,463 | 262 | 1,159,725 | 0.9208 | 3,479,175 | 33.333% |
| 2009 | 1,238,758 | 314 | 1,239,072 | 0.8740 | 3,717,216 | 33.333% |
| 2010 | 1,046,149 | 394 | 1,046,543 | 1.0037 | 3,139,629 | 33.333% |
| 2011 | 936,968 | 418 | 937,386 | 1.0621 | 2,812,158 | 33.333% |
| 2012 | 874,715 | 473 | 875,188 | 1.1890 | 2,625,564 | 33.333% |
| 2013 | 787,132 | 584 | 787,716 | 1.3490 | 2,363,148 | 33.333% |
| 2014 | 795,985 | 610 | 796,595 | 1.3735 | 2,389,785 | 33.333% |

Data Source: Office of the County Clerk

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

VILLAGE OF GLENCOE, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
February 29, 2016 (Unaudited)**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
February 29, 2016 (Unaudited)**

| | 2005 | 2006 | 2007 |
|--|----------------------|----------------------|----------------------|
| VILLAGE DIRECT RATES | | | |
| General | 0.6391 | 0.6785 | 0.5279 |
| Bonds and interest | 0.2842 | 0.2700 | 0.2060 |
| Garbage | 0.0927 | 0.0964 | 0.0604 |
| Police pension | 0.1079 | 0.1147 | 0.0855 |
| Fire pension | - | - | 0.0023 |
| IMRF | - | - | - |
| Social security | - | - | - |
| Limited bonds | 0.0298 | 0.0294 | 0.0213 |
| Total direct rates | <u>1.1537</u> | <u>1.1890</u> | <u>0.9034</u> |
| OVERLAPPING RATES | | | |
| Public Library | 0.2050 | 0.2150 | 0.1640 |
| High School District #203 | 1.5770 | 1.6620 | 1.2990 |
| Grade School District #35 | 2.5100 | 2.6370 | 1.9970 |
| Cook County | 0.5930 | 0.5570 | 0.4990 |
| Metro Water Recl. Dist. | 0.3150 | 0.2840 | 0.2630 |
| Park District | 0.3870 | 0.5590 | 0.4200 |
| Community College #535 | 0.1580 | 0.1660 | 0.1410 |
| Other | <u>0.0663</u> | <u>0.0560</u> | <u>0.0540</u> |
| TOTAL DIRECT AND OVERLAPPING TAX RATE | <u><u>6.9650</u></u> | <u><u>7.3250</u></u> | <u><u>5.7404</u></u> |
| VILLAGE PERCENT OF TOTAL TAX RATE | <u><u>16.6%</u></u> | <u><u>16.2%</u></u> | <u><u>15.7%</u></u> |

Data Source: Office of the County Clerk

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------|--------|--------|--------|--------|--------|--------|
| 0.5362 | 0.5700 | 0.6991 | 0.7998 | 0.8885 | 1.0095 | 1.0228 |
| 0.2211 | 0.2050 | 0.1836 | 0.1245 | 0.1479 | 0.1671 | 0.1769 |
| 0.0592 | - | - | - | - | - | - |
| 0.0839 | 0.0800 | 0.0984 | 0.1125 | 0.1250 | 0.1420 | 0.1439 |
| - | - | 0.0002 | 0.0004 | 0.0005 | 0.0006 | 0.0006 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 0.0204 | 0.0190 | 0.0224 | 0.0249 | 0.0271 | 0.0298 | 0.0293 |
| 0.9208 | 0.8740 | 1.0037 | 1.0621 | 1.1890 | 1.3490 | 1.3735 |
| 0.1650 | 0.1570 | 0.1900 | 0.2170 | 0.2410 | 0.2740 | 0.2780 |
| 1.2900 | 1.2370 | 1.4740 | 1.6740 | 1.8640 | 2.1110 | 2.2680 |
| 1.9970 | 1.9010 | 2.3290 | 2.6590 | 2.9430 | 3.3380 | 3.3780 |
| 0.4660 | 0.4640 | 0.4740 | 0.5450 | 0.5940 | 0.6600 | 0.6370 |
| 0.2520 | 0.2610 | 0.2740 | 0.3200 | 0.3700 | 0.4170 | 0.4300 |
| 0.4170 | 0.3980 | 0.4840 | 0.5500 | 0.5780 | 0.6800 | 0.6770 |
| 0.1400 | 0.1400 | 0.1600 | 0.1960 | 0.2190 | 0.2560 | 0.2580 |
| 0.0420 | 0.0410 | 0.0500 | 0.0570 | 0.0630 | 0.0680 | 0.0730 |
| 5.6898 | 5.4730 | 6.4387 | 7.2801 | 8.0610 | 9.1530 | 9.3725 |
| 16.2% | 16.0% | 15.6% | 14.6% | 14.8% | 14.7% | 14.7% |

VILLAGE OF GLENCOE, ILLINOIS

**Sales Tax Revenue by Category - Last Ten Calendar Years
February 29, 2016 (Unaudited)**

| | 2006 | 2007 | 2008 |
|---------------------------------|------------------|------------------|------------------|
| Food | \$ 143,013 | 143,256 | 157,876 |
| Drinking and eating places | 43,008 | 59,340 | 49,425 |
| Apparel | 124,218 | 116,685 | 94,592 |
| Furniture and H.H. and radio | 7,772 | 9,762 | 9,623 |
| Lumber, building hardware | 900 | - | - |
| Automobile and filling stations | 1,159,324 | 1,161,425 | 1,003,135 |
| Drugs and miscellaneous retail | 234,603 | 242,877 | 201,428 |
| Agriculture and all others | 95,815 | 91,866 | 94,179 |
| Manufacturers | - | 667 | 832 |
| TOTAL | 1,808,653 | 1,825,878 | 1,611,090 |
| NUMBER OF TAXPAYERS | 370 | 378 | 334 |

Data Source: Illinois Department of Revenue

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 140,400 | 144,455 | 146,803 | 151,126 | 140,320 | 148,735 | 143,306 |
| 42,347 | 43,178 | 60,470 | 61,310 | 93,725 | 92,024 | 93,680 |
| 56,161 | 59,754 | 58,790 | 60,804 | 54,484 | 20,350 | 9,637 |
| 5,628 | 5,032 | 5,286 | 3,956 | 3,223 | 1,627 | 2,287 |
| - | - | 372 | - | 285 | - | - |
| 910,510 | 1,063,457 | 993,269 | 1,082,378 | 1,185,777 | 1,320,822 | 1,285,335 |
| 164,585 | 178,503 | 246,018 | 231,728 | 238,303 | 254,811 | 282,232 |
| 128,631 | 130,586 | 55,831 | 47,337 | 56,769 | 75,178 | 88,743 |
| 1,280 | 1,683 | 1,829 | 1,591 | 1,575 | 1,569 | 1,521 |
| 1,449,542 | 1,626,648 | 1,568,668 | 1,640,230 | 1,774,461 | 1,915,116 | 1,906,741 |
| 290 | 293 | 320 | 315 | 324 | 295 | 342 |

VILLAGE OF GLENCOE, ILLINOIS

**Sales Tax Revenue by Category as Compared to
Surrounding Communities' Sales Tax by Category**

February 29, 2016 (Unaudited)

| | Village Total | Percent of Total | Surrounding Total (1) | Percent of Total |
|---------------------------------|------------------|------------------------|--------------------------|------------------------|
| General merchandise | \$ - | 0.00% | \$ 32,089,676 | 8.97% |
| Food | 143,306 | 7.52% | 47,747,606 | 13.34% |
| Drinking and eating places | 93,680 | 4.91% | 28,167,074 | 7.87% |
| Apparel | 9,637 | 0.51% | 26,167,074 | 7.31% |
| Furniture and H.H. and radio | 2,287 | 0.12% | 24,870,747 | 6.95% |
| Lumber, building hardware | - | 0.00% | 13,416,416 | 3.75% |
| Automobile and filling stations | 1,285,335 | 67.41% | 97,120,720 | 27.14% |
| Drugs and miscellaneous retail | 282,232 | 14.80% | 49,599,427 | 13.86% |
| Agriculture and all others | 88,743 | 4.65% | 31,793,695 | 8.88% |
| Manufacturers | 1,521 | 0.08% | 6,927,181 | 1.94% |
| TOTAL | 1,906,741 | 100.00% | 357,899,616 | 100.00% |

Data Source: Illinois Department of Revenue

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

VILLAGE OF GLENCOE, ILLINOIS

**Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago
February 29, 2016 (Unaudited)**

| Taxpayer | Tax Levy Year 2014 | | | Tax Levy Year 2005 | | |
|-----------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Value |
| Individual - Real Property | \$ 4,673,276 | 1 | 0.59% | | | |
| Individual - Real Property | 3,248,331 | 2 | 0.41% | | | |
| United Investors Management | 2,833,748 | 3 | 0.36% | \$ 3,004,078 | 4 | 0.40% |
| Skokie Country Club | 2,692,940 | 4 | 0.34% | 5,509,028 | 1 | 0.74% |
| Individual - Real Property | 2,610,235 | 5 | 0.33% | | | |
| Individual - Real Property | 2,312,169 | 6 | 0.29% | | | |
| Three Waukegan Rd. LLC | 2,139,025 | 7 | 0.27% | | | |
| Individual - Real Property | 1,941,523 | 8 | 0.24% | | | |
| Glencoe One Silverstein | 1,885,880 | 9 | 0.24% | | | |
| Lakeshore Country Club | 1,882,305 | 10 | 0.24% | 4,534,561 | 2 | 0.61% |
| Silverstein Glencoe | | | | 3,026,491 | 3 | 0.41% |
| Carmax | | | | 2,262,467 | 5 | 0.30% |
| Glencoe National Bank | | | | 2,121,960 | 6 | 0.29% |
| Individual - Residence | | | | 1,821,272 | 7 | 0.24% |
| Individual - Residence | | | | 1,612,386 | 8 | 0.22% |
| Individual - Residence | | | | 1,527,506 | 9 | 0.21% |
| Individual - Residence | | | | 1,439,479 | 10 | 0.19% |
| | <u>26,219,432</u> | | <u>3.31%</u> | <u>26,859,228</u> | | <u>3.61%</u> |

Data Source: Office of the County Clerk

Note: Tax Year 2014 is the latest data available.

VILLAGE OF GLENCOE, ILLINOIS

**Property Tax Levies and Collections - Last Ten Tax Levy Years
February 29, 2016 (Unaudited)**

| Tax Levy Year | Taxes 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 |
| 2005 | \$ 9,252,813 | \$ 9,150,094 | 98.89% | \$ 24,276 | \$ 9,174,370 | 99.15% |
| 2006 | 9,577,459 | 9,266,110 | 96.75% | 57,090 | 9,323,200 | 97.35% |
| 2007 | 10,021,420 | 9,910,709 | 98.90% | 14,311 | 9,925,020 | 99.04% |
| 2008 | 10,681,063 | 10,465,186 | 97.98% | - | 10,465,186 | 97.98% |
| 2009 | 10,837,522 | 10,665,203 | 98.41% | - | 10,665,203 | 98.41% |
| 2010 | 10,503,080 | 10,418,008 | 99.19% | - | 10,418,008 | 99.19% |
| 2011 | 9,951,373 | 9,778,819 | 98.27% | - | 9,778,819 | 98.27% |
| 2012 | 10,405,124 | 10,107,262 | 97.14% | - | 10,107,262 | 97.14% |
| 2013 | 10,626,268 | 10,425,264 | 98.11% | - | 10,425,264 | 98.11% |
| 2014 | 10,945,218 | 10,629,812 | 97.12% | - | 10,629,812 | 97.12% |

Data Source: Office of the County Clerk

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

VILLAGE OF GLENCOE, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

| Fiscal Year | Governmental Activities | |
|----------------|--------------------------------|---|
| | General Obligation Bonds | Installment Contract Certificates |
| 2007 | \$ 11,837,400 | \$ - |
| 2008 | 9,650,000 | - |
| 2009 | 14,815,000 | - |
| 2010 | 12,355,000 | - |
| 2011 | 10,030,000 | - |
| 2012 | 8,225,000 | - |
| 2013 | 15,635,000 | - |
| 2014 | 14,450,000 | - |
| 2015 | 13,225,000 | - |
| 2016 | 16,960,000 | - |

Data Source: Village Records

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

| Business-Type Activities | | IEPA Loan Payable | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|--------------------------------|-----------|-------------------------|--------------------------------|--|-------------------|
| General Obligation Bonds | | | | | |
| \$ - | \$ - | | \$ 11,837,400 | 1.53% | \$ 1,350.99 |
| - | - | | 9,650,000 | 1.25% | 1,101.35 |
| - | - | | 14,815,000 | 1.92% | 1,690.82 |
| - | - | | 12,355,000 | 1.60% | 1,410.07 |
| - | - | | 10,030,000 | 1.30% | 1,149.83 |
| - | 561,675 | | 8,786,675 | 0.97% | 1,007.30 |
| - | 3,014,143 | | 18,649,143 | 2.07% | 2,137.93 |
| - | 2,945,742 | | 17,395,742 | 1.93% | 1,994.24 |
| - | 2,807,473 | | 16,032,473 | 1.78% | 1,837.95 |
| - | 2,667,471 | | 19,627,471 | 2.18% | 2,250.08 |

VILLAGE OF GLENCOE, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years February 29, 2016 (Unaudited)

| Fiscal Year | General Obligation Bonds | Less Amount Available | Total | Percentage of Total Taxable Assessed Value of Property (1) | Per Capita (2) |
|-------------|--------------------------|-----------------------|---------------|--|----------------|
| 2007 | \$ 13,879,400 | \$ 312,900 | \$ 13,566,500 | 1.69% | \$ 1,548.33 |
| 2008 | 11,837,400 | 87,809 | 11,749,591 | 1.46% | 1,340.97 |
| 2009 | 9,650,000 | 46,323 | 9,603,677 | 0.87% | 1,096.06 |
| 2010 | 14,815,000 | 19,923 | 14,795,077 | 1.28% | 1,688.55 |
| 2011 | 12,355,000 | 36,461 | 12,318,539 | 0.99% | 1,412.19 |
| 2012 | 8,225,000 | 95,795 | 8,129,205 | 0.78% | 931.93 |
| 2013 | 15,635,000 | 121,106 | 15,513,894 | 1.66% | 1,778.50 |
| 2014 | 14,450,000 | 87,752 | 14,362,248 | 1.64% | 1,646.48 |
| 2015 | 13,225,000 | 55,119 | 13,169,881 | 1.67% | 1,509.79 |
| 2016 | 16,960,000 | 23,773 | 16,936,227 | 2.13% | 1,941.56 |

Data Source: Village Records

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

(1) See the Schedule of Assessed Value and Actual Value of Taxable property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

VILLAGE OF GLENCOE, ILLINOIS

**Schedule of Direct and Overlapping Governmental Activities Debt
February 29, 2016 (Unaudited)**

| Governmental Unit | Gross Debt | Percentage to Debt Applicable to Village (1) | Village's Share of Debt |
|---|---------------|---|-------------------------------|
| Village of Glencoe | \$ 16,960,000 | 100.000% | \$ 16,960,000 |
| Overlapping Units | | | |
| County of Cook, including Forest Preserve Dist. | 3,484,771,750 | 0.621% | 21,640,433 |
| Metropolitan Water Reclamation District | 2,493,400,740 | 0.634% | 15,808,161 |
| High School District #203 | 104,109,313 | 17.226% | 17,933,870 |
| Glencoe Park District | 9,290,000 | 99.117% | 9,207,969 |
| Winnetka Park District | 6,100,000 | 1.664% | 101,504 |
| School District #35 | 15,500,000 | 100.000% | 15,500,000 |
| School District #36 | 46,433,983 | 1.981% | 919,857 |
| Sunset Ridge School District #29 | 456,692 | 1.740% | 7,946 |
| Oakton Community College #535 | 32,175,000 | 4.151% | 1,335,584 |
| | 6,192,237,478 | | 82,455,325 |
| | 6,209,197,478 | | 99,415,325 |

Data Source: Cook County Tax Extension Department

(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

**Schedule of Legal Debt Margin - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------------|-------------------|-------------------|
| Legal debt limit | \$ 80,200,173 | 80,550,540 | 110,927,434 |
| Total net debt applicable to limit | <u>11,837,400</u> | <u>9,650,000</u> | <u>14,815,000</u> |
| Legal debt margin | <u>68,362,773</u> | <u>70,900,540</u> | <u>96,112,434</u> |
| Total net debt applicable to the limit as a percentage of debt limit | <u>14.76%</u> | <u>11.98%</u> | <u>13.36%</u> |

Data Source: Village Records

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------|-------------|-------------|------------|------------|------------|------------|
| 115,972,458 | 123,907,246 | 104,654,262 | 93,696,775 | 87,518,789 | 78,771,609 | 79,659,518 |
| 12,355,000 | 10,030,000 | 8,225,000 | 15,635,000 | 14,450,000 | 13,225,000 | 16,960,000 |
| 103,617,458 | 113,877,246 | 96,429,262 | 78,061,775 | 73,068,789 | 65,546,609 | 62,699,518 |
| 10.65% | 8.09% | 7.86% | 16.69% | 16.51% | 16.79% | 21.29% |

Legal Debt Margin Calculation for Fiscal Year 2016

| | |
|--------------------------|--------------------------|
| Assessed value | \$ 796,595,180 |
| Legal debt margin | <u>10.00%</u> |
| Debt limit | 79,659,518 |
| Debt applicable to limit | |
| General obligation bonds | <u>16,960,000</u> |
| LEGAL DEBT MARGIN | <u><u>62,699,518</u></u> |

VILLAGE OF GLENCOE, ILLINOIS

**Demographic and Economic Statistics - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Unemployment Rate |
|-------------|------------|-----------------|----------------------------|-------------------|
| 2007 | 8,762 | \$ 771,572,958 | \$ 88,059 | 2.70% |
| 2008 | 8,762 | 771,572,958 | 88,059 | 2.92% |
| 2009 | 8,762 | 771,572,958 | 88,059 | 4.25% |
| 2010 | 8,762 | 771,572,958 | 88,059 | 6.50% |
| 2011 | 8,723 | 901,609,280 | 103,360 | 6.65% |
| 2012 | 8,723 | 901,609,280 | 103,360 | 5.85% |
| 2013 | 8,723 | 901,609,280 | 103,360 | 5.60% |
| 2014 | 8,723 | 901,609,280 | 103,360 | 5.00% |
| 2015 | 8,723 | 901,609,280 | 103,360 | 4.40% |
| 2016 | 8,723 | 901,609,280 | 103,360 | N/A |

N/A - Data not available at the time of this report.

Data Source: Illinois Department of Employment Security (IDES)

VILLAGE OF GLENCOE, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
February 29, 2016 (Unaudited)**

| Employer | Business | 2016 | | | 2007 | | |
|--------------------------------------|-------------------------|------|----------------|-------------------------------|------|----------------|-------------------------------|
| | | Rank | # of Employees | % of Total Village Employment | Rank | # of Employees | % of Total Village Employment |
| Glencoe Park District | Park District | 1 | 240 | 2.75% | 1 | 280 | 3.20% |
| Cook County Forest Preserve District | Chicago Botanic Garden | 2 | 244 | 2.80% | 3 | 271 | 3.09% |
| Glencoe School District #35 | Elementary School Dist. | 3 | 212 | 2.43% | 2 | 225 | 2.57% |
| Village of Glencoe | Municipal Corporation | 4 | 98 | 1.12% | 4 | 100 | 1.14% |
| Coldwell Banker | Realtor | 5 | 75 | 0.86% | 6 | 80 | 0.09% |
| AutoHaus on Edens | Auto Dealership | 6 | 71 | 0.81% | 5 | 84 | 0.96% |
| Carmax | Auto Dealership | 7 | 70 | 0.80% | 10 | 0* | N/A |
| Fields Infinity | Auto Dealership | 8 | 68 | 0.78% | 7 | 71 | 0.81% |
| Grand Foods Center | Food Store | 9 | 40 | 0.46% | 8 | 50 | 0.57% |
| Optima, Inc. | Real Estate Develop. | 10 | 52 | 0.60% | | | |
| Harris Bank - Glencoe | Bank | | | | 9 | 50 | 0.57% |

* Would not disclose employment numbers.

VILLAGE OF GLENCOE, ILLINOIS

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years
February 29, 2016 (Unaudited)**

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--------------------------------|-------------|-------------|-------------|
| GENERAL GOVERNMENT | | | |
| Village Manager | 3 | 3 | 4 |
| Finance | 5 | 5 | 5 |
| PUBLIC SAFETY | | | |
| Police | | | |
| Officers | 36 | 36 | 36 |
| Civilians | 10 | 10 | 10 |
| PUBLIC WORKS | | | |
| Administration | 12 | 12 | 12 |
| Community Development | 2 | 2 | 2 |
| Engineer | 1 | 1 | 1 |
| Mechanic | 4 | 4 | 4 |
| Maintenance Equipment Operator | 23 | 20 | 20 |
| Water Plant Operator | 4 | 4 | 4 |
| | | | |
| TOTAL | <u>100</u> | <u>97</u> | <u>98</u> |

Data Source: Fiscal Year 2015 Pay Plan

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|
| 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| 35 | 35 | 33 | 33 | 33 | 33 | 36 |
| 10 | 9 | 9 | 9 | 9 | 9 | 9 |
| 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 21 | 21 | 21 | 20 | 21 | 21 | 21 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 97 | 96 | 94 | 93 | 94 | 94 | 98 |

VILLAGE OF GLENCOE, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Calendar Years
February 29, 2016 (Unaudited)**

| | 2006 | 2007 | 2008 |
|--|-----------|-----------|-----------|
| PUBLIC SAFETY | | | |
| Police | | | |
| Physical arrests | 152 | 150 | 202 |
| Parking violations | 5,215 | 5,113 | 6,525 |
| Traffic violations | 1,589 | 1,631 | 1,453 |
| Fire | | | |
| Emergency responses | 2,281 | 2,280 | 2,320 |
| Fires extinguished | 24 | 11 | 38 |
| PUBLIC WORKS | | | |
| Street resurfacing/repairs (square feet) | 52,425 | 22,324 | 18,131 |
| WATER | | | |
| New connections | 52 | 33 | 32 |
| Water main breaks | 32 | 34 | 17 |
| Average daily consumption | 1,935,800 | 1,818,000 | 1,681,000 |

Data Source: Various Village Departments

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 174 | 197 | 324 | 228 | 171 | 144 | 260 |
| 4,235 | 4,029 | 3,697 | 5,113 | 4,571 | 2,655 | 2,572 |
| 1,975 | 1,672 | 1,286 | 1,812 | 968 | 1,866 | 2,260 |
| 2,115 | 1,931 | 2,084 | 1,955 | 1,729 | 1,326 | 1,233 |
| 13 | 11 | 31 | 17 | 6 | 6 | 5 |
| 12,810 | 15,334 | 14,568 | 15,128 | 10,088 | 6,171 | 9,928 |
| 21 | 12 | 14 | 23 | 30 | 43 | 24 |
| 29 | 21 | 29 | 40 | 24 | 21 | 29 |
| 1,458,000 | 1,554,000 | 1,522,000 | 1,760,000 | 1,818,000 | 1,616,000 | 1,616,000 |

VILLAGE OF GLENCOE, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Calendar Years
February 29, 2016 (Unaudited)**

| | 2006 | 2007 | 2008 |
|------------------------------------|-----------|-----------|-----------|
| PUBLIC SAFETY | | | |
| Police | | | |
| Stations | 1 | 1 | 1 |
| Area patrols | 2 | 2 | 2 |
| Patrol units | 8 | 8 | 8 |
| Fire | | | |
| Fire stations | 1 | 1 | 1 |
| Fire engines | 2 | 2 | 2 |
| PUBLIC WORKS | | | |
| Residential streets (miles) | 46 | 46 | 46 |
| Streetlights | 221 | 221 | 221 |
| Traffic signals | 3 | 3 | 3 |
| WATER | | | |
| Water mains (miles) | 51 | 51 | 51 |
| Fire hydrants | 460 | 460 | 460 |
| Storage capacity (gallons) | 3,150,000 | 3,150,000 | 3,150,000 |
| WASTEWATER | | | |
| Sanitary sewers (miles) | 40 | 40 | 40 |
| Storm sewers (miles) | 70 | 70 | 70 |
| Daily treatment capacity (gallons) | 8,000,000 | 8,000,000 | 8,000,000 |

Data Source: Various Village Departments

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 46 | 46 | 46 | 46 | 46 | 46 | 46 |
| 221 | 221 | 221 | 221 | 221 | 221 | 221 |
| 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 51 | 51 | 51 | 51 | 51 | 51 | 51 |
| 460 | 460 | 460 | 460 | 460 | 460 | 460 |
| 3,150,000 | 3,150,000 | 3,150,000 | 3,150,000 | 3,150,000 | 3,150,000 | 3,150,000 |
| 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 | 80,000 |

VILLAGE OF GLENCOE, ILLINOIS

**Schedule of Insurance in Force
February 29, 2016 (Unaudited)**

| Insured | Description of Coverage | Limits | Expiration Date of Policy |
|--------------------------|--|------------------------|---------------------------|
| Village of Glencoe | General liability Police professionals Employee benefits (fire/paramedic) Professional liability Abuse/molestation | \$ 10,000,000 | 12/31/16 |
| | Auto liability | 10,000,000 | 12/31/16 |
| | Uninsured/underinsured motorist | 500,000 | 12/31/16 |
| | Public officials' liability | 10,000,000 | 12/31/16 |
| | Workers' compensation | Statutory | 12/31/16 |
| | Employer's liability | 2,500,000 | 12/31/16 |
| | First party property - all risk | 250,000,000 | 12/31/16 |
| | Flood zone A | 3,500,000 | 12/31/16 |
| | Flood zone (Non-Zone A/V) | 40,000,000 | 12/31/16 |
| | Contingent business interruption (sales tax) | 5,000,000 | 12/31/16 |
| | Schedules emergency vehicles-agreed value | Scheduled | 12/31/16 |
| | Boiler/machinery | 50,000,000 | 12/31/16 |
| | Crime | Blanket per occurrence | |
| | Employee theft | 5,000,000 | 12/31/16 |
| | Forgery, alteration and counterfeit | 5,000,000 | 12/31/16 |
| | Credit card forgery | 5,000,000 | 12/31/16 |
| | Computer fraud | 5,000,000 | 12/31/16 |
| | Non-faithful performance | 2,500,000 | 12/31/16 |
| | Public officials' bonds | | |
| | Mayor/president, treasurer, clerk | Blanket | 12/31/16 |
| | Special district trustees | Statutory limits | 12/31/16 |
| Yearly Aggregates | | | |
| | Member aggregate cap (applies to general/ auto liability and public officials' liability loss fund payments only) | 6,000,000 | 12/31/16 |
| | Agency aggregate cap | 75,677,979 | 12/31/16 |

The above coverages are all provided through membership in IRMA.