

VILLAGE OF GLENCOE  
GLENCOE, ILLINOIS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

FEBRUARY 29, 2004

PREPARED BY:

FINANCE DEPARTMENT  
VILLAGE OF GLENCOE  
VILLAGE HALL  
675 VILLAGE COURT  
GLENCOE, ILLINOIS 60022



VILLAGE OF GLENCOE, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
February 29, 2004

Prepared by Finance Department

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VILLAGE OF GLENCOE, ILLINOIS

PRINCIPAL OFFICIALS

February 28, 2004

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President

Anthony J. Ruzicka

Board of Trustees

Judy Louis  
Jerry Savitt  
Robert Paley

Mitchell Lifson  
Mitchell Melamed  
Kenneth von Kluck

Clerk

David A. Clark

Village Attorney

Victor Filippini

Treasurer

David A. Clark

\* \* \* \* \*

Village Manager

Paul M. Harlow

Director of Finance

David A. Clark

Director of Public Safety

Mikel Milks

Director of Public Works

David Mau

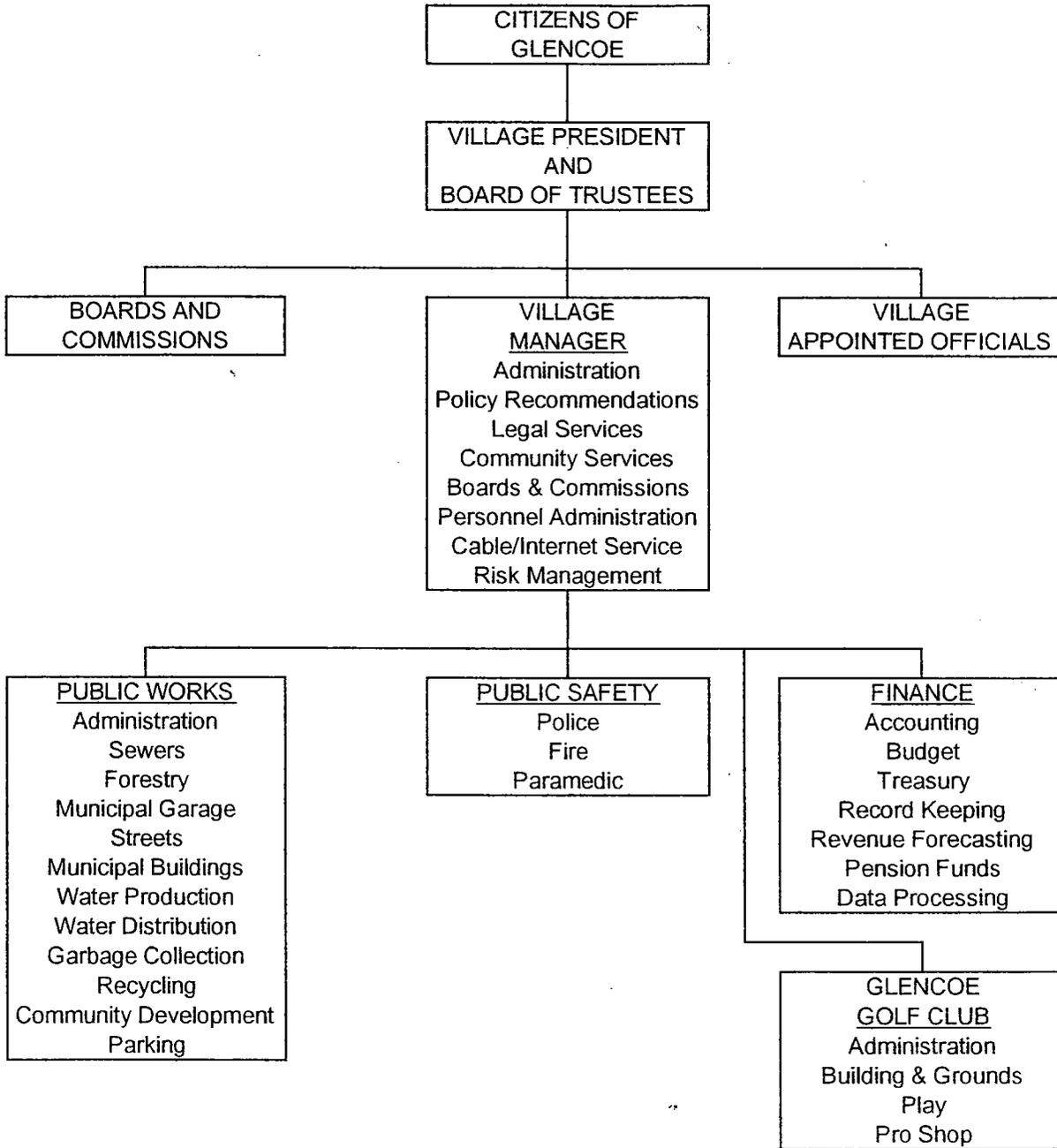
Golf Manager

Scott Miller

Library-Executive Director

Peggy Hamil

# Village of Glencoe



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Glencoe,  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
February 28, 2003

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



President

Executive Director





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

FAX 847.835.1785  
Phone 847.835.4113

August 2004

To the Residents of the Village of Glencoe:

The Comprehensive Annual Financial Report (CAFR) of the Village of Glencoe, Illinois for the fiscal year ended February 29, 2004, is hereby submitted. This report represents the first year required implementation of GASB No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – For State and Local Governments, including general fixed asset and infrastructure asset reporting.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village of Glencoe. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the government. All disclosures necessary to enable the reader to gain an understanding of the Village of Glencoe's financial activities have been included.

Since the Village received less than \$500,000 of federal funds during fiscal year ended February 29, 2004, a single audit is not required per the Single Audit Act of 1996 and U. S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Entities*.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the 2003 Certificate of Achievement, the Village's organizational chart, and a list of principal officials. The financial section provides the independent auditor's unqualified opinion of the Village's financial statements (the best opinion possible), the MD&A, the government wide financial statements, the fund financial statements (including notes to financial statements), required supplemental information, combining and individual fund financials statements and other supplemental financial information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The MD&A is prepared by staff and included as part of the audited portion of the CAFR. The MD&A provides an analytical overview of the Village's financial activity. In addition to the MD&A, the CAFR presents basic financial statements and required supplementary information. Included in the basic financial statements are the government-wide financial statements, fund financial statements and notes to the financial statements. The required supplementary information presents the budgetary comparison schedules and other schedules.

In December of 2002 the Village Board adopted its annual levy and continued the Loss in Collection Factor/New EAV policy. Unless directed otherwise, Cook County levies a loss in collection factor of 3.0% to make up for taxes levied but otherwise not received by a community. Additionally, the Village will levy including new equalized assessed valuation (EAV) created during the year. The resumption of the Loss in Collection Factor and the New EAV will result in tax revenue which will be used to reduce the Village's debt service obligation. The result will be neutral impact to the homeowners of the Village.

Fiscal Year 2005 includes the upgrade of the Village's Financial Computer System. A portion of the total cost of the new computer system will be paid for by the General Fund and the balance will be paid by the budgetary Capital Reserve Fund. The Capital Reserve Fund is reported by the CAFR as part of the General Fund.

During this year, the staff will evaluate sending utility bills via email. The budget also provides continued funding for custom programming and ongoing training of staff.

Staff will be evaluating options for connecting the network to the Golf Club. Finance staff will be working closely with staff at the Golf Club to implement the new cash receipts, inventory system and point of sale (POS) system. The department will continue to refine procedures, forms and databases for use on the network.

Support services also provides continued funding for Internet Web Site Design. The department is reviewing innovative ways to provide additional value added services for the residents of the Village at minimal budgetary cost.

The Risk Management Division provides for a portion of the 2004 IRMA contribution, certain non-specific deductibles and the Village's unemployment insurance expense.

### ***Financial Information***

Management of the Village is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls - In addition, the Village maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation ordinance adopted by the Village Board. Activities of the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annual appropriation ordinance. Annually, the Village's long range financial plan is reviewed and updated. The long-range financial plan includes the Village's capital improvement program. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established within an individual fund.

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

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

The Village's 2002 equalized assessed valuation (EAV) increased by 8.2% from 2001 with 2001 being a triennial reassessment year. The significant increase in the Village's EAV is a positive indicator of economic health in the Village in terms of growing property values.

Beginning with Tax Year 2004 (2005 Tax Bill) the Village will be subject to the Expanded Homeowners Exemption - 7.0% Assessment Cap. In addition to the 7.0% annual cap on existing EAV, the new law includes: 1) an increase in the senior homestead exemption to \$3,000; an increase in the household eligibility exemption of the senior freeze exemption from \$40,000 to \$45,000; and 3) an increase in the homestead improvement exemption from \$45,000 to \$75,000. The law was structured to be effective for one assessment cycle for each district. In 2006, the legislature will re-evaluate the law and decide whether it should expired or be renewed.

Local Economic Factors - There are several factors that impact the local finances of the Village. These factors include desirability of goods and services provided by the local business community, actions taken by the Village Board. During the fiscal year the Village continued to have a strong local business community as evidenced by local sales taxes. The business community was greatly enhanced by the addition of CarMax in February of 2004. The Village expects the third of three car dealerships to begin operation during Fiscal Year 2005.

The Village Board also took the following finance related actions during Fiscal Year 2004:

1. Approved sale of alcohol at the Glencoe Golf Club;
2. Approved a loan guaranty for the Woman's Library Club;
3. Approved use of collection agency for the collection of all unpaid bills falling within specified parameters and at the discretion of the Village Manager;
4. Awarded sale of \$4,975,000 in Series 2003 general obligation bonds issued for the purpose of refunding higher interest debt, received "AAA" rating from Standard and Poor's.
5. Adopted payment responsibility ordinance assigning responsibility of unpaid utility bills at time of property sale to new owner.
6. Adopted a resolution to not pursue or further entertain the hotel/golf course development proposal from G&R Associates.
7. Approved agreement for sharing litigation expenses regarding municipal telecommunications infrastructure maintenance fee act.
8. Authorized the acceptance of credit card payments at the resident services counter, online and through regularly mailed billing.

Pension Trust Fund Operations - The IMRF Fund ended the year with a funded ratio of 98.8% compared to 107.67% the year prior. The funded ratio is the actuarial value of plan assets divided by the actuarial accrued liability. The Police Pension Fund and Firefighter's Pension Fund are evaluated by an independent actuary on an annual basis in order to determine, among other things, the required tax levy to meet funding obligations. During Fiscal Year 2004, the independent actuary was Gabriel, Roeder, Smith and Company (GRS). The Police Pension Fund ended the year with a funded ratio of 63.75% as compared to 71.25% the year prior. The Firefighter's Pension Fund ended the year with a funded ratio of 65.70% as compared to 61.32% the year prior. Although not included in this report, the Illinois Department of Insurance also prepares funding analysis for the Police and Firefighter's Pension Fund as part of their annual reporting requirement.

Debt Administration - As of February 29, 2004 the Village of Glencoe had four general obligation debt issues outstanding applicable to the legal debt limit. With the issuance of bonds during the year, the Village attained a AAA rating from Standard & Poor's Service on general obligation bond issues. Per Village Charter, the Village's debt limit is equal to 10.0% of the Village's equalized assessed valuation. As of February 29, 2004 the Village's gross bonded debt of \$15,640,000 was well below the legal limit of \$55,326,812 and net bonded debt per capita equaled \$1,785 as compared to \$1,939 for the prior fiscal year.

Cash Management - Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the United States Treasury, and money market funds. The average yield on investments, except for the pension funds, was 1.8%. The Police Pension Fund earned a total return on its investment of 19.2% (total) for the 12 months ending February 29, 2004 (stocks represented 50.3% of the portfolio and returned 42.9% (equities), compared to 38.5% for the Standard & Poor's 500). The Fire Pension Fund earned a total return on its investments of 1.7% total (2.2% fixed) for the 12 months ending February 29, 2004 (there are no equities in this portfolio).

The Village has a comprehensive written investment policy that guides the Village along the following investment principles:

- The safety of principal is the foremost objective of this Policy. Each investment that is to be made shall seek to insure that capital losses are avoided, whether they are from securities defaults or erosion of market values.
- The Village of Glencoe's investment portfolio shall remain sufficiently liquid to pay all operating requirements that reasonably may be anticipated.
- The Village shall diversify its investments to the extent reasonably necessary to minimize risks regarding specific security types and/or individual financial institutions.
- The investment portfolio of the Village shall be designed with the objective of receiving a market rate of return consistent with risk limitations identified herein and prudent investment principles.
- To the extent otherwise consistent with this Policy, in selecting financial institutions for its deposits and investments, the Village may consider whether the financial institution is local, the institution's rating under the Community Reinvestment Act, and whether it has demonstrated support for the Village and its residents.

Risk Management - The Village of Glencoe is a member of the Intergovernmental Risk Management Agency (IRMA), which is an organization of over 70 municipalities in the six-county collar area around Chicago that have joined together to pool insurance risk, cost, and coverage. IRMA continues to examine alternate funding sources and coverages to minimize its members' funding requirements.

**Other Information**

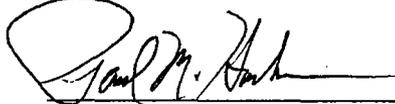
Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Sikich Gardner & Company LLP was selected. The independent auditors' reports on the general purpose financial statements are included in the financial section of this report.

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, 2003. This was the eighteenth 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.

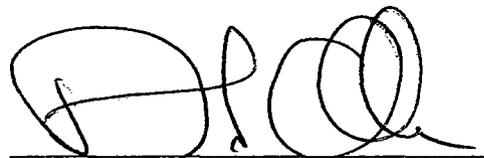
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments - 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,



Paul M. Harlow  
Village Manager



David A. Clark  
Director of Finance



**Sikich Gardner & Co, LLP**  
Accountants & Consultants

998 Corporate Boulevard  
Aurora, IL 60504

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MEMBERS OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements and the combining and individual fund financial statements of the Village of Glencoe, Illinois, as of and for the year ended February 29, 2004, as listed in the accompanying table of contents. These financial statements are the responsibility of the Village of Glencoe, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Village of Glencoe, Illinois, as of February 29, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Village of Glencoe, Illinois, as of February 29, 2004, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Village has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of March 1, 2003. This results in a change in the Village's format and content of the basic financial statements and notes to the financial statements.



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

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

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

A handwritten signature in cursive script that reads "Siskind Gardner + Co, LLP".

Aurora, Illinois  
May 28, 2004



**BASIC FINANCIAL STATEMENTS**



VILLAGE OF GLENCOE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
February 29, 2004

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, 2004. This should be used in conjunction with the transmittal letter at the front of this report and with the Village's financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

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

1. Net asset position and performance in total – The Village's total net assets at February 29, 2004 were \$64,170,350, an increase of \$966,546;
2. Governmental Activity Summary – Net assets for governmental activities increased by \$939,129 during the year;
3. Business-Type Activity Summary – Net assets for business-type activities increased by \$27,417 during the year. Net assets of the Water Fund increased \$318,801 during the year while net assets of the Glencoe Golf Club decreased \$291,384;
4. General Fund Summary – The Village's General Corporate Fund reported a decrease of \$120,097 in fund balance for the year. Actual General Fund revenue exceeded budget by \$446,488, while General Fund expenditures exceeded budget by \$82,566. All expenditures were within legal appropriation limits;
5. Garbage Fund Summary – The Village's Garbage Fund reported a decrease of \$221,243 in fund balance for the year. Actual Garbage Fund revenue exceeded budget by \$1,223, while Garbage Fund expenditures were \$11,234 less than budgeted. All expenditures were within legal appropriations.
6. New Capital – Total capital assets experienced a net accumulation of \$314,835 prior to depreciation of assets subject to depreciations. The net gain in capital assets less depreciation expense resulted in a reduction of \$514,047 in capital assets from \$73,150,752 to \$72,636,705.
7. New Debt – The Village issued \$4,975,000 in general obligation (refunding) serial bonds due in annual installments of \$75,000 to \$1,915,000 through December 1, 2010 at interest of 2.00% to 2.75% to be held in escrow to pay the debt service requirements of the general obligation, series 1997, bonds.

**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.

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

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

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

Fund financial statements focus on individual parts of the Village government, report Village operations in more detail than the government-wide financials 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

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement, for the first time, 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.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, 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.

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

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than (the previous model's) fund types.

Governmental funds are presented on a sources 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 interfund 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).

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure - roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. This new 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.

Financial Analysis of the Village as a Whole

In accordance with GASB Statement No. 34, the Village is not required to restate prior periods for the purpose of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

**GOVERNMENT-WIDE STATEMENTS**

Statement of Net Assets

The following (Table II) reflects the condensed Statement of Net Assets:

Table II  
Statement of Net Assets  
As of February 29, 2004

	<i>Governmental Activities 2004</i>	<i>Business-type Activities 2004</i>	<i>Total Primary Government 2004</i>
<i>Current and other assets</i>	\$ 14,382,544	\$ (193,260)	\$ 14,189,284
<i>Capital Assets</i>	72,636,705	4,807,612	77,444,317
<b><i>Total Assets</i></b>	<b>\$ 87,019,249</b>	<b>\$ 4,614,352</b>	<b>\$ 91,633,601</b>
<i>Non-Current</i>	\$ 17,100,228	\$ 236,558	\$ 17,336,786
<i>Other Liabilities</i>	9,824,417	302,048	10,126,465
<b><i>Total Liabilities</i></b>	<b>\$ 26,924,645</b>	<b>\$ 538,606</b>	<b>\$ 27,463,251</b>
<i>Net Assets:</i>			
<i>Invested in capital assets, net of debt</i>	\$ 57,407,371	\$ 4,677,612	\$ 62,084,983
<i>Restricted</i>	731,125	-	731,125
<i>Unrestricted</i>	1,956,108	(601,866)	1,354,242
<b><i>Total Net Assets</i></b>	<b>\$ 60,094,604</b>	<b>\$ 4,075,746</b>	<b>\$ 64,170,350</b>

For more detailed information see the Statement of Net Assets.

(See independent auditor's report)

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 Assets summary presentation.

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

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

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

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

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

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

**Current Year Impacts**

The Village's combined net assets (which is the Village's bottom line) increased slightly from \$63,203,804 to \$64,170,350, an increase of \$966,546 or 1.5% as a result of the combined governmental and business-type activities.

Net assets of the Village's governmental funds increased from \$59,155,475 to \$60,094,604, an increase of \$939,129 or 1.6% as a result of governmental activities. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, were \$1,956,108.

Net assets from Business-type activities funding water production distribution and Glencoe Golf Club operations also increased from \$4,048,329 to \$4,075,746, an increase of \$27,417 or 0.7%. The Village's unrestricted net assets for business-type activities were (\$601,866). The deficit of unrestricted net assets for business-type activities is due primarily to the advances to date of \$719,349 to the Glencoe Golf Club. Independently, the net unrestricted assets for the Water Fund were \$266,860, while the Glencoe Golf Club unrestricted net assets were (\$868,726).

Major financial activity during the year included the issuance of \$4,975,000 in general obligation (refunding) serial bonds due in annual installments of \$75,000 to \$1,915,000 through December 1, 2010 at interest of 2.00% to 2.75% to be held in escrow to pay the debt service requirements of the series 1997 general obligation bonds.

(See independent auditor's report)

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.

Table III  
Changes in Net Assets  
For the Fiscal Year Ended February 29, 2004

	<i>Governmental Activities 2004</i>	<i>Business-type Activities 2004</i>	<i>Total Primary Government 2004</i>
<b>REVENUES</b>			
Program Revenues			
Charges for Service	3,078,977	2,778,679	5,857,656
Operating Grants and Contributions	276,813	-	276,813
Capital Grants and Contributions	141,592	-	141,592
<b>Total Program Revenue</b>	<b>3,497,382</b>	<b>2,778,679</b>	<b>6,276,061</b>
General Revenues			
Property and Replacement Taxes	8,070,995	-	8,070,995
Sales Tax	1,198,586	-	1,198,586
Utility Tax	1,259,825	-	1,259,825
Income Tax	535,039	-	535,039
Other	642,721	135,489	778,210
<b>Total General Revenue</b>	<b>11,707,166</b>	<b>135,489</b>	<b>11,842,655</b>
<b>Total Revenue</b>	<b>15,204,548</b>	<b>2,914,168</b>	<b>18,118,716</b>
<b>EXPENSES</b>			
Administration & Finance	2,409,069	-	2,409,069
Public Safety	5,850,900	-	5,850,900
Public Works	5,439,224	-	5,439,224
Debt Service Interest	566,226	-	566,226
Water	-	1,342,428	1,342,428
Glencoe Golf Club	-	1,544,323	1,544,323
<b>Total Expenses</b>	<b>14,265,419</b>	<b>2,886,751</b>	<b>17,152,170</b>
<b>Change in Net Assets</b>	<b>939,129</b>	<b>27,417</b>	<b>966,546</b>

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

**Normal Impacts – Changes in Net Assets**

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

Revenues:

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

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

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

**Market Impacts on Investment Income** - the Village's investment portfolio is managed using a shorter maturity than many governments, which may result in lower interest income due to the market stability of shorter-term options.

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 to strives to maintain a competitive salary range position in the marketplace.

**Inflation** - while overall inflation appears to be reasonably modest (CPI was 1.88% as of December 31, 2003) the Village is a major consumer of certain services and commodities such as supplies, fuels and parts. Some functions may experience unusual commodity specific increases. An example is health insurance, the family coverage premium rate for health insurance increased from \$1,079.32 to \$1,241.22 on January 1, 2004, a \$161.90 increase or 15.0%.

(See independent auditor's report)

VILLAGE OF GLENCOE  
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

**Current Year Impacts**

**Governmental Activities**

Revenue:

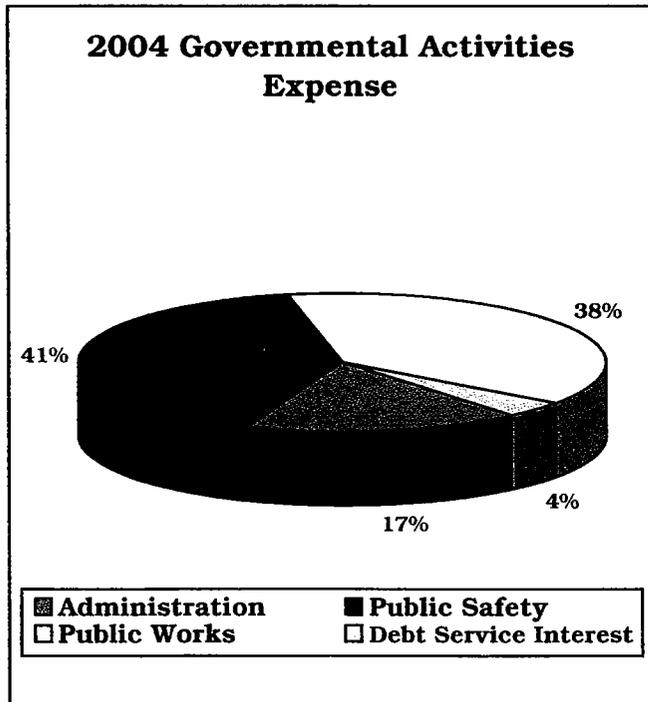
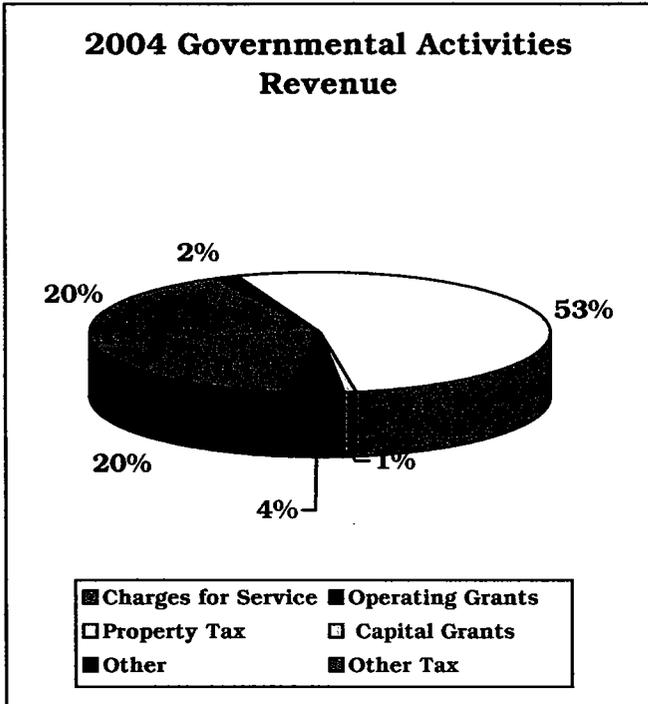
For the fiscal year ended February 29, 2004 revenues from governmental activities totaled \$15,274,052.

Property taxes continue to be the Village's largest revenue source coming in at \$8,012,846 representing 52.5% of total governmental activity revenue. Sales tax revenues was \$1,198,586, local utility tax was \$1,259,825 and shared state income tax revenues was \$535,039, in total representing 19.6% of the total governmental activity revenue. Sales tax revenue increased by \$351,599, or 41.5% from the prior year. As of this report two of three potential dealerships was in operation. Total charges for service were \$3,078,977 or 20.2% of governmental activity revenue.

Expenses:

For the fiscal year ended February 29, 2004, expenses for governmental activities totaled \$15,311,522.

The Village realizes the importance of providing competitive compensation levels for all employees. Personnel costs have increased not only for salaries for other personnel related costs including health insurance and pensions. The following (Table IV) represents some of the percentage increases experience by the Village during the year:



(See independent auditor's report)

VILLAGE OF GLENCOE  
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Table IV  
 Cost Factors

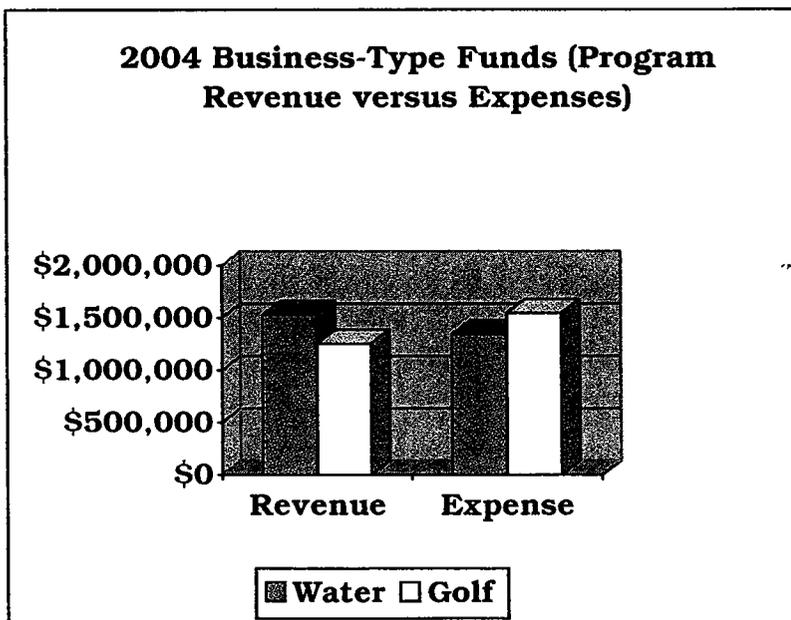
Category	% Change	Effective
Change in CPI (Tax Cap)	1.60%	12/31/2001
General Employees	3.95%	3/1/2003
Bargaining Unit Employees	3.00%	3/1/2003
Bargaining Unit Employees	2.00%	2/1/2003
	5.00%	
Health Insurance	15.00%	1/1/2004
Police Pension (Taxes)	5.97%	3/1/2003
IMRF	58.53%	1/1/2004

The 2002 Tax levy which funded Fiscal Year 2004 was limited to a 1.60% based upon the change in CPI from 2000 to 2001. The 2002 Tax Levy increased the extension by \$200,978 to a total tax extension for capped funds of \$5,808,759. At the same time the Village experience major increases in health insurance, police pension fund and IMRF. At present the Village is reviewing its long range financial plan to address some of these issues.

**Business Type Activities**

Revenue

Revenue from business-type activity totaled \$2,778,635. Water rates were increased by 3.0% during the year as part of a biennial rate increase program. The water rate for the Village was \$2.10 per 100 cubic feet.



The Glencoe Golf Club established the food and beverage operations as a golf club service provided by golf club employees as opposed to contracting the service to a third party. The club was able to sell alcohol for the first time in its history.

Expenses

Expenses from business-type activity totaled \$2,866,489. The year represented the last year of debt service for the Water Fund. The plan in the future is to use the amount of the water rate previously

(See independent auditor's report)

VILLAGE OF GLENCOE  
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

used for debt service to pay for capital projects to the greatest extent possible. Debt service payments for the Glencoe Golf Club will conclude during Fiscal Year 2005. Resources from that former debt service will be allocated during the Fiscal Year 2006 Budget process. During the year, the Water Fund had operating income of \$195,561. The Glencoe Golf Club had an operating loss of (\$279,371).

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

For the fiscal year ended February 29, 2004, the governmental funds reflect a combined fund balance of \$4,256,612. Overall the net change in combined fund balance was (\$77,896). The net change in fund balance for the General Fund was (\$120,097). The net change for the Garbage Fund was (\$221,243). The net change in fund balance for non-major governmental funds during the year was an increase of \$247,246, primarily due to increases in fund balance in the Motor Fuel Tax Fund and E911 Fund.

Table V  
 General Corporate Fund  
 Budgetary Highlights

<i>General Corporate Fund</i>	<i>Final Budget</i>	<i>Final Appropriation</i>	<i>Actual</i>
<b>REVENUES</b>			
Taxes	\$ 8,164,624	\$ 8,164,624	\$ 8,244,767
Licenses & Permits	927,904	927,904	1,475,667
Other	1,810,944	1,810,944	1,629,526
<b>Total</b>	<b>\$ 10,903,472</b>	<b>\$ 10,903,472</b>	<b>\$ 11,349,960</b>
<b>EXPENDITURES &amp; TRANSFERS</b>			
Expenditures	\$ 11,244,753	\$ 12,892,050	\$ 11,327,319
Transfers In	-	-	(115,261)
Transfers Out	172,700	189,970	257,999
<b>Total</b>	<b>\$ 11,417,453</b>	<b>\$ 13,082,020</b>	<b>\$ 11,470,057</b>
<b>Changes In Fund Balance</b>	<b>\$ (513,981)</b>	<b>\$ (2,178,548)</b>	<b>\$ (120,097)</b>

(See independent auditor's report)

VILLAGE OF GLENCOE  
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Table VI  
 Garbage Fund  
 Budgetary Highlights

<i>Garbage Fund</i>	<i>Final Budget</i>	<i>Final Appropriation</i>	<i>Actual</i>
<b>REVENUES</b>			
Taxes	\$ 763,270	\$ 763,270	\$ 740,975
Subscriber Receipts	328,000	328,000	368,894
Other	112,160	112,160	94,784
<b>Total</b>	<b>\$ 1,203,430</b>	<b>\$ 1,203,430</b>	<b>\$ 1,204,653</b>
<b>EXPENDITURES &amp; TRANSFERS</b>			
Expenditures	\$ 1,437,172	\$ 1,580,889	\$ 1,425,938
Transfers In	(47,200)	(47,200)	(50,042)
Transfers Out	50,000	50,000	50,000
<b>Total</b>	<b>\$ 1,439,972</b>	<b>\$ 1,583,689</b>	<b>\$ 1,425,896</b>
<b>Changes In Fund Balance</b>	<b>\$ (236,542)</b>	<b>\$ (380,259)</b>	<b>\$ (221,243)</b>

During fiscal year 2004, the Village Board adopted a supplemental appropriation ordinance. The supplemental appropriations were primarily for the following purposes:

1. Legal counsel appropriations were increased to reflect costs of Eden's development and other non-recurring projects assigned to counsel;
2. Asset remediation costs at the CarMax location;
3. Public liability insurance through IRMA;
4. Tree planting to reflect full cost of service. Original budget was net of resident contributions.
5. Village material storage facility land improvements
6. Use of fuel by other governments. An accounting change caused this item to be reflected as an expenditure. The school district and the park district are billed for fuel used.

On a fund by fund basis, all 2004 expenditures were within Fiscal Year 2004 appropriations.

**Capital Assets**

At the end of Fiscal Year 2003, the Village's Governmental Activities had invested \$73,150,752 (see Notes to Financial Statement No.5) in a variety of capital assets and infrastructure, as reflected in the following schedule.

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Table VII  
Governmental Funds  
Change in Capital Assets

	Restated Balance February 28, 2003	Net Additions/ Deletions	Balance February 29, 2004
<b>Non-Depreciable Assets</b>			
Land & Land Right of Way	41,122,497	242,012	41,364,509
<b>Other Capital Assets</b>			
Buildings & Improvements	4,017,638	-	4,017,638
Vehicles	3,962,960	113,403	4,076,363
Machinery & Equipment	306,796	-	306,796
Infrastructure	38,160,440	(40,580)	38,119,860
Accumulated Depreciation on other Fixed Assets	(14,419,579)	(828,882)	(15,248,461)
<b>Totals</b>	<b>73,150,752</b>	<b>(514,047)</b>	<b>72,636,705</b>

**Debt Outstanding**

During Fiscal Year 2004, the Village issued \$4,975,000 in general obligation (refunding) bonds to retire series 1997 bonds at a lower interest rate.

As of February 29, 2004 is the Village had \$15,797,300 in outstanding debt service. The exist schedule extends through Fiscal Year 2012.

The Village has a legal debt limit of \$55,326,812, which is 10.00% of assessed valuation. The Village has used \$15,640,000 of this limit leaving a legal debt margin of \$39,686,812. During FY2004, the Village's bond rating was upgraded to "AAA' by Standard & Poor's Corporation. As stated by Standard & Poors, the rating reflects high-end housing stock, strong local economic conditions and strong financial management using 10-year financial planning..

**Economic Factors**

The Village's composition is primarily residential with a commercial component greatly expended by new car dealerships. The property tax revenue derived from the current housing stock is exceedingly stable. The commercial component includes vehicle sales, and miscellaneous food and other retail. During FY2004, the revenue from sales tax increased dramatically.

The equalized assessed valuation (EAV) grew 8.2% from Tax Year 2001 to \$553,268,118. However the Tax Year 2002 Tax Levy (including debt service) grew 2.29%. The 2002 Tax Extension as a percent of the total EAV dropped to 1.46%, as compared to a 10 year average of 1.82%.

(See independent auditor's report)

VILLAGE OF GLENCOE  
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

**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.

(See independent auditor's report)

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VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF NET ASSETS

February 29, 2004

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Glencoe Public Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,296,434	\$ 257,558	\$ 5,553,992	\$ 2,152
Investments	-	-	-	1,425,167
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	6,673,420	-	6,673,420	1,188,113
Other taxes	626,050	1,420	627,470	-
Accounts	76,498	173,592	250,090	-
Other	258,714	-	258,714	-
Due from other governments	-	-	-	10,953
Prepaid items/deferred charges	343,536	51,777	395,313	19,437
Inventory	13,543	41,742	55,285	-
Advances to other funds	719,349	(719,349)	-	-
Capital assets				
Non-depreciable	41,364,509	178,907	41,543,416	75,772
Depreciable, net of accumulated depreciation	31,272,196	4,628,705	35,900,901	1,435,321
Unamortized loss on refunding	375,000	-	375,000	-
<b>Total assets</b>	<b>87,019,249</b>	<b>4,614,352</b>	<b>91,633,601</b>	<b>4,156,915</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,407,723	221,818	1,629,541	-
Accrued interest payable	136,451	1,885	138,336	-
Deferred revenue	8,280,243	78,345	8,358,588	1,464,400
Noncurrent liabilities				
Due within one year	2,411,214	130,000	2,541,214	21,349
Due in more than one year	14,689,014	106,558	14,795,572	524,206
<b>Total liabilities</b>	<b>26,924,645</b>	<b>538,606</b>	<b>27,463,251</b>	<b>2,009,955</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	57,407,371	4,677,612	62,084,983	965,538
Restricted for				
Debt service	221,064	-	221,064	-
Public safety	476,653	-	476,653	-
Roadway improvements	33,408	-	33,408	-
Unrestricted (deficit)	1,956,108	(601,866)	1,354,242	1,120,901
Employee retirement	-	-	-	11,107
Donor specified purposes	-	-	-	49,414
<b>TOTAL NET ASSETS</b>	<b>\$ 60,094,604</b>	<b>\$ 4,075,746</b>	<b>\$ 64,170,350</b>	<b>\$ 2,146,960</b>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended February 29, 2004

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
Administration and finance	\$ 2,409,069	\$ 271,154	\$ -	\$ 141,592
Public safety	5,850,900	694,222	26,697	-
Public works	5,439,224	2,113,601	250,116	-
Interest	566,226	-	-	-
Total governmental activities	14,265,419	3,078,977	276,813	141,592
Business-Type Activities				
Water	1,342,428	1,526,427	-	-
Golf Club	1,544,323	1,252,252	-	-
Total business-type activities	2,886,751	2,778,679	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 17,152,170</b>	<b>\$ 5,857,656</b>	<b>\$ 276,813</b>	<b>\$ 141,592</b>
<b>COMPONENT UNIT</b>				
Glencoe Public Library	\$ 1,441,985	\$ 41,937	\$ 10,953	\$ -

	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Glencoe Public Library
	\$ (1,996,323)	\$ -	\$ (1,996,323)	\$ -
	(5,129,981)	-	(5,129,981)	-
	(3,075,507)	-	(3,075,507)	-
	(566,226)	-	(566,226)	-
	(10,768,037)	-	(10,768,037)	-
	-	183,999	183,999	-
	-	(292,071)	(292,071)	-
	-	(108,072)	(108,072)	-
	(10,768,037)	(108,072)	(10,876,109)	-
	-	-	-	(1,389,095)
General Revenues				
Taxes				
Property and replacement	8,070,995	-	8,070,995	1,391,526
Sales	1,198,586	-	1,198,586	-
Utility	1,259,825	-	1,259,825	-
Income	535,039	-	535,039	-
Other	307,334	-	307,334	-
Investment income	96,558	5,985	102,543	14,440
Miscellaneous	308,333	-	308,333	2,082
Contributions	-	60,000	60,000	66,984
Transfers	(69,504)	69,504	-	-
Total	11,707,166	135,489	11,842,655	1,475,032
CHANGE IN NET ASSETS	939,129	27,417	966,546	85,937
NET ASSETS, MARCH 1	59,070,105	3,926,722	62,996,827	2,245,694
Prior period adjustment	85,370	121,607	206,977	(184,671)
NET ASSETS, MARCH 1, RESTATED	59,155,475	4,048,329	63,203,804	2,061,023
NET ASSETS, FEBRUARY 29	\$ 60,094,604	\$ 4,075,746	\$ 64,170,350	\$ 2,146,960

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

February 29, 2004

	General	Garbage	General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 4,226,663	\$ 266,248	\$ 362,180	\$ 441,343	\$ 5,296,434
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	4,364,158	489,650	1,813,387	6,225	6,673,420
Other taxes	626,050	-	-	-	626,050
Accounts	76,498	-	-	-	76,498
Other	155,979	70,292	-	32,443	258,714
Due from other funds	-	-	284,797	49,704	334,501
Advances to other funds	719,349	-	-	-	719,349
Prepaid items	237,752	42,818	-	-	280,570
Inventory	9,545	3,998	-	-	13,543
<b>TOTAL ASSETS</b>	<b>\$ 10,415,994</b>	<b>\$ 873,006</b>	<b>\$ 2,460,364</b>	<b>\$ 529,715</b>	<b>\$ 14,279,079</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,365,530	\$ 35,343	\$ -	\$ 6,850	\$ 1,407,723
Due to other funds	334,501	-	-	-	334,501
Deferred revenues	5,422,139	606,000	2,244,282	7,822	8,280,243
<b>Total liabilities</b>	<b>7,122,170</b>	<b>641,343</b>	<b>2,244,282</b>	<b>14,672</b>	<b>10,022,467</b>
<b>FUND BALANCES</b>					
Reserved for debt service	-	-	216,082	4,982	221,064
Reserved for public safety	-	-	-	476,653	476,653
Reserved for roadway improvements	-	-	-	33,408	33,408
Reserved for prepaid items	237,752	42,818	-	-	280,570
Reserved for inventory	9,545	3,998	-	-	13,543
Reserved for advances	719,349	-	-	-	719,349
Unreserved and undesignated					
General	2,327,178	-	-	-	2,327,178
Special revenue	-	184,847	-	-	184,847
<b>Total fund balances</b>	<b>3,293,824</b>	<b>231,663</b>	<b>216,082</b>	<b>515,043</b>	<b>4,256,612</b>
<b>TOTAL LIABILITIES AND AND FUND BALANCES</b>	<b>\$ 10,415,994</b>	<b>\$ 873,006</b>	<b>\$ 2,460,364</b>	<b>\$ 529,715</b>	<b>\$ 14,279,079</b>

VILLAGE OF GLENCOE, ILLINOIS

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

February 29, 2004

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 4,256,612
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	72,636,705
Bond issue costs and premium/discounts on bonds are expensed in governmental funds but capitalized and amortized in the statement of net assets	437,966
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(17,236,679)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 60,094,604</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	General	Garbage	General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 5,042,177	\$ 733,975	\$ 2,229,206	\$ 7,488	\$ 8,012,846
Other taxes	3,202,590	7,000	-	149,343	3,358,933
Licenses and permits	1,475,667	-	-	-	1,475,667
Intergovernmental	-	-	-	284,153	284,153
Fines and forfeits	117,514	-	-	-	117,514
Investment income	64,389	9,617	14,122	8,430	96,558
Receipts from subscribers	314,843	368,894	-	-	683,737
Miscellaneous	1,132,780	85,167	-	26,697	1,244,644
<b>Total revenues</b>	<b>11,349,960</b>	<b>1,204,653</b>	<b>2,243,328</b>	<b>476,111</b>	<b>15,274,052</b>
<b>EXPENDITURES</b>					
Current					
Administration and finance	1,978,953	282,320	-	66,889	2,328,162
Public safety	5,371,161	-	-	27,546	5,398,707
Public works	3,626,111	955,487	-	-	4,581,598
Capital outlay	351,094	188,131	-	29,789	569,014
Debt service					
Principal	-	-	1,730,000	6,000	1,736,000
Interest and fees	-	-	696,208	1,833	698,041
<b>Total expenditures</b>	<b>11,327,319</b>	<b>1,425,938</b>	<b>2,426,208</b>	<b>132,057</b>	<b>15,311,522</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>22,641</b>	<b>(221,285)</b>	<b>(182,880)</b>	<b>344,054</b>	<b>(37,470)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	115,261	50,042	170,000	18,452	353,755
Transfers (out)	(257,999)	(50,000)	-	(115,260)	(423,259)
Refunding bonds issued	-	-	4,975,000	-	4,975,000
Payment to escrow agent	-	-	(4,945,922)	-	(4,945,922)
<b>Total other financing sources (uses)</b>	<b>(142,738)</b>	<b>42</b>	<b>199,078</b>	<b>(96,808)</b>	<b>(40,426)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(120,097)</b>	<b>(221,243)</b>	<b>16,198</b>	<b>247,246</b>	<b>(77,896)</b>
<b>FUND BALANCES, MARCH 1</b>	<b>3,328,551</b>	<b>452,906</b>	<b>199,884</b>	<b>267,797</b>	<b>4,249,138</b>
Prior period adjustment	85,370	-	-	-	85,370
<b>FUND BALANCES, MARCH 1, RESTATED</b>	<b>3,413,921</b>	<b>452,906</b>	<b>199,884</b>	<b>267,797</b>	<b>4,334,508</b>
<b>FUND BALANCES, FEBRUARY 29</b>	<b>\$ 3,293,824</b>	<b>\$ 231,663</b>	<b>\$ 216,082</b>	<b>\$ 515,043</b>	<b>\$ 4,256,612</b>

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (77,896)
Amounts reported for governmental activities in the statement activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	704,235
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(4,975,000)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	6,681,922
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	62,966
Some expenses in the statement of activities (e.g. depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation	(1,197,002)
Gain (loss) on sale of capital assets	(21,280)
Change in interest payable	68,849
Change in net pension obligation	(117,192)
Change in compensated absences	(190,473)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 939,129</u>

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS

February 29, 2004

ASSETS	Water	Glencoe Golf Club	Totals
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 253,886	\$ 3,672	\$ 257,558
Receivables			
Customer accounts	173,592	-	173,592
Other	-	1,420	1,420
Prepays	28,702	23,075	51,777
Inventory	17,986	23,756	41,742
<b>Total current assets</b>	<b>474,166</b>	<b>51,923</b>	<b>526,089</b>
<b>CAPITAL ASSETS</b>			
Non-depreciable	178,907	-	178,907
Depreciable, net of accumulated depreciation	3,831,757	796,948	4,628,705
<b>Total capital assets</b>	<b>4,010,664</b>	<b>796,948</b>	<b>4,807,612</b>
<b>Total assets</b>	<b>4,484,830</b>	<b>848,871</b>	<b>5,333,701</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	122,022	99,796	221,818
Accrued interest payable	-	1,885	1,885
Deferred revenue	-	78,345	78,345
General obligation bonds - current	-	130,000	130,000
<b>Total current liabilities</b>	<b>122,022</b>	<b>310,026</b>	<b>432,048</b>
<b>LONG-TERM LIABILITIES</b>			
Advances from other funds	-	719,349	719,349
Noncurrent accrued vacation	3,725	602	4,327
Noncurrent accrued sick leave	81,559	20,672	102,231
<b>Total long-term liabilities</b>	<b>85,284</b>	<b>740,623</b>	<b>825,907</b>
<b>Total liabilities</b>	<b>207,306</b>	<b>1,050,649</b>	<b>1,257,955</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,010,664	666,948	4,677,612
Unrestricted (deficit)	266,860	(868,726)	(601,866)
<b>TOTAL NET ASSETS</b>	<b>\$ 4,277,524</b>	<b>\$ (201,778)</b>	<b>\$ 4,075,746</b>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Water	Glencoe Golf Club	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,499,719	\$ 1,228,916	\$ 2,728,635
Miscellaneous	26,708	23,336	50,044
<b>Total operating revenues</b>	<b>1,526,427</b>	<b>1,252,252</b>	<b>2,778,679</b>
<b>OPERATING EXPENSES</b>			
Water production	756,720	-	756,720
Water distribution	382,397	-	382,397
Golf	-	1,459,620	1,459,620
Depreciation	195,749	72,003	267,752
<b>Total operating expenses</b>	<b>1,334,866</b>	<b>1,531,623</b>	<b>2,866,489</b>
<b>OPERATING INCOME (LOSS)</b>	<b>191,561</b>	<b>(279,371)</b>	<b>(87,810)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	5,298	687	5,985
Interest expense	(7,562)	(12,700)	(20,262)
<b>Total nonoperating revenues (expenses)</b>	<b>(2,264)</b>	<b>(12,013)</b>	<b>(14,277)</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>189,297</b>	<b>(291,384)</b>	<b>(102,087)</b>
TRANSFERS IN	69,504	-	69,504
CONTRIBUTIONS	60,000	-	60,000
<b>CHANGE IN NET ASSETS</b>	<b>318,801</b>	<b>(291,384)</b>	<b>27,417</b>
NET ASSETS, MARCH 1	3,837,116	89,606	3,926,722
Prior period adjustment	121,607	-	121,607
NET ASSETS, MARCH 1, RESTATED	3,958,723	89,606	4,048,329
<b>NET ASSETS (DEFICIT), FEBRUARY 29</b>	<b>\$ 4,277,524</b>	<b>\$ (201,778)</b>	<b>\$ 4,075,746</b>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended February 29, 2004

	Water	Glencoe Golf Club	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,455,977	\$ 1,161,946	\$ 2,617,923
Receipts from miscellaneous revenues	26,708	22,697	49,405
Payments to suppliers	(234,552)	(621,531)	(856,083)
Payments to employees	(871,942)	(830,317)	(1,702,259)
Net cash from operating activities	<u>376,191</u>	<u>(267,205)</u>	<u>108,986</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	69,504	-	69,504
Advances to other funds	-	426,828	426,828
Net cash from noncapital financing activities	<u>69,504</u>	<u>426,828</u>	<u>496,332</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(82,469)	(27,681)	(110,150)
Interest paid on general obligation bonds	(13,815)	(14,440)	(28,255)
Principal paid on general obligation bonds	(290,000)	(120,000)	(410,000)
Net cash from capital and related financing activities	<u>(386,284)</u>	<u>(162,121)</u>	<u>(548,405)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	5,298	687	5,985
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	64,709	(1,811)	62,898
CASH AND CASH EQUIVALENTS, MARCH 1	<u>189,177</u>	<u>5,483</u>	<u>194,660</u>
CASH AND CASH EQUIVALENTS, FEBRUARY 29	<u>\$ 253,886</u>	<u>\$ 3,672</u>	<u>\$ 257,558</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 191,561	\$ (279,371)	\$ (87,810)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	195,749	72,003	267,752
Changes in current assets and liabilities			
Customer accounts receivable	(43,742)	(639)	(44,381)
Prepaid expenses	930	767	1,697
Inventory	(8,958)	389	(8,569)
Accounts payable and accrued liabilities	9,777	8,012	17,789
Deferred revenue	-	(66,970)	(66,970)
Noncurrent accrued vacation	(13,869)	602	(13,267)
Noncurrent accrued sick leave	44,743	(1,998)	42,745
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 376,191</u>	<u>\$ (267,205)</u>	<u>\$ 108,986</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

February 29, 2004

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ASSETS	
Cash and cash equivalents	\$ 1,234,698
RECEIVABLES	
Interest	<u>59,627</u>
INVESTMENTS, AT FAIR VALUE	
U.S. government obligations	6,496,456
Mutual funds	<u>7,451,190</u>
Total investments	<u>13,947,646</u>
Total assets	15,241,971
LIABILITIES	
Accounts payable	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$15,241,971</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended February 29, 2004

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ADDITIONS

Contributions - employer	
Taxes	\$ 642,579
Contributions - plan members	<u>243,880</u>
Total contributions	<u>886,459</u>
Investment income	
Net increase in fair value of investments	2,154,956
Interest earned	302,722
Less investment fees	<u>(42,385)</u>
Net investment income	<u>2,415,293</u>
Total additions	<u>3,301,752</u>

DEDUCTIONS

Pensions and refunds	1,011,574
Miscellaneous	
Contractual professional services	<u>4,566</u>
Total deductions	<u>1,016,140</u>

NET INCREASE 2,285,612

NET ASSETS HELD IN TRUST FOR  
PENSION BENEFITS

March 1	<u>12,956,359</u>
February 29	<u>\$15,241,971</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

February 29, 2004

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

The Village's financial statements include pension trust funds:

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

In 1954, the Village began training "public safety officers" to perform as both firefighters and police officers. Eventually, all police officers and firefighters were replaced with public safety officers. The last active firefighter retired in 1994. Nonetheless, the Village's retired firefighters participate in the Firefighters' Pension Employer Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a six-member pension board. The Village's President, Treasurer, Clerk, Attorney, and Public Safety Director; one pension beneficiary elected by the membership; and three active firefighters elected by the membership constitute the pension board. Since there are no active firefighters, the pension board functions without the three active firefighters, which effectively reduces the board to six members. The Village and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village firefighters and because of the fiduciary nature of such activities. The FPERS is reported as a pension trust fund.

Village of Glencoe Public Library (the Library)

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

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

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

Funds are classified into the following categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

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

c. Government-Wide and Fund Financial Statements

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

The General Obligation Bonds Fund accounts for the revenues designated for debt service and payments of principal and interest for the following bond issues: 1994A Corporate Purpose Bonds; 1994B, 1994D, 1997, 1999, 2001AB and 2001C General Obligation Bonds; and the 2003 General Obligation Refunding Bonds.

The Village reports the following major proprietary funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. A one year availability period is use for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

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

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

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value.

f. Short-Term Interfund Receivables/Payables

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

g. Inventories

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

h. Prepaid Items/Expenses

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

i. Capital Assets

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

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

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

Assets	Years
Buildings and improvements	45
Vehicles	5-20
Machinery and equipment	5-20
Infrastructure	25-50

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

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

j. Compensated Absences

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the fund financial statements, governmental 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 expenditures.

l. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

m. Interfund Transactions

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

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. GASB Pronouncements

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

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

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

Fund	Deficit
Glencoe Golf Club	\$ 201,778

3. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “cash and investments.” In addition, investments are separately held by several of the Village’s funds. The deposits and investments of the pension trust funds are held separately from those of other funds. Cash on hand of \$2,175 for the primary government and \$75 for the component unit has been excluded from the amounts shown below.

Permitted Deposits and Investments

Statutes authorize the Village 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 the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran’s loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds, and equities.

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

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

3. DEPOSITS AND INVESTMENTS (Continued)

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

a. Deposits

At year end, the carrying amount of the Village's deposits totaled \$5,067,920, and the bank balances totaled \$5,471,992. The carrying amount of the Component Unit's deposits totaled \$2,077 and the bank balances totaled \$25,678.

	Bank Balances	
	Primary Government	Component Unit
Category 1 Deposits covered by federal depository insurance, or by collateral held by the Village, or its agent, in the Village's name.	\$ 5,467,173	\$ 25,678
Category 2 Deposits covered by collateral held by the pledging financial institution's trust department, or its agents, in the Village's name.	-	-
Category 3 Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the Village's name, and deposits which are uninsured and uncollateralized.	4,819	-
<b>TOTAL DEPOSITS</b>	<b>\$ 5,471,992</b>	<b>\$ 25,678</b>

For pension trust funds, the types of deposits authorized and the mix of credit risk categories do not differ significantly from the other funds of the Village.

b. Investments

The Village's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the Village's name, or held by any third party but not in the Village's name, and uninsured, unregistered investments.

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

3. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

	Primary Government				Component
	Fair Value				Unit
	Category				Fair Value
	1	2	3	Totals	Totals
U.S. Government and Agency Securities	\$ 6,496,455	\$ -	\$ -	\$ 6,496,455	\$ -
Negotiable Certificates of Deposit	192,000	-	-	192,000	-
	<u>\$ 6,688,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,688,455</u>	<u>-</u>
* Illinois Funds				215,359	1,425,167
* IMET				692,116	-
* Mutual Funds				7,451,190	-
* Money Markets				619,121	-
TOTAL INVESTMENTS				<u>\$ 15,666,241</u>	<u>\$ 1,425,167</u>

\* (Not Subject to Risk Categorization)

The pension trust funds own 100% percent of the investments in Category 1.

4. RECEIVABLES - TAXES

Property taxes for 2002 attach as an enforceable lien on January 1, 2002 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2003 and July 1, 2003 and are payable in two installments, on or about March 1, 2003 and September 1, 2003. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 0% of the tax levy, to reflect actual collection experience. Because the 2003 levy is intended to finance the fiscal year ended February 28, 2005, it has been offset by deferred revenue at February 29, 2004.

The 2004 tax levy, which attached as an enforceable lien on property as of January 1, 2004, has not been recorded as a receivable as of February 29, 2004, as the tax has not yet been levied by the Library and will not be levied until December 2004, and, therefore, the levy is not measurable at February 29, 2004.

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

5. CAPITAL ASSETS

Capital asset activity for the year ended February 29, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 953,898	\$ 242,012	\$ -	\$ 1,195,910
Land right of way	40,168,599	-	-	40,168,599
Total capital assets not being depreciated	41,122,497	242,012	-	41,364,509
Capital assets being depreciated				
Buildings and improvements	4,017,638	-	-	4,017,638
Vehicles	3,962,960	427,803	314,400	4,076,363
Machinery and equipment	306,796	-	-	306,796
Infrastructure	38,160,440	34,420	75,000	38,119,860
Total capital assets being depreciated	46,447,834	462,223	389,400	46,520,657
Less accumulated depreciation for				
Buildings and improvements	1,215,520	71,712	-	1,287,232
Vehicles	2,068,915	345,528	293,120	2,121,323
Machinery and equipment	146,464	23,569	-	170,033
Infrastructure	10,988,680	756,193	75,000	11,669,873
Total accumulated depreciation	14,419,579	1,197,002	368,120	15,248,461
Total capital assets being depreciated, net	32,028,255	(734,779)	21,280	31,272,196
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 73,150,752	\$ (492,767)	\$ 21,280	\$ 72,636,705
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 178,907	\$ -	\$ -	\$ 178,907
Total capital assets not being depreciated	178,907	-	-	178,907
Capital assets being depreciated				
Building and improvements	2,594,375	16,775	-	2,611,150
Machinery and equipment	2,660,501	33,869	-	2,694,370
Water transmission system	4,496,280	119,506	-	4,615,786
Golf Course improvements	822,282	-	-	822,282
Total capital assets being depreciated	10,573,438	170,150	-	10,743,588
Less accumulated depreciation for				
Building and improvements	1,778,470	65,210	-	1,843,680
Machinery and equipment	2,233,245	84,247	-	2,317,492
Water transmission system	1,578,302	93,645	-	1,671,947
Golf Course improvements	257,114	24,650	-	281,764
Total accumulated depreciation	5,847,131	267,752	-	6,114,883
Total capital assets being depreciated, net	4,726,307	(97,602)	-	4,628,705
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 4,905,214	\$ (97,602)	\$ -	\$ 4,807,612

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

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5. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES

General Government	\$ 39,077
Public Safety	129,297
Public Works	<u>1,028,628</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES \$ 1,197,002

6. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and by participating in a public entity risk pool. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

Intergovernmental Risk Management Agency (IRMA)

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

Risk of loss is transferred, except that each member assumes the first \$1,000 of each occurrence, and IRMA has self-insurance retentions at various amounts above that level.

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

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

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

7. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

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	Balances March 1	Additions	Reductions	Balances February 29	Current Portion
\$80,000, 1992 Special Service Area serial bonds due in annual installments of \$3,500 to \$7,400 through December 1, 2008; interest at 2.7% to 5.75%.	Debt Service	\$ 33,300	\$ -	\$ 6,000	\$ 27,300	\$ 6,300
\$1,200,000, 1994A Corporate Purpose serial bonds due in annual installments of \$120,000 through December 1, 2003; interest at 2.50% to 4.35%.	Debt Service	120,000	-	120,000	-	-
\$4,600,000, 1997 Corporate Purpose serial bonds due in four annual installments of \$225,000 to \$1,895,000 due December 1, 2006 through December 1, 2009; interest at 4.70% to 4.85%.	Debt Service	4,600,000	-	4,600,000	-	-
\$8,635,000, 1999 Corporate Purpose serial bonds due in annual installments of \$100,000 to \$2,050,000 through December 1, 2011; interest at 3.10% to 4.35%.	Debt Service	4,245,000	-	245,000	4,000,000	-
\$1,000,000, 1994D General Obligation (Alternate Revenue) serial bonds due in annual installments of \$80,000 to \$130,000 through December 1, 2000; interest at 5.625% to 5.85% funded by Golf revenues.	Golf	250,000	-	120,000	130,000	130,000
\$7,510,000 2001AB Corporate Purpose serial bonds due in annual installments of \$255,000 to \$1,625,000 through December 1, 2008; interest at 3.50% to 4.00%.	Debt Service	6,910,000	-	1,260,000	5,650,000	1,625,000

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

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances March 1	Additions	Reductions	Balances February 29	Current Portion
\$1,200,000 2001C Corporate Purpose serial bonds due in annual installments of \$80,000 to \$145,000 through December 1, 2011; interest at 3.50% to 4.45%.	Debt Service	\$ 1,120,000	\$ -	\$ 105,000	\$ 1,015,000	\$ 110,000
\$1,630,000, 1994B general obligation (Alternate Revenue) serial bonds due in annual installments of \$30,000 to \$290,000 through December 1, 2003; interest at 2.50% to 4.35% funded by Water and Sewer Fund revenues.	Water and Sewer	290,000	-	290,000	-	-
\$4,975,000 2003 general obligation (refunding) serial bonds due in annual installments of \$75,000 to \$1,915,000 through December 1, 2010; interest at 2.00% to 2.75%.	Debt Service	-	4,975,000	-	4,975,000	75,000
<b>TOTAL PRIMARY GOVERNMENT</b>		<b>\$17,568,300</b>	<b>\$ 4,975,000</b>	<b>\$ 6,746,000</b>	<b>\$ 15,797,300</b>	<b>\$1,946,300</b>
\$600,000 construction loan/line of credit dated June 25, 1999 bearing interest at 4.7% due in monthly installments through maturity in December 2019.	Component Unit	\$ 565,564	\$ -	\$ 20,009	\$ 545,555	\$ 21,349

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending	General Obligation			Enterprise			Total Principal and Interest
	Principal	Interest	Total	Principal	Interest	Total	
2005	\$ 1,816,300	\$ 545,804	\$ 2,362,104	\$ 130,000	\$ 7,540	\$ 137,540	\$ 2,499,644
2006	1,821,600	478,992	2,300,592	-	-	-	2,300,592
2007	1,917,000	411,826	2,328,826	-	-	-	2,328,826
2008	2,017,400	344,062	2,361,462	-	-	-	2,361,462
2009	2,060,000	282,049	2,342,049	-	-	-	2,342,049
2010	2,150,000	222,642	2,372,642	-	-	-	2,372,642
2011	2,190,000	160,143	2,350,143	-	-	-	2,350,143
2012	1,695,000	70,003	1,765,003	-	-	-	1,765,003
<b>TOTAL</b>	<b>\$ 15,667,300</b>	<b>\$ 2,515,521</b>	<b>\$ 18,182,821</b>	<b>\$ 130,000</b>	<b>\$ 7,540</b>	<b>\$ 137,540</b>	<b>\$ 18,320,361</b>

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

7. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending	Component Unit		
	Principal	Interest	Total
2005	\$ 21,349	\$ 25,254	\$ 46,603
2006	22,445	24,158	46,603
2007	23,523	23,080	46,603
2008	24,653	21,950	46,603
2009	25,837	20,766	46,603
2010	27,077	19,526	46,603
2011	28,378	18,225	46,603
2012	29,741	16,862	46,603
2013	31,169	15,434	46,603
2014	32,666	13,937	46,603
2015	34,235	12,368	46,603
2016	35,879	10,724	46,603
2017	37,602	9,001	46,603
2018	39,408	7,195	46,603
2019	41,300	5,303	46,603
2020	43,284	3,319	46,603
2021	47,009	1,240	48,249
TOTAL	\$ 545,555	\$ 238,342	\$ 783,897

c. Changes in Long-Term Liabilities

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

	Balances March 1, Restated	Additions	Reductions/ Refundings	Balances February 29	Current
Accrued sick leave	\$ 542,692	\$ 31,278	\$ -	\$ 573,970	\$ 104,489
Accrued vacation	435,720	54,705	-	490,425	490,425
Net pension obligation	251,341	127,893	10,701	368,533	-
General obligation bonds payable	17,028,300	4,975,000	6,336,000	15,667,300	1,946,300
TOTAL	\$ 18,258,053	\$ 5,188,876	\$ 6,346,701	\$ 17,100,228	\$ 2,541,214

Accrued sick leave was restated at March 1, 2003 to record balances in the proper funds. This resulted in an increase of \$104,489.

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

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7. LONG-TERM DEBT (Continued)

d. Legal Debt Margin

Assessed Valuation - 2002 (most recent data available)	<u>\$553,268,118</u>
Legal Debt Limit - 10.00% of Assessed Valuation	<u>\$ 55,326,812</u>
Amount of Debt Applicable to Debt Limit	
1999 Corporate Purpose Bonds	4,000,000
2001A Corporate Purpose Bonds	5,650,000
2001B Corporate Purpose Bonds	1,015,000
2003 Corporate Purpose Refunding Bonds	<u>4,975,000</u>
	<u>15,640,000</u>
 LEGAL DEBT MARGIN	 <u>\$ 39,686,812</u>

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

e. Refunding of Bonds - In-Substance Defeasance

On September 15, 2003 the Village issued \$4,975,000 Taxable General Obligation Corporate Purpose Refunding Bonds, Series 2003 to advance refund, through an in-substance defeasance, \$4,600,000 of the General Obligation Corporate Purpose Bonds, Series 1997. As a result of the refunding the Village achieved cash flow savings of \$143,555 and an economic gain of \$135,280. At February 29, 2004, \$4,600,000 of outstanding general obligation bonds are considered defeased.

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

8. INTERFUND ASSETS/LIABILITIES

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	General	\$ 49,704
General Obligation Bonds	General	<u>284,797</u>
TOTAL		<u>\$ 334,501</u>

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

\$49,704 Foreign Fire Insurance revenue due to Foreign Fire Insurance Fund. \$284,797 in property taxes deposited to General Fund due to General Obligation Bonds but not distributed by end of the fiscal year. This is expected to be repaid within a year.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Glencoe Golf Club	<u>\$ 719,349</u>

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

The advances have been to support the operations of the Glencoe Golf Club.

Interfund Transfers

	Transfers In	Transfers Out
General	\$ 115,261	\$ 257,998
Garbage	50,042	50,000
Nonmajor Governmental	18,452	115,261
Debt Service	170,000	-
Water	<u>69,504</u>	<u>-</u>
TOTAL	<u>\$ 423,259</u>	<u>\$ 423,259</u>

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

8. INTERFUND ASSETS/LIABILITIES (Continued)

Interfund Transfers (Continued)

The purpose of the transfers are as follows:

The General Fund received \$115,261 from the IMRF Fund, effectively closing the IMRF Fund. The General Fund transferred \$120,000 to the General Obligation Bond Fund, \$50,042 to the Garbage Fund for IMRF and FICA expenses, \$18,452 to the FICA Fund, effectively closing that Fund, and \$69,504 to the Water Fund to cover IMRF and FICA expenditures. The General Obligation Bond Fund received \$120,000 from the General Fund and \$50,000 from the Garbage Fund.

9. COMMITMENTS

Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to make payments to SWANCC. The Village has committed to pay \$2,193,629. This amount has been calculated using the Village's current allocation percentage of 1.44%. In future years this allocation percentage will be subject to change.

<u>Fiscal Year Ending February 28</u>	<u>Total Costs</u>
2005	\$ 201,678
2006	201,678
2007	201,678
2008	201,678
2009	201,678
2010	201,678
2011	201,678
2012	201,678
2013	201,678
2014	201,678
2015	176,849
<b>TOTAL</b>	<b><u>\$ 2,193,629</u></b>

10. CONTINGENT LIABILITIES

a. Litigation

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

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

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10. CONTINGENT LIABILITIES (Continued)

b. Grants

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

c. Municipal Infrastructure Maintenance Fee

Effective January 1, 1998, the Village imposed a municipal telecommunications infrastructure maintenance fee (IMF) on persons in the business of transmitting, supplying, or furnishing telecommunications and all associated services (e.g., telecommunications retailers) in Illinois for the "use of public right-of-ways". The fee was authorized by state statute (35 ILCS 635). In March 2001, a wireless telecommunications provider brought action against an Illinois government challenging the constitutionality of the municipal telecommunications infrastructure maintenance fee. The Illinois Supreme Court (Court) found the IMF to be unconstitutional as applied to wireless carriers. The Court's decision held upon appeal. The municipal IMF fee was eliminated effective December 31, 2002. Potential damages to the Village under this case precedent could aggregate the total of amounts remitted to the Village for IMF by all carriers during the period from January 1, 1998 through December 31, 2002. The Village has not estimated its liability under potential IMF lawsuits as of February 29, 2004.

11. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

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

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

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

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11. JOINT VENTURES (Continued)

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

Complete financial statements for the Agency can be obtained from the Agency's administrative office at 1616 East Golf Road, Des Plaines, Illinois 60016.

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

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

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

In accordance with the joint venture agreement, the Village remitted \$282,320 to the Agency for 2004.

12. POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. The retirees pay an annual premium that is equal to the actuarially determined cost for each plan year as determined by the insurance carrier. Accordingly, no liability has been recorded for postemployment health care benefits. Participants paid the entire cost of \$137,780, which is included in health insurance expense in the General Fund.

13. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Descriptions and Provisions

a. Illinois Municipal Retirement

All employees (other than those covered by the Police Pension Plan or Firefighter's Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the calendar year ended 2003 was 4.21% of covered payroll.

b. Police Pension

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At February 28, 2003, the Police Pension Plan membership consisted of:

Terminated employees entitled to benefits but not yet receiving them	-
Currently receiving benefits	
Retirees	17
Beneficiaries	9
Current employees	
Vested	34
Nonvested	-
	<hr/>
TOTAL	60
	<hr/>

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

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13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

b. Police Pension (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended February 28, 2003, the Village's contribution was 26.4% of covered payroll.

c. Firefighters' Pension

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Firefighter's Pension Plan as a pension trust fund. At February 28, 2003, the Firefighter's Pension Plan membership consisted of:

Terminated employees entitled to benefits but not yet receiving them	-
Currently receiving benefits	
Retirees	3
Beneficiaries	2
Current employees	
Vested	-
Nonvested	-
	<hr/>
TOTAL	<u>5</u>

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

c. Firefighters' Pension (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75.00% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees are required to contribute 8.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended February 28, 2003, covered payroll was zero.

d. Significant Investments

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

e. Administering Cost

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

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

f. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2001	February 28, 2003	February 28, 2003
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	4 Year Smoothed Market	4 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	10 Years, Closed	30 Years, Closed	30 Years, Closed
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually	6.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	6.00% Compounded Annually	None
c) Additional projected salary increases - seniority/merit	.40 to 11.60%	Not Available	Not Available

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

f. Annual Pension Costs (Continued)

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

		Illinois Municipal Retirement*	Police Pension*	Firefighters' Pension*
Annual Pension Cost (APC)	2001	\$ 94,122	\$ 478,862	\$ 38,853
	2002	120,687	566,890	40,727
	2003	191,974	719,060	31,698
Actual contribution	2001	\$ 94,122	\$ 436,674	\$ 22,420
	2002	120,687	568,692	39,206
	2003	191,974	591,167	42,399
Percentage of APC contributed	2001	100.0%	91.2%	57.7%
	2002	100.0	100.3	96.3
	2003	100.0	82.2	133.8
NPO (Asset)	2001	\$ -	\$ 210,937	\$ 40,685
	2002	-	209,135	42,206
	2003	-	337,028	31,505

\* Police and firefighters' pension information presented is for the fiscal years ending February 28, 2001, 2002, and 2003. The information for the Illinois Municipal Retirement is for the calendar years 2001, 2002, and 2003.

The NPO has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 711,784	\$ 32,175
Interest on net pension obligation	15,685	2,743
Adjustment to annual required contributions	(8,409)	(3,220)
Annual pension cost	719,060	31,698
Contributions made	591,167	42,399
Increase (decrease) in net pension obligation	127,893	(10,701)
Net pension obligation (asset), beginning of year	209,135	42,206
<b>NET PENSION OBLIGATION (ASSET), END OF YEAR</b>	<b>\$ 337,028</b>	<b>\$ 31,505</b>

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

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14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded to recognized expenditures/expenses in the proper period. This resulted in an increase in fund balance of \$85,370 and \$121,607 in the General Fund and Water Fund.



**REQUIRED SUPPLEMENTARY INFORMATION**

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Appropriations		Original and Final	Actual
	Original	Final	Budget	
<b>REVENUES</b>				
Property taxes	\$ 4,992,324	\$ 4,992,324	\$ 4,992,324	\$ 5,042,177
Other taxes	3,172,300	3,172,300	3,172,300	3,202,590
Licenses and permits	927,904	927,904	927,904	1,475,667
Fines and forfeits	100,940	100,940	100,940	117,514
Investment income	101,000	101,000	101,000	64,389
Receipts from subscribers	321,360	321,360	321,360	314,843
Miscellaneous	1,287,644	1,287,644	1,287,644	1,132,780
<b>Total revenues</b>	<b>10,903,472</b>	<b>10,903,472</b>	<b>10,903,472</b>	<b>11,349,960</b>
<b>EXPENDITURES</b>				
Current				
Administration and finance	1,971,832	2,218,749	1,792,574	1,978,953
Public safety	5,830,140	5,830,140	5,300,127	5,371,161
Public works	4,183,358	4,209,761	3,803,052	3,626,111
Capital outlay	383,900	633,400	349,000	351,094
<b>Total expenditures</b>	<b>12,369,230</b>	<b>12,892,050</b>	<b>11,244,753</b>	<b>11,327,319</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,465,758)</b>	<b>(1,988,578)</b>	<b>(341,281)</b>	<b>22,641</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	115,261
Transfers (out)	(189,970)	(189,970)	(172,700)	(257,999)
<b>Total other financing sources (uses)</b>	<b>(189,970)</b>	<b>(189,970)</b>	<b>(172,700)</b>	<b>(142,738)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,655,728)</b>	<b>\$ (2,178,548)</b>	<b>\$ (513,981)</b>	<b>(120,097)</b>
<b>FUND BALANCES, MARCH 1</b>				<b>3,328,551</b>
Prior period adjustment				85,370
<b>FUND BALANCES, MARCH 1, RESTATED</b>				<b>3,413,921</b>
<b>FUND BALANCES, FEBRUARY 29</b>				<b>\$ 3,293,824</b>

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
<b>REVENUES</b>				
Property taxes	\$ 756,270	\$ 756,270	\$ 733,975	\$ (22,295)
Other taxes	7,000	7,000	7,000	-
Investment income	14,060	14,060	9,617	(4,443)
Receipts from subscribers	328,000	328,000	368,894	40,894
Miscellaneous and other				
Recycling	65,000	65,000	46,863	(18,137)
Special refuse pick-up	32,000	32,000	35,673	3,673
Miscellaneous and other	1,100	1,100	2,631	1,531
<b>Total revenues</b>	<b>1,203,430</b>	<b>1,203,430</b>	<b>1,204,653</b>	<b>1,223</b>
<b>EXPENDITURES</b>				
Administration	353,950	321,773	282,320	(39,453)
Public works	1,005,839	914,399	955,487	41,088
Capital expenditures - equipment	221,100	201,000	188,131	(12,869)
<b>Total expenditures</b>	<b>1,580,889</b>	<b>1,437,172</b>	<b>1,425,938</b>	<b>(11,234)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(377,459)</b>	<b>(233,742)</b>	<b>(221,285)</b>	<b>12,457</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	47,200	47,200	50,042	2,842
Transfer (out)	(50,000)	(50,000)	(50,000)	-
<b>Total other financing sources (uses)</b>	<b>(2,800)</b>	<b>(2,800)</b>	<b>42</b>	<b>2,842</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (380,259)</b>	<b>\$ (236,542)</b>	<b>(221,243)</b>	<b>\$ 15,299</b>
<b>FUND BALANCE, MARCH 1</b>			<b>452,906</b>	
<b>FUND BALANCE, FEBRUARY 29</b>			<b>\$ 231,663</b>	

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 ILLINOIS MUNICIPAL RETIREMENT FUND

February 29, 2004

Actuarial Valuation Date December 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)- Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
1998	\$ 9,588,916	\$ 8,779,580	109.22%	\$ (809,336)	\$ 3,598,363	(22.49%)
1999	10,795,364	8,991,049	120.07%	(1,804,315)	3,542,840	(50.93%)
2000	11,647,399	9,699,891	120.08%	(1,947,508)	3,767,950	(51.69%)
2001	11,536,145	9,879,496	116.77%	(1,656,649)	4,110,147	(40.31%)
2002	11,495,807	10,676,398	107.67%	(819,409)	4,310,262	(19.01%)
2003	11,655,402	11,796,914	98.80%	141,512	4,559,944	3.10%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 POLICE PENSION FUND

February 29, 2004

Actuarial Valuation Date March 1	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)- Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
1998	\$ 10,659,664	\$ 13,950,831	76.41%	\$ 3,291,167	\$ 2,023,127	162.68%
1999	11,529,954	15,272,508	75.49%	3,742,554	2,171,276	172.37%
2000	12,358,465	16,135,684	76.59%	3,777,219	2,136,435	176.80%
2001	13,185,434	17,966,021	73.39%	4,780,587	2,123,957	225.08%
2002	13,891,838	19,497,356	71.25%	5,605,518	2,156,232	259.97%
2003	14,098,579	22,116,686	63.75%	8,018,107	2,242,944	357.48%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 FIREFIGHTERS' PENSION FUND

February 29, 2004

Actuarial Valuation Date March 1	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)- Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
1998	\$ 1,169,108	\$ 1,404,840	83.22%	\$ 235,732	\$ -	*
1999	1,091,473	1,393,500	78.33%	302,027	-	*
2000	1,022,263	1,503,298	68.00%	481,035	-	*
2001	942,999	1,465,866	64.33%	522,867	-	*
2002	864,286	1,409,390	61.32%	545,104	-	*
2003	807,927	1,229,638	65.70%	421,711	-	*

\* Not applicable

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

February 29, 2004

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<u>Year Ended December 31</u>	<u>Employer Contribution Made</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>
1998	\$ 299,744	\$ 299,744	100.00%
1999	279,530	279,530	100.00%
2000	201,962	201,962	100.00%
2001	94,122	94,122	100.00%
2002	120,687	120,687	100.00%
2003	191,974	191,974	100.00%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

February 29, 2004

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<u>Year Ended February 28</u>	<u>Employer Contribution Made</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>
1998	\$ 349,990	\$ 373,323	93.75%
1999	362,039	419,444	86.31%
2000	319,588	458,586	69.69%
2001	436,674	509,202	85.76%
2002	568,692	559,334	101.67%
2003	591,167	711,784	83.05%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

February 29, 2004

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<u>Year Ended February 28</u>	<u>Employer Contribution Made</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>
1998	\$ 3,366	\$ 17,831	18.88%
1999	10,979	22,991	47.75%
2000	12,020	33,460	35.92%
2001	22,420	39,090	57.35%
2002	39,206	41,154	95.27%
2003	42,399	32,175	131.78%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

February 29, 2004

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LEGAL COMPLIANCE AND ACCOUNTABILITY

a. Budgets

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

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

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

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

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

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LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

a. Budgets (Continued)

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

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

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

<u>Fund</u>	<u>Excess</u>
General	\$ 82,566



## NONMAJOR GOVERNMENTAL FUNDS

Illinois Municipal Retirement Fund - to account for property tax and other revenue sources used to pay the employer portion of employee retirement benefits.

Social Security Fund - to account for property tax and other revenue sources used to pay the employer portion of FICA taxes.

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

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS

February 29, 2004

	Special Revenue					Debt Service	Totals
	Illinois Municipal Retirement	Social Security	Motor Fuel Tax	Enhanced 911 System	Foreign Fire Insurance	1993 Hogarth Lane Special Service Area	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 11,614	\$ 405,977	\$ 17,173	\$ 6,579	\$ 441,343
Receivables							
Property taxes	-	-	-	-	-	6,225	6,225
Other	-	-	21,794	10,649	-	-	32,443
Due from other funds	-	-	-	-	49,704	-	49,704
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,408</b>	<b>\$ 416,626</b>	<b>\$ 66,877</b>	<b>\$ 12,804</b>	<b>\$ 529,715</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 6,850	\$ -	\$ -	\$ 6,850
Deferred revenues	-	-	-	-	-	7,822	7,822
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,850</b>	<b>-</b>	<b>7,822.00</b>	<b>14,672</b>
<b>FUND BALANCES</b>							
Reserved for debt service	-	-	-	-	-	4,982	4,982
Reserved for public safety	-	-	-	409,776	66,877	-	476,653
Reserved for roadway improvements	-	-	33,408	-	-	-	33,408
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>33,408</b>	<b>409,776</b>	<b>66,877</b>	<b>4,982</b>	<b>515,043</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,408</b>	<b>\$ 416,626</b>	<b>\$ 66,877</b>	<b>\$ 12,804</b>	<b>\$ 529,715</b>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Special Revenue					Debt Service	Totals
	Illinois Municipal Retirement	Social Security	Motor Fuel Tax	Enhanced 911 System	Foreign Fire Insurance	Hogarth Lane Special Service Area 1993	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,488	\$ 7,488
Other taxes	-	-	-	149,343	-	-	149,343
Intergovernmental	-	-	250,116	34,037	-	-	284,153
Investment income	-	-	1,777	6,466	187	-	8,430
Miscellaneous and other	-	-	-	-	26,697	-	26,697
Total revenues	-	-	251,893	189,846	26,884	7,488	476,111
EXPENDITURES							
Current							
Administrative and finance	-	-	-	66,889	-	-	66,889
Public safety	-	-	-	-	27,546	-	27,546
Capital outlay	-	-	-	29,789	-	-	29,789
Debt service							
Principal	-	-	-	-	-	6,000	6,000
Interest	-	-	-	-	-	1,833	1,833
Total expenditures	-	-	-	96,678	27,546	7,833	132,057
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	251,893	93,168	(662)	(345)	344,054
OTHER FINANCING SOURCES (USES)							
Transfer in	-	18,452	-	-	-	-	18,452
Transfer (out)	(115,260)	-	-	-	-	-	(115,260)
Total other financing sources (uses)	(115,260)	18,452	-	-	-	-	(96,808)
NET CHANGE IN FUND BALANCES	(115,260)	18,452	251,893	93,168	(662)	(345)	247,246
FUND BALANCES, MARCH 1	115,260	(18,452)	(218,485)	316,608	67,539	5,327	267,797
FUND BALANCES, FEBRUARY 29	\$ -	\$ -	\$ 33,408	\$ 409,776	\$ 66,877	\$ 4,982	\$ 515,043

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
<b>REVENUES</b>				
Intergovernmental - allotments	\$ -	\$ 240,000	\$ 250,116	\$ 10,116
Investment income	-	5,000	1,777	(3,223)
Total revenues	-	245,000	251,893	6,893
<b>EXPENDITURES</b>				
None	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	245,000	251,893	6,893
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out)	(269,500)	(245,000)	-	245,000
Total other financing sources (uses)	(269,500)	(245,000)	-	245,000
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (269,500)</u>	<u>\$ -</u>	251,893	<u>\$ 251,893</u>
FUND BALANCE (DEFICIT), MARCH 1			(218,485)	
FUND BALANCE, FEBRUARY 29			<u>\$ 33,408</u>	

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
<b>REVENUES</b>				
Other taxes				
Illinois Bell surcharge	\$ -	\$ 148,750	\$ 149,343	\$ 593
Investment income	-	10,000	6,466	(3,534)
Intergovernmental	-	-	34,037	34,037
Total revenues	-	158,750	189,846	31,096
<b>EXPENDITURES</b>				
Administration and finance				
Professional services	57,387	52,170	66,889	14,719
Capital outlay	51,810	47,100	29,789	(17,311)
Total expenditures	109,197	99,270	96,678	(2,592)
NET CHANGE IN FUND BALANCE	<u>\$ (109,197)</u>	<u>\$ 59,480</u>	93,168	<u>\$ 33,688</u>
FUND BALANCE, MARCH 1			<u>316,608</u>	
FUND BALANCE, FEBRUARY 29			<u>\$ 409,776</u>	

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

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REVENUES	
Foreign fire insurance tax	\$ 26,697
Investment income	<u>187</u>
Total revenues	<u>26,884</u>
EXPENDITURES	
Current	
Public safety	<u>27,546</u>
Total expenditures	<u>27,546</u>
NET CHANGE IN FUND BALANCE	(662)
FUND BALANCE, MARCH 1	<u>67,539</u>
FUND BALANCE, FEBRUARY 29	<u><u>\$ 66,877</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
<b>REVENUES</b>				
Property taxes	\$ -	\$ 8,260	\$ 7,488	\$ (772)
Total revenues	-	8,260	7,488	(772)
<b>EXPENDITURES</b>				
Principal	6,600	6,000	6,000	-
Interest and fees	2,017	1,834	1,833	(1)
Total expenditures	8,617	7,834	7,833	(1)
NET CHANGE IN FUND BALANCE	\$ (8,617)	\$ 426	(345)	\$ (771)
FUND BALANCE, MARCH 1			5,327	
FUND BALANCE, FEBRUARY 29			\$ 4,982	

See accompanying notes to financial statements.



**FIDUCIARY FUNDS**



## **PENSION TRUST FUNDS**

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

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



**SUPPLEMENTAL FINANCIAL INFORMATION**

VILLAGE OF GLENCOE, ILLINOIS  
 SCHEDULE OF REVENUES AND  
 OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
 GENERAL FUND

For the Year Ended February 29, 2004

	Original and Final Budget	Actual	Budget Variance Over (Under)
PROPERTY TAXES	\$ 4,992,324	\$ 5,042,177	\$ 49,853
OTHER TAXES			
Utility tax	1,071,500	1,259,825	188,325
Sales tax	1,282,000	1,198,586	(83,414)
State income tax	600,000	535,039	(64,961)
Vehicle tax	157,000	157,991	991
Personal property replacement tax	61,800	51,149	(10,651)
Total other taxes	<u>3,172,300</u>	<u>3,202,590</u>	<u>30,290</u>
LICENSES AND PERMITS			
Business licenses	7,056	10,437	3,381
Animal licenses	5,000	5,191	191
Liquor licenses	18,035	16,500	(1,535)
Building and electrical permits	705,888	1,264,214	558,326
Burglar-fire alarm permits	71,070	68,600	(2,470)
Impounding fees	515	640	125
Ambulance fees	40,000	41,155	1,155
Parking lot fees and permits	80,340	68,930	(11,410)
Total licenses and permits	<u>927,904</u>	<u>1,475,667</u>	<u>547,763</u>
FINES AND FORFEITURES			
Court fines	15,450	33,803	18,353
Other fines	85,490	83,711	(1,779)
Total fines and forfeitures	<u>100,940</u>	<u>117,514</u>	<u>16,574</u>
INVESTMENT INCOME	<u>101,000</u>	<u>64,389</u>	<u>(36,611)</u>
RECEIPTS FROM SUBSCRIBERS - SEWER SERVICE CHARGE	<u>321,360</u>	<u>314,843</u>	<u>(6,517)</u>
MISCELLANEOUS AND OTHER			
Cable television	95,481	89,832	(5,649)
Golf club management fees	60,000	60,000	-
Sundry	29,458	30,656	1,198
Miscellaneous			
Sale of land	450,000	448,019	(1,981)
Other	652,705	504,273	(148,432)
Total miscellaneous and other	<u>1,287,644</u>	<u>1,132,780</u>	<u>(154,864)</u>
Total revenues	<u>10,903,472</u>	<u>11,349,960</u>	<u>446,488</u>
OTHER FINANCING SOURCES			
Transfer in	-	115,261	115,261
Total other financing sources	<u>-</u>	<u>115,261</u>	<u>115,261</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 10,903,472</u>	<u>\$ 11,465,221</u>	<u>\$ 561,749</u>

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended February 29, 2004

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
<b>ADMINISTRATION AND FINANCE</b>					
General government	\$ 863,757	\$ 819,953	\$ 745,412	\$ 791,730	\$ 46,318
Legal	322,856	189,406	172,187	303,984	131,797
Health service	31,350	31,350	28,500	27,074	(1,426)
Social service	35,970	35,970	32,700	34,840	2,140
Finance	576,538	576,538	524,125	491,618	(32,507)
Support service	153,865	139,865	127,150	116,132	(11,018)
Risk management	234,413	178,750	162,500	213,575	51,075
Total administration and finance	2,218,749	1,971,832	1,792,574	1,978,953	186,379
<b>PUBLIC SAFETY</b>					
Fire protection	1,293,855	1,293,855	1,176,232	1,196,876	20,644
Police protection	3,915,669	3,915,669	3,559,699	3,593,724	34,025
Paramedic service	620,616	620,616	564,196	580,561	16,365
Total public safety	5,830,140	5,830,140	5,300,127	5,371,161	71,034
<b>PUBLIC WORKS</b>					
Administration	653,906	653,906	594,460	604,569	10,109
Streets	1,127,957	1,127,957	1,025,415	1,070,061	44,646
Sewers	1,030,394	1,030,394	936,722	704,199	(232,523)
Forestry	590,518	564,115	512,832	544,265	31,433
Buildings	208,778	208,778	189,798	198,952	9,154
Street lighting	81,180	81,180	73,800	73,040	(760)
Parking and traffic control	140,723	140,723	127,930	144,493	16,563
Building and zoning	98,725	98,725	89,750	43,743	(46,007)
Municipal garage	252,170	252,170	229,245	229,627	382
Special boards and commissions	25,410	25,410	23,100	13,162	(9,938)
Total public works	4,209,761	4,183,358	3,803,052	3,626,111	(176,941)
<b>CAPITAL OUTLAY</b>					
Capital reserve	516,250	266,750	242,500	247,587	5,087
Public safety/capital reserve	117,150	117,150	106,500	103,507	(2,993)
Total capital outlay	633,400	383,900	349,000	351,094	2,094
Total expenditures	12,892,050	12,369,230	11,244,753	11,327,319	82,566
<b>OTHER FINANCING USE</b>					
Transfer out	189,970	189,970	172,700	257,999	85,299
Total other financing use	189,970	189,970	172,700	257,999	85,299
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 13,082,020</b>	<b>\$12,559,200</b>	<b>\$11,417,453</b>	<b>\$11,585,318</b>	<b>\$ 167,865</b>

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 29, 2004

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
<b>REVENUES</b>				
Property taxes	\$ -	\$ 2,276,896	\$ 2,229,206	\$ (47,690)
Investment income	-	12,398	14,122	1,724
Total revenues	-	2,289,294	2,243,328	(45,966)
<b>EXPENDITURES</b>				
Principal	1,903,000	1,730,000	1,730,000	-
Interest and fees	777,317	706,652	696,208	(10,444)
Total expenditures	2,680,317	2,436,652	2,426,208	(10,444)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,680,317)</u>	<u>(147,358)</u>	<u>(182,880)</u>	<u>(35,522)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	171,800	170,000	(1,800)
Refunding bonds issued	-	-	4,975,000	4,975,000
Payment to escrow agent	-	-	(4,945,922)	(4,945,922)
Total other financing sources (uses)	-	171,800	199,078	27,278
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,680,317)</u>	<u>\$ 24,442</u>	16,198	<u>\$ (8,244)</u>
FUND BALANCE, MARCH 1			<u>199,884</u>	
FUND BALANCE, FEBRUARY 29			<u>\$ 216,082</u>	

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

GOVERNMENT-WIDE REVENUES

For the Year Ended February 29, 2004

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PROGRAM REVENUES

Charges for services	\$ 5,857,656
Operating grants	276,813
Capital grants	141,592

GENERAL REVENUES

Taxes	11,371,779
Investment income	102,543
Miscellaneous	308,333
Gain (loss) on sale of capital assets	-
Contributions	60,000

TOTAL REVENUES

\$ 18,118,716

NOTE: The Village implemented GASB S-34 for the fiscal year ended February 29, 2004.

Data Source

Village Records

VILLAGE OF GLENCOE, ILLINOIS  
GOVERNMENT-WIDE EXPENSES BY FUNCTION

For the Year Ended February 29, 2004

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GOVERNMENTAL ACTIVITIES	
Administration and finance	\$ 2,409,069
Public safety	5,850,900
Public works	5,439,224
Interest	<u>566,226</u>
Total governmental activities	<u>14,265,419</u>
BUSINESS-TYPE ACTIVITIES	
Water	1,342,428
Golf Club	<u>1,544,323</u>
Total business-type activities	<u>2,886,751</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 17,152,170</u>

NOTE: The Village implemented GASB S-34 for the fiscal year ended February 29, 2004.

Data Source

Village Records

VILLAGE OF GLENCOE, ILLINOIS

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Property Taxes	Municipal Utilities Tax	Illinois Income Tax	Municipal Sales Tax	Licenses, Permits, and Fees	Garbage Service Charge	Motor Fuel Tax		Totals
							Entitlement Payments	Other	
1995	\$ 5,757,155	\$ 778,877	\$ 421,559	\$ 549,044	\$ 613,223	\$ 305,950	\$ 188,701	\$ 1,344,078	\$ 9,958,587
1996	6,252,409	830,639	448,505	557,099	503,557	304,095	182,536	1,795,688	10,874,528
1997	6,274,005	892,685	503,780	560,944	579,734	409,424	193,827	1,771,291	11,185,690
1998	6,626,146	887,883	551,464	570,839	693,218	407,790	217,357	1,559,602	11,514,299
1999	7,039,854	929,691	595,471	638,080	788,546	370,396	199,887	1,514,761	12,076,686
2000	6,959,260	1,004,698	614,182	627,607	944,780	418,458	220,586	1,672,386	12,461,957
2001	7,706,553	1,105,605	672,587	677,686	1,052,408	335,120	253,389	4,164,983	15,968,331
2002	7,688,611	1,113,513	629,283	644,071	1,171,142	308,882	243,059	3,228,089	15,026,650
2003	7,880,092	1,098,104	574,271	846,987	1,242,438	309,088	249,778	3,619,103	15,819,861
2004	8,012,846	1,259,825	535,039	1,198,586	1,475,667	368,894	250,116	2,173,079	15,274,052

Note: This table includes the General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: Village of Glencoe Comprehensive Annual Financial Reports

VILLAGE OF GLENCOE, ILLINOIS  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	Administration and Finance	Public Safety	Public Works	Pension Cost (1)	Debt Service	Capital Outlay	Totals
1995	\$ 1,759,699	\$ 2,976,913	\$ 2,670,825	\$ -	\$ 1,778,254	\$ 3,378,223	\$ 10,844,444
1996	1,678,196	3,064,512	2,571,267	-	1,991,788	3,131,622	12,563,914
1997	1,766,717	3,262,188	2,632,349	-	1,992,862	1,855,798	12,437,385
1998	1,314,895	3,477,118	3,955,132	830,755	1,998,337	3,028,055	14,604,292
1999	1,209,549	3,774,270	3,163,450	816,733	2,310,382	2,649,097	13,923,481
2000	1,413,341	3,781,959	3,254,747	810,149	6,910,999	4,124,035	20,295,230
2001	3,458,512	4,036,485	3,407,626	887,430	2,384,719	1,957,640	16,132,412
2002	3,434,466	4,820,606	3,914,784	355,014	2,377,455	3,490,173	18,392,498
2003	2,040,836	5,104,005	5,477,178	399,250	3,836,334	887,212	17,744,815
2004	2,328,162	5,398,707	4,581,598	-	2,434,041	569,014	15,311,522

Note: This table includes the General, Special Revenue, Debt Service, and Capital Projects Funds.

(1) Beginning in 2004, pension costs are allocated to the various functions of the Village.

Source: Village of Glencoe Comprehensive Annual Financial Reports

VILLAGE OF GLENCOE, ILLINOIS  
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Tax Levy Year	Total Tax Levy Extended	Collections	Percent of Levy Collected
1993	\$ 6,056,835	\$ 6,032,040	99.59
1994	(1) 6,656,956	6,553,409	98.44
1995	6,359,525	6,274,005	98.66
1996	6,680,386	6,618,953	99.08
1997	7,018,152	6,987,548	99.56
1998	7,065,125	6,940,748	98.24
1999	7,527,832	7,498,793	99.61
2000	7,659,830	7,608,823	99.33
2001	7,911,223	7,881,505	99.62
2002	8,094,313	8,043,516	99.37

(1) Cook County extension error increased levy. Intended levy was \$6,448,428.

Source: Cook County, Illinois Tax Extension Division, and the Cook County Treasurer

VILLAGE OF GLENCOE, ILLINOIS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years  
(000s omitted)

Tax Levy Year	Real Property		Railroad		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Equalized Assessed Value	Estimated Actual Value (1)	Equalized Assessed Value	Estimated Actual Value (1)	Equalized Assessed Value	Estimated Actual Value (1)	
1993	\$ 315,935	\$ 947,931	\$ 42	\$ 126	\$ 311,977	\$ 948,057	0.33
1994	310,984	933,102	50	150	311,034	933,252	0.33
1995	347,914	1,043,742	73	219	347,987	1,043,961	0.33
1996	352,491	1,057,473	184	552	352,675	1,058,025	0.33
1997	353,981	1,072,670	163	494	354,144	1,073,164	0.33
1998	395,144	1,185,432	217	651	395,361	1,186,083	0.33
1999	410,313	1,243,372	146	442	410,459	1,243,814	0.33
2000	405,129	1,215,386	153	460	405,282	1,215,846	0.33
2001	511,231	1,533,693	160	481	511,391	1,534,174	0.33
2002	553,078	1,659,233	191	572	553,269	1,659,805	0.33

(1) Estimated values are based on percentage information from the Cook County, Illinois Clerk's office.

Source: Cook County, Illinois Tax Extension Division

VILLAGE OF GLENCOE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(Per \$100 of Assessed Valuation)

Last Ten Fiscal Years

Tax Levy Year	Village	High School District #203	Grade School District #35	Cook County	Metropolitan Water Reclamation District	Glencoe Park District	Community College District #535	Other	Totals
1993	2.259	1.935	3.347	1.043	0.471	0.517	0.248	0.095	9.915
1994	2.482	2.105	3.538	1.066	0.495	0.555	0.255	0.078	10.574
1995	2.147	1.915	3.333	0.994	0.495	0.511	0.233	0.18	9.808
1996	2.218	1.929	3.387	1.063	0.492	0.522	0.208	0.076	9.895
1997	2.314	1.967	3.499	0.993	0.451	0.543	0.216	0.106	10.089
1998	2.090	1.871	3.218	0.983	0.444	0.502	0.205	0.076	9.389
1999	2.132	1.845	3.182	0.924	0.419	0.498	0.203	0.099	9.302
2000	2.205	1.936	3.379	0.893	0.415	0.566	0.213	0.077	9.684
2001	1.813	1.611	2.825	0.813	0.401	0.473	0.186	0.095	8.217
2002	1.717	1.935	2.696	0.751	0.371	0.452	0.179	0.06	8.161

Source: Cook County, Illinois Tax Extension Division

VILLAGE OF GLENCOE, ILLINOIS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	Population (a)	Equalized Assessed Value (b)	Gross Bonded Debt (c) (d)	Less Debt Service Funds (c)	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Assessed Valuation	Net Bonded Debt per Capita
1995	8,499	\$ 315,976,971	\$ 17,546,259	\$ 96,781	\$ 17,449,478	0.0552	\$ 2,053
1996	8,499	311,034,000	16,483,200	125,372	16,357,828	0.0526	1,925
1997	8,499	347,987,373	15,378,800	130,894	15,247,906	0.0438	1,794
1998	8,499	352,675,007	18,804,200	131,830	18,672,370	0.0529	2,197
1999	8,499	354,144,923	17,554,500	64,191	17,490,309	0.0494	2,058
2000	8,499	395,362,334	20,264,600	39,814	20,224,786	0.0512	2,380
2001	8,762	410,459,742	18,844,400	135,582	18,708,818	0.0456	2,135
2002	8,762	405,281,999	20,002,800	302,723	19,700,077	0.0486	2,248
2003	8,762	511,391,278	16,995,000	199,884	16,795,116	0.0328	1,917
2004	8,762	553,268,118	15,640,000	216,082	15,423,918	0.0279	1,760

Sources:

- (a) U.S. Census Bureau data or estimates when unavailable
- (b) Cook County, Illinois Tax Extension Division
- (c) Village of Glencoe Comprehensive Annual Financial Reports
- (d) Includes \$1,357,800 Installment Contract Certificates

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF DIRECT AND OVERLAPPING BOND DEBT

February 29, 2004

	Total Outstanding		Percent Applicable to the Village of Glencoe (1)	Direct and Overlapping Bond Debt Outstanding
<b>BONDED DEBT</b>				
Village of Glencoe	\$ 15,640,000		100.000 %	\$ 15,640,000
<b>OVERLAPPING BONDED DEBT</b>				
County of Cook Forest Preserve District	2,593,976,974	(2)	0.526	13,644,319
Metropolitan Water Reclamation District	1,344,529,104		0.538	7,233,567
High School District #203	17,160,000	(3)	16.126	2,767,222
Glencoe Park District	1,505,000	(4)	100.000	1,505,000
Winnetka Park District	1,995,000		1.645	32,818
School District #35	15,370,000		99.969	15,365,235
School District #36	16,327,565		1.844	301,080
Sunset Ridge School District #29	3,008,184		0.720	21,659
Oakton Community College #535	-		3.341	-
Special Service Area - Village of Glencoe	27,300		100.000	27,300
Total overlapping bond debt	<u>3,993,899,127</u>			<u>40,898,200</u>
<b>TOTAL DIRECT AND OVERLAPPING BOND DEBT</b>	<u><u>\$4,009,539,127</u></u>			<u><u>\$ 56,538,200</u></u>

Notes:

1. Village's share based upon 2002 Real Property valuations.
2. Includes \$2,552,390,000 for Cook County and \$41,586,974 for the Cook County Forest Preserve District. Excludes G. O. Notes issued in lieu of tax anticipation warrants and notes issued to provide interim construction financing. Also excludes IEPA loans to the Metropolitan Water Reclamation District.
3. Excludes \$4,260,000 of Alternate Revenue Bonds due serially through 2010.
4. Excludes \$175,000 of Alternate Revenue Bonds due serially through 2004.

Sources:

Cook County, Tax Extension Division  
 Village of Glencoe Comprehensive Annual Financial Report

VILLAGE OF GLENCOE, ILLINOIS

RATIO OF ANNUAL GENERAL GOVERNMENT PRINCIPAL AND INTEREST  
EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL  
GOVERNMENTAL EXPENDITURES

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Principal and Interest	Total General Government Expenditures	Ratio of Principal and Interest to General Government Expenditures
1995	\$ 907,960	\$ 870,294	\$ 1,778,254	\$ 10,844,444	16.40
1996	1,063,019	928,769	1,991,788	12,563,914	15.85
1997	1,104,400	888,462	1,992,862	12,437,385	16.02
1998	1,174,600	823,737	1,998,337	14,604,292	13.68
1999	1,249,700	1,060,682	2,310,382	13,923,481	16.59
2000	5,924,900	986,099	6,910,999	20,295,230	34.05
2001	1,420,200	964,519	2,384,719	16,132,412	14.78
2002	1,600,000	733,320	2,333,320	18,392,498	12.69
2003	3,007,800	820,713	3,830,516	17,744,815	21.58
2004	1,730,000	696,208	2,426,208	15,311,522	15.85

Source: Village of Glencoe Comprehensive Annual Financial Reports.

VILLAGE OF GLENCOE, ILLINOIS

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Per Capita Income (1)</u>	<u>K-8 School Enrollment (2)</u>
1995	8,499	\$ 60,012	1,113
1996	8,499	60,012	1,164
1997	8,499	60,012	1,195
1998	8,499	60,012	1,223
1999	8,499	60,012	1,273
2000	8,499	60,012	1,303
2001	8,762	60,012	1,315
2002	8,762	88,059	1,371
2003	8,762	88,059	1,331
2004	8,762	88,059	1,365

Sources:

- (1) Based upon U.S. Bureau of Census
- (2) Based upon School District #35 statistics

VILLAGE OF GLENCOE, ILLINOIS

PROPERTY VALUE AND CONSTRUCTION

Last Ten Calendar Years  
(000s omitted)

Calendar Year	Property Value	Construction (1)	
		Number of Permits	Value
1994	\$ 933,252	171	\$ 20,307
1995	1,043,962	136	15,411
1996	1,058,025	261	16,976
1997	1,073,164	302	27,905
1998	1,186,083	294	25,989
1999	1,243,814	324	36,512
2000	1,228,127	283	43,098
2001	N/A	277	44,113
2002	N/A	260	41,427
2003	N/A	272	60,210

N/A - Not available

Sources:

(1) Based on Village of Glencoe Department of Building and Zoning records and estimated construction costs declared by applicants at time of application.

Beginning in calendar 1996 all construction permits are listed.

VILLAGE OF GLENCOE, ILLINOIS

PRINCIPAL TAXPAYERS

February 29, 2004

Taxpayer	Type of Business	2002 Equalized Assessed Valuation	2002 Percentage of Total Assessed Valuation
Skokie Country Club	Private club	\$ 4,359,959	0.8 %
Lakeshore Country Club	Private club	4,149,922	0.8
United Investors	Real estate investment company	3,608,559	0.7
Silverstein Glencoe	Commercial/residential	2,580,779	0.5
Individual	Personal residence	2,005,979	0.4
Harris Bank Glencoe - Northbrook, N.A.	Bank	1,993,301	0.4
Individual	Retail	1,369,924	0.2
Individual	Personal residence	1,048,090	0.2
Individual	Personal residence	1,029,938	0.2
Individual	Personal residence	974,020	0.2
TOTAL		<u>\$ 23,120,471</u>	<u>4.4 %</u>

Notes:

1. Valuations as of January 1, 2002 for 2003 taxing purposes.
2. Total 2002 Village valuations of \$553,268,118.

Source: Cook County, Illinois Tax Extension Division

VILLAGE OF GLENCOE, ILLINOIS  
MISCELLANEOUS STATISTICAL DATA

February 29, 2004

Date of incorporation and adoption of present charter	March 29, 1869		
Form of government	Council/Manager		
Population			
1970	10,542		
1980	9,200		
1990	8,499		
2000	8,762		
Area	3.86 square miles		
Mean family income (1990 estimate)	\$ 165,536		
Median family income (2000 census)	\$ 223,725		
Per capita income (2000 census)	\$ 88,059		
Municipal facilities and services -			
Streets and sewers			
Miles of streets	46		
Miles of sidewalks	70		
Miles of sewer			
Storm	70		
Sanitary	40		
Water system			
Metered accounts	3,100		
Daily average consumption	1,629,000 gallons		
Daily water plant capacity	8,000,000 gallons		
Miles of water mains	51 miles		
Storage capacity	3,150,000 gallons		
Fire hydrants	460		
Municipal services	2003	2002	2001
Ordinances adopted	19	25	28
Resolutions adopted	33	23	18
Meetings held			
Village Board	22	20	28
Historic Preservation Commission	12	12	12
Plan Commission	13	12	9
Economic Development Committee	5	3	3
Zoning Board of Appeals/Zoning Commission	16	11	13
Appearance Review Committee	6	11	-
Public Safety Commission	7	5	9
Human Relations Forum	11	12	10
Glencoe Golf Club Advisory Committee	10	6	-
Senior Housing Task Force	9	-	-

VILLAGE OF GLENCOE, ILLINOIS

MISCELLANEOUS STATISTICAL DATA (Continued)

February 29, 2004

Public works services (streets, sewer, forestry)	2003	2002	2001
Streets			
Repairs (miles)	35,574 sq. ft.	38	34
Plowed (times)	1	5	1
Salted (times)	10	10	10
Sidewalks			
Repaired (square feet)	554	800	800
Plowed (times)	1	9	9
Sanitary sewers			
Cleaned (feet)	113,041	97,411	48,039
Repaired (feet)	116	74	36
Storm sewers			
Cleaned (feet)	60,734	29,410	41,766
Repaired (feet)	1,061	589	1,077
Manholes/catch basin			
Cleaned	1248	1097	256
Repairs	97	22	8
Refuse/landfill (cubic yards)	9262	9774	10,470
Parkway trees			
Trimmed	304	481	468
Removed	163	151	182
Private elms removed	19	13	-
Buildings			
Year	Issued	Permits Value of Buildings	
1994	171	20,306,629	
1995	135	15,127,409	
1996	142	16,180,646	
1997	143	26,946,626	
1998	141	24,382,367	
1999	165	34,688,014	
2000	140	40,544,328	
2001	122	40,987,669	
2002	121	38,363,914	
2003	121	53,742,886	
Average for 2003		\$ 444,156	

Building permits include new building and additions, major structural remodeling of a house, and new garages or accessory buildings.

VILLAGE OF GLENCOE, ILLINOIS

MISCELLANEOUS STATISTICAL DATA (Continued)

February 29, 2004

Construction permits

<u>Year</u>	<u>Permits Issued</u>	<u>Value of Construction</u>
1998	153	1,606,800
1999	159	1,824,350
2000	145	2,553,600
2001	155	3,125,600
2002	139	3,063,750
2003	137	4,647,300
Average for 2003		\$ 33,922

Construction permits include interior remodeling such as bathrooms and kitchens, electrical and plumbing upgrades, and reroofing and siding.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Public safety services			
Fire/paramedic service calls	2,236	2,197	2,348
Motor vehicle accidents	311	329	318
Animal complaints	443	535	497
Driving violations	1,650	1,190	606
Local ordinance violation	6,630	7,099	5,993
Part I offenses	96	123	140
Part I arrests	11	25	14
Part II offenses	401	428	331
Part II arrests	180	141	131
Property values			
Stolen	127,559	534,170	327,051
Recovered	24,285	96,755	145,176
Destroyed	22,685	38,353	23,937

VILLAGE OF GLENCOE, ILLINOIS  
SCHEDULE OF INSURANCE IN FORCE

February 29, 2004

Insured	Description of Coverage	Limits	Expiration Date of Policy
Village of Glencoe	General liability Police professionals Employee benefits	\$ 10,000,000	11/1/04
	Auto liability	\$ 10,000,000	11/1/04
	Uninsured/underinsured motorist	\$ 500,000	11/1/04
	Public officials' liability	\$ 10,000,000	11/1/04
	Workers' compensation	\$ 30,000,000	11/1/04
	Employer's liability	\$ 10,000,000	11/1/04
	First party property - all risk	\$ 250,000,000	
	Crime	Blanket per occurrence	
	Employee theft	\$ 5,000,000	11/1/04
	Forgery or alteration	\$ 5,000,000	11/1/04
	Credit card forgery	\$ 5,000,000	11/1/04
	Computer fraud	\$ 5,000,000	11/1/04
	Inside theft, robbery, safe burglary	\$ 5,000,000	11/1/04
	Boiler/machinery	\$50,000,000	11/1/04
	Public officials' bonds Mayor/president, treasurer, clerk Special district trustees	Blanket Statutory Limits	automatic renewal
<u>Yearly Aggregates</u>			
	Member aggregate cap (applies to general/auto liability and public officials' liability loss fund payments only)	\$ 6,000,000	11/1/04
	Agency aggregate cap	\$ 47,549,133	11/1/04

The above coverages are all provided through membership in IRMA.