

VILLAGE OF GLENCOE, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
February 28, 2006

Prepared by Finance Department

VILLAGE OF GLENCOE, ILLINOIS
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INTRODUCTORY SECTION

VILLAGE OF GLENCOE, ILLINOIS

PRINCIPAL OFFICIALS

February 28, 2006

President

Scott M. Feldman

Board of Trustees

Bruce Cowans
Laurence Debb
Ellen Shubart

Deborah Cogan
Mitchell Melamed
Joseph Keefe

Clerk

Paul M. Harlow

Village Attorney

Victor Filippini

Treasurer

David A. Clark

* * * * *

Village Manager

Paul M. Harlow

Director of Finance

David A. Clark

Director of Public Safety

Mikel Milks

Director of Public Works

David Mau

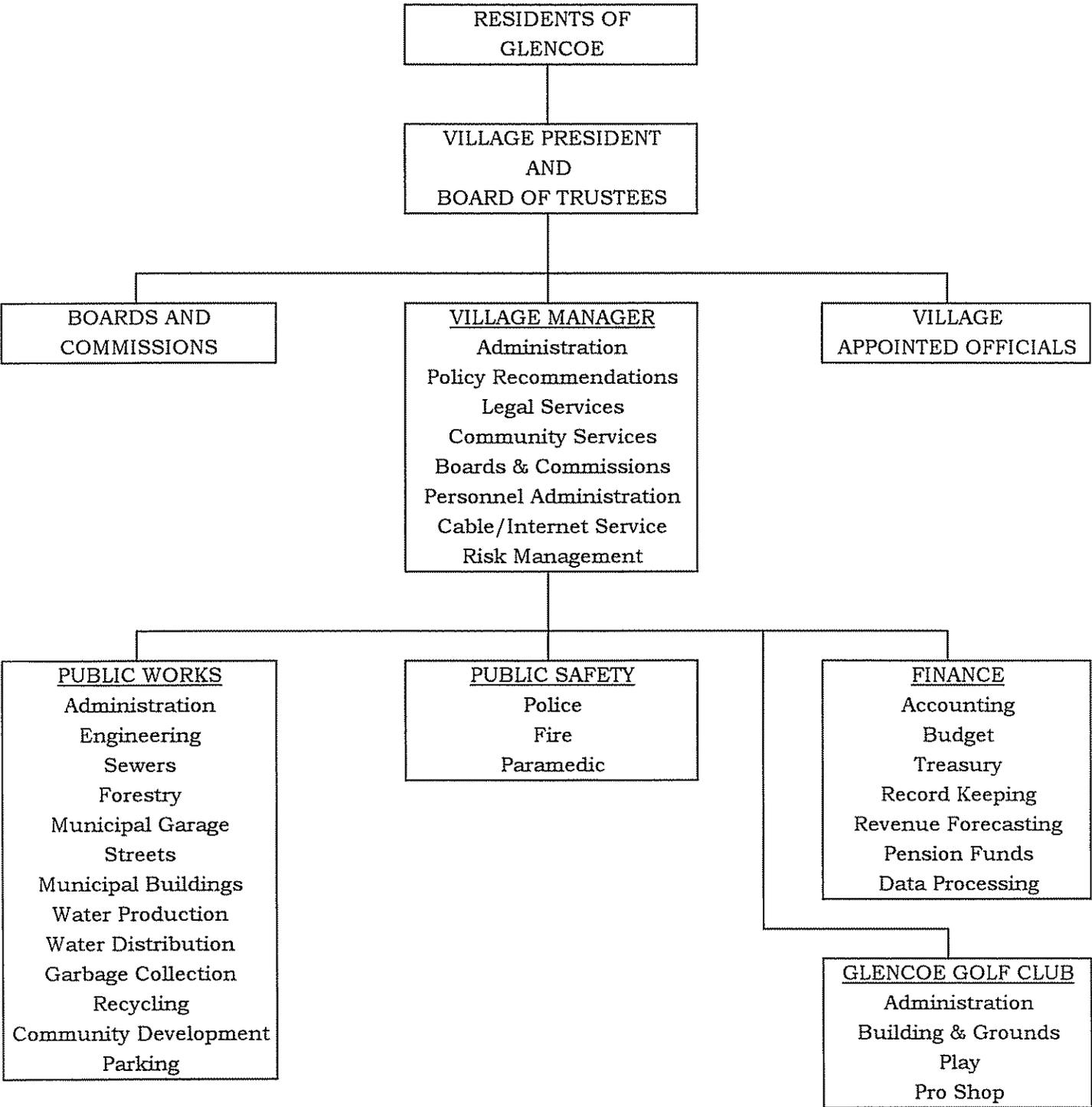
Golf Manager

Douglas Kelly

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, 2005

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.

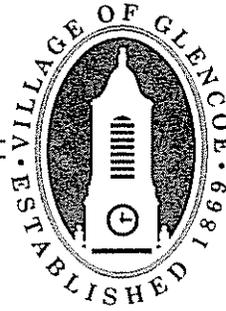


Carla E. Perry

President

Jeffrey R. Emer

Executive Director



August 2006

To the Residents of the Village of Glencoe:

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the Village of Glencoe, Illinois for the fiscal year ended February 28, 2006, is hereby submitted.

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

Sikich LLP Certified Public Accountants and Advisors, have issued an unqualified ("clean") opinion on the Village of Glencoe's financial statements for the year ended February 28, 2006. The auditor's report is located at the front of the financial section of this report.

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

Village Profile

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

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

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

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

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

Local Economic Factors

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

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

As result of the triennia reassessment, the Village's 2004 equalized assessed valuation (EAV) increased by 34.1% from the 2003 EAV. The significant increase in the Village's EAV is a positive indicator of economic health in the Village in terms of growing property values.

Relevant Financial Policies

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

Long Term Financial Planning

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

Looking Forward to Fiscal Year 2007

During the process of Fiscal Year 2007 Budget development, some major issues that the executive staff and the Village Board reviewed included:

- Discussion of the appropriate level of fund balance;
- Discussion of the appropriate budget level for building permits;
- Consideration of an increase in the sewer charge, changing the minimum from \$7.61 to \$15.00;
- Funding police and fire pension obligations during the fiscal year and going forward;
- Consideration of an increase in commuter parking fees;
- Consideration of the Glencoe Golf Club's ability to repay the amount due to the General Fund;
- Consideration of the Capital Plan proposed for Fiscal Year 2007;
- Consideration of an increase in garbage and recycling rates assuming status quo level of services until the analysis of garbage operations is completed; and
- Creation of a separate budget document for the Glencoe Golf Club, including a monthly budget, for the first time since 1991.

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, 2005. This was the twentieth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

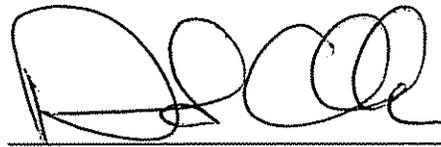
Acknowledgements

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

Sincerely,



Paul M. Harlow
Village Manager



David A. Clark
Director of Finance

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Glencoe, Illinois, as of and for the year ended February 28, 2006, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended February 28, 2006, as listed in the table of contents. These financial statements are the responsibility of the Village of Glencoe, Illinois' management. Our responsibility is to express 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the of governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information the Village of Glencoe, Illinois, as of February 28, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental and fiduciary funds of the Village of Glencoe, Illinois, as of February 28, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

A handwritten signature in black ink that reads "Sikich LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
May 23, 2006

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

VILLAGE OF GLENCOE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
February 28, 2006

This section of the Village of Glencoe's Comprehensive Annual Financial Report (CAFR) presents discussion and analysis of the Village's financial activities during the Fiscal Year ending February 28, 2006. This section should be used in conjunction with the transmittal letter at the front of this report and with the Village's financial statements that follow this section. Where appropriate the following Management Discussion and Analysis (MD&A) refers to specific pages in the CAFR for additional information.

FINANCIAL HIGHLIGHTS

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

1. Net asset position and performance in total – The Village's total net assets at February 28, 2006 were \$66,028,779, an increase of \$1,527,440 (See MD&A 4-Table II and CAFR page 3);
2. Governmental Activity Summary – Net assets for governmental activities increased by \$1,357,809 during the year (See MD&A 4-Table II);
3. Business-Type Activity Summary – Net assets for business-type activities increased by \$169,631 during the year. Net assets of the Water Fund increased \$276,938 during the year while net assets of the Glencoe Golf Club decreased \$107,307 (See MD&A 4-Table II);
4. General Fund Summary – The Village's General Corporate Fund reported a increase of \$584,856 in fund balance for the year. Actual General Fund revenue exceeded budget by \$1,092,697, while General Fund expenditures were \$98,183 less than budgeted. All expenditures were within legal appropriation limits (See CAFR page 8 and pages 53-54);
5. New Capital Assets – Total capital assets experienced a net accumulation of \$814,357 prior to depreciation of assets subject to depreciation. The net gain in capital assets less depreciation expense resulted in a reduction of \$236,331 in governmental capital assets from \$72,096,710 to \$71,860,379 (See Statement No. 5 on page 29 and MD&A 15-Table VII).

OVERVIEW OF FINANCIAL STATEMENTS

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

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

(See independent auditor's report.)

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

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

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

Table I Fund Statements

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

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

(See independent auditor's report)

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Infrastructure Assets

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 its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has chosen to depreciate assets over their useful life. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity - the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Assets

The following (Table II) reflects the condensed Statement of Net Assets as of February 28, 2006 with a comparison to the prior year. Net assets related to governmental activities increased \$1,357,809 or 2.2% from the prior year. Net assets related to business-type activities increased \$169,631 or 4.4% from the prior year. Net assets for total primary government increased \$1,527,440 or 2.4% from the prior year.

Table II
Statement of Net Assets
As of February 28, 2006

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	2005	2006	2005	2006	2005	2006
<i>Current and other assets</i>	\$ 14,306,621	\$ 17,104,085	\$ (372,780)	\$ (301,629)	\$ 13,933,841	\$ 16,802,456
<i>Capital Assets</i>	72,096,710	71,860,379	4,784,283	4,789,017	76,880,993	76,649,396
Total Assets	\$ 86,403,331	\$ 88,964,464	\$ 4,411,503	\$ 4,487,388	\$ 90,814,834	93,451,852
<i>\$ Change</i>	\$ (615,918)	\$ 2,561,133	\$ (202,849)	\$ 75,885	\$ (818,767)	2,637,018
<i>% Change</i>	-0.7%	3.0%	-4.4%	1.7%	-0.9%	2.9%
<i>Non-Current</i>	\$ 15,471,882	\$ 15,982,868	\$ 117,619	\$ 135,589	\$ 15,589,501	\$ 16,118,457
<i>Other Liabilities</i>	10,314,167	11,006,505	409,827	298,111	10,723,994	11,304,616
Total Liabilities	\$ 25,786,049	\$ 26,989,373	\$ 527,446	\$ 433,700	\$ 26,313,495	27,423,073
<i>\$ Change</i>	\$ (1,138,596)	\$ 1,203,324	\$ (11,160)	\$ (93,746)	\$ (1,149,756)	1,109,578
<i>% Change</i>	-4.2%	4.7%	-2.1%	-17.8%	-4.2%	4.2%
<i>Net Assets:</i>						
<i>Invested in capital assets, net of debt</i>	\$ 58,245,710	\$ 59,064,321	\$ 4,784,283	\$ 4,789,017	\$ 63,029,993	\$ 63,853,338
<i>Restricted</i>	770,752	2,154,179	-	-	770,752	2,154,179
<i>Unrestricted</i>	1,600,820	756,591	(900,226)	(735,329)	700,594	21,262
Total Net Assets	\$ 60,617,282	\$ 61,975,091	\$ 3,884,057	\$ 4,053,688	\$ 64,501,339	66,028,779
<i>\$ Change</i>	\$ 522,678	\$ 1,357,809	\$ (191,689)	\$ 169,631	\$ 330,989	1,527,440
<i>% Change</i>	0.9%	2.2%	-4.7%	4.4%	0.5%	2.4%

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

(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 investment in capital assets, net of debt.

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

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

Current Year Impacts

The Village's combined net assets (which is the Village's bottom line) increased from \$64,501,339 to \$66,028,779, an increase of \$1,527,440 or 2.4% as a result of the combined governmental and business-type activities.

Net assets of the Village's governmental funds increased from \$60,617,282 to \$61,975,091, an increase of \$1,357,809 or 2.2% 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, decreased from \$1,600,820 to \$756,591. Assets restricted for capital projects and for roadway maintenance amounted to \$1,244,772.

Net assets from business-type activities funding water production distribution and Glencoe Golf Club operations increased from \$3,884,057 to \$4,053,688, an increase of \$169,631 or 4.4%. The Village's unrestricted net assets for business-type activities were (\$735,591). The deficit of unrestricted net assets for business-type activities is due primarily to the advances to date of \$1,187,386 to the Glencoe Golf Club, an increase of \$157,335 from the prior year. Independently, the net unrestricted assets for the Water Fund were \$483,053, while the Glencoe Golf Club unrestricted net assets were (\$1,218,382).

(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. For more information see the Statement of Activities on pages 4 and 5.

Table III
Changes in Net Assets
For the Fiscal Year Ended February 28, 2006

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
REVENUES						
Program Revenues						
Charges for Service	3,587,012	3,839,983	2,566,154	3,310,171	6,153,166	7,150,154
Operating Grants and Contributions	251,158	254,722	-	-	251,158	254,722
Capital Grants and Contributions	1,100	26,100	-	-	1,100	26,100
Total Program Revenue	3,839,270	4,120,805	2,566,154	3,310,171	6,405,424	7,430,976
General Revenues						
Property and Replacement Taxes	8,312,438	8,688,541	-	-	8,312,438	8,688,541
Sales Tax	1,345,758	1,558,775	-	-	1,345,758	1,558,775
Utility Tax	1,254,067	1,403,087	-	-	1,254,067	1,403,087
Income Tax	571,557	666,731	-	-	571,557	666,731
Other	204,142	528,694	9,652	22,821	213,794	551,515
Total General Revenue	11,687,962	12,845,828	9,652	22,821	11,697,614	12,868,649
Total Revenue	15,527,232	16,966,633	2,575,806	3,332,992	18,103,038	20,299,625
\$ Change	322,684	1,439,401	(338,362)	757,186	(15,678)	2,196,587
% Change	2.1%	9.3%	-11.6%	29.4%	-0.1%	12.1%
EXPENSES						
Administration & Finance	2,405,068	2,344,865	-	-	2,405,068	2,344,865
Public Safety	6,151,278	6,751,092	-	-	6,151,278	6,751,092
Public Works	5,751,672	5,902,698	-	-	5,751,672	5,902,698
Debt Service Interest	604,943	610,169	-	-	604,943	610,169
Water	-	-	1,502,012	1,630,146	1,502,012	1,630,146
Glencoe Golf Club	-	-	1,357,076	1,533,215	1,357,076	1,533,215
Total Expenses	14,912,961	15,608,824	2,859,088	3,163,361	17,772,049	18,772,185
\$ Change	647,542	695,863	(27,663)	304,273	619,879	1,000,136
% Change	4.5%	4.7%	-1.0%	10.6%	3.6%	5.6%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	614,271	1,357,809	(283,282)	169,631	330,989	1,527,440
TRANSFERS	(91,593)	-	91,593	-	-	-
Change in Net Assets	522,678	1,357,809	(191,689)	169,631	330,989	1,527,440

(See independent auditor's report)

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Revenue for governmental activities increased \$1,439,401 or 9.3% from the prior year and expenditures for governmental activities increased \$695,863 or 4.7% from the prior year. Revenue for business-type activities increased \$757,186 or 29.4% from the prior year and expenditures for business-type activities increased \$304,273 or 10.6% from the prior year. The total revenue for primary government activities increased \$2,196,587 or 12.1% from the prior year and total expenditures for primary government activities increased \$1,000,136 or 5.6% from the prior year. \$751,870 of the expenditure increase is related to capital projects funded by bond proceeds. Absent the capital projects, the increase in expenditures is 1.4%.

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 Non-recurring) - certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

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

Expenses:

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

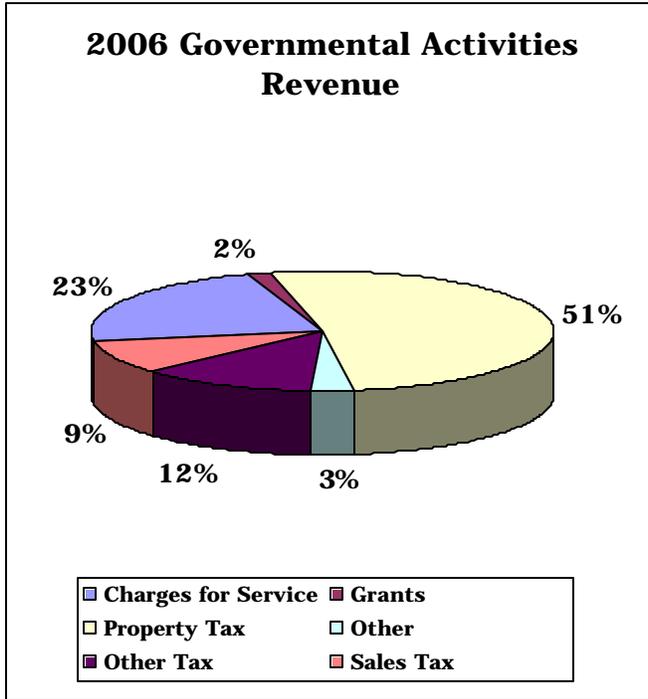
Increase in Authorized Personnel - changes in service demand may cause the Village Board to increase/decrease authorized staffing.

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

Inflation - Overall inflation, as measured by changes in the consumer price index (CPI), is at its highest level in 5 years (3.42% from December 31, 2004 to December 31, 2005). The Village is a major consumer of certain services and commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases (greater than the CPI). An example is health insurance, the family coverage premium rate for health insurance increased from \$1,311.97 to \$1,391.59 on January 1, 2006, a \$79.62 increase or 6.1%.

(See independent auditor's report)

Current Year Impacts

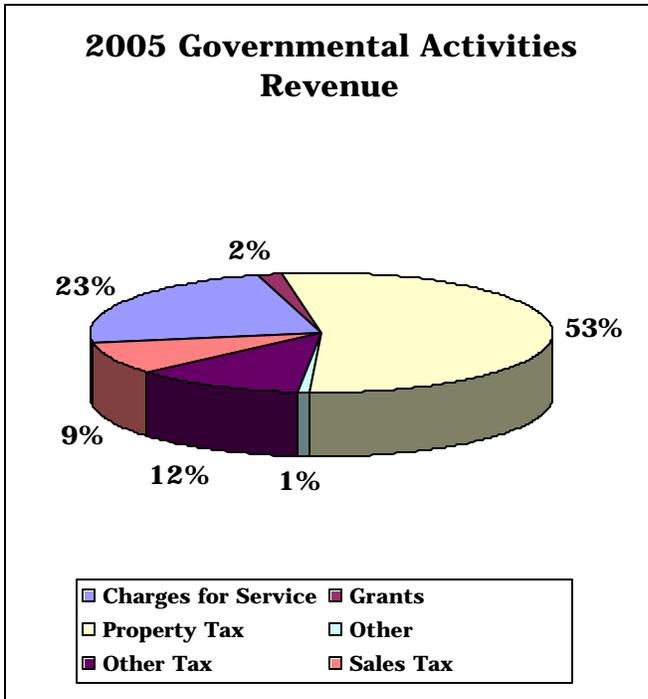


Governmental Activities

Revenue:

For the fiscal year ended February 28, 2006 revenues from governmental activities totaled \$16,966,633.

Property taxes (and replacement taxes) continue to be the Village's largest revenue source totaling \$8,688,541 representing 51.2% of total governmental activity revenue. Sales tax revenue was \$1,558,775, local utility tax was \$1,403,087 and shared state income tax revenue was \$666,731, in total representing 12.2% of the total governmental activity revenue. Total charges for service were \$3,839,983 or 22.6% of governmental activity revenue.

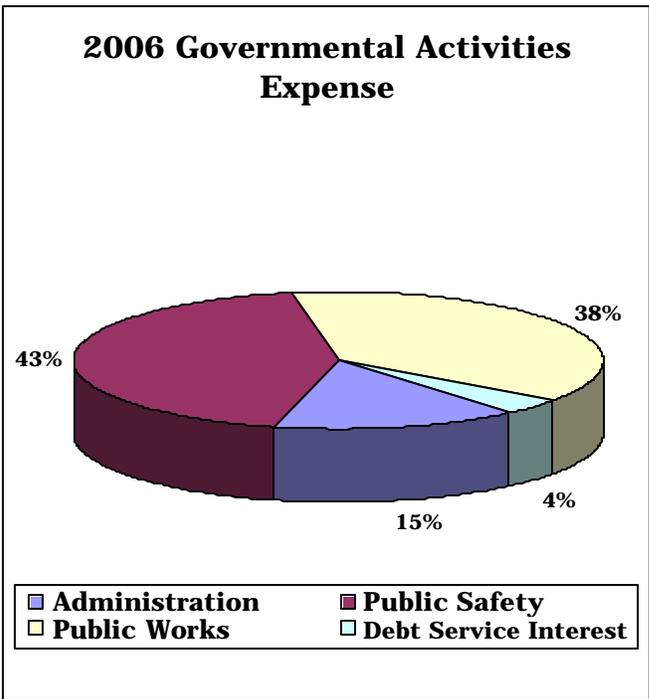


Comparison with Prior Year:

Property tax and replacement tax revenue increased by 376,103 or 4.5% from the prior year. Sales taxes increased by \$213,017 or 15.8% from the prior year. This is primarily due to the fact that the third of the three anticipated dealerships started operations in September 2005. The sales tax figure is gross and therefore does not include any rebates paid. Income tax increased by \$95,174 or 16.6% from the prior year. Charges for service increased by \$252,971 or 7.1%. Grants (capital and operating) increased by \$28,564 or 11.3%.

(See independent auditor's report)

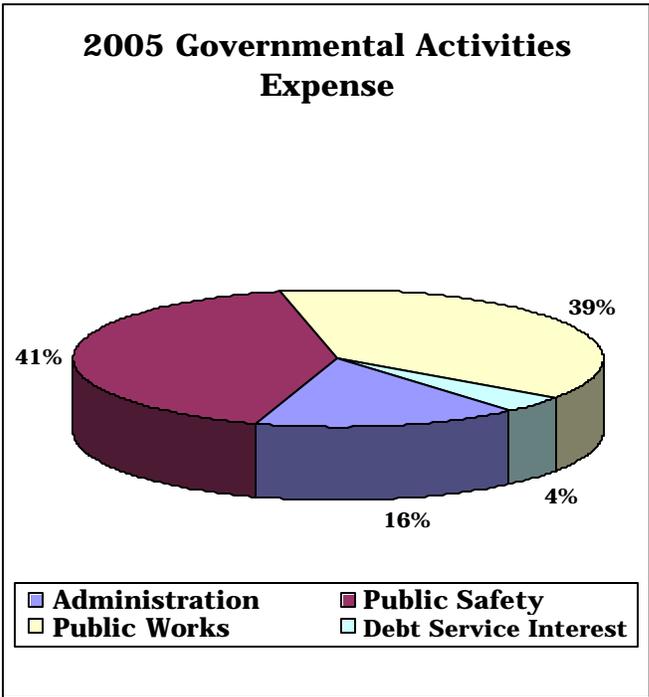
VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)



Expenses:
 For the fiscal year that ended February 28, 2006, expenses for governmental activities totaled \$15,608,824.

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

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



Comparison with Prior Year:
 Total expenditures for governmental activities increased \$695,863 or 4.7% from the prior year. Expenditure for administration and finance decreased by \$60,203, or 2.5%, from the prior year. Expenditures for Public Safety increased by \$599,814 or 9.8% from the prior year. Expenditures for Public Works increased by \$151,026 or 2.6% from the prior year. Expenditures related to debt service interest payments increased by \$5,226 or 0.9% from the prior year.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Table IV
Cost Factors

Category	2005 Factors		2006 Factors	
	% Change	Effective	% Change	Effective
Change in CPI (Tax Cap)	2.40%	12/31/2002	1.90%	12/31/2003
General Employees	3.95%	3/1/2004	3.75%	3/1/2005
Bargaining Unit Employees	3.50%	3/1/2004	3.50%	3/1/2005
Health Insurance	5.70%	1/1/2005	6.10%	1/1/2006
Police Pension (Taxes)	25.00%	3/1/2004	16.11%	3/1/2005
IMRF	29.36%	1/1/2005	7.19%	1/1/2006

The 2004 Tax Levy that funded Fiscal Year 2006 was limited to a 1.90% based upon the change in CPI from 2002 to 2003. The 2004 Tax Levy increased the extension by \$284,573 to a total tax extension for capped funds of \$6,343,391. At the same time the Village experienced 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.

The increase for general employees decreased from the 2005 factor of 3.95% to 3.75%. Bargaining unit employees remained constant with a contract year three increase of 3.5%. The rate for health insurance premium increased by 5.70% as of January 1, 2005 and by 6.10% effective January 1, 2006.

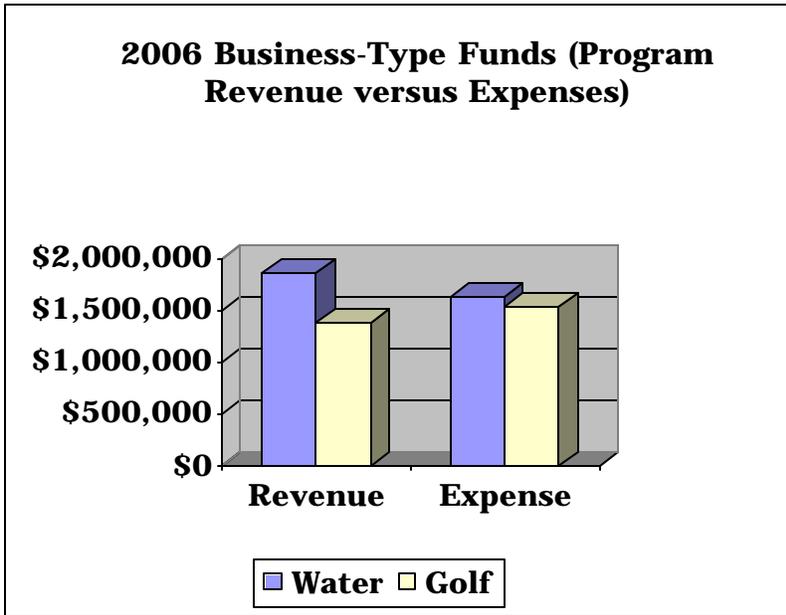
The increase in taxes related to Police Pension Fund obligations increased by 16.11% from the prior year. The actuarially determined minimum contribution for the Village's Police Pension obligation has increased from \$547,009 for Fiscal Year 2001 to \$1,027,821 for Fiscal Year 2005, an increase of 89.9%. The primary reason for this substantial increase in the funding requirement was a change by the Police Pension Fund in economic assumptions as follows:

- Investment rate of return was reduced from 7.5% to 7.0%.
- Salary increase assumption was lower from 6.0% to 5.5%.
- Mortality tables changed from the 1983 table to the 1994 Group Annuity Reserve Mortality Table.
- Assumed disability rates increased by 25%.
- Average age of retirement was reduced by one year.

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

As a result of these changes, there is an increased burden to fund this requirement beyond the level presently provided by property taxes. Increases in funding will require either a shift in property taxes or use of some other financial resources yet to be defined.

Employees eligible for benefits under the Illinois Municipal Retirement Fund (IMRF) contribute 4.5% of their salary towards that pension. The 2006 IMRF rates increased by 7.19% from the prior year. The employer contribution rate has increased from 2.29% of salary during calendar year 2001 to 9.54% of salary during calendar year 2006, a 316.6% increase.



Business Type Activities

Revenue

Revenue from business-type activity totaled \$3,332,992. Revenue generated by business-type activity increased by \$757,186 or 29.4% from the prior year.

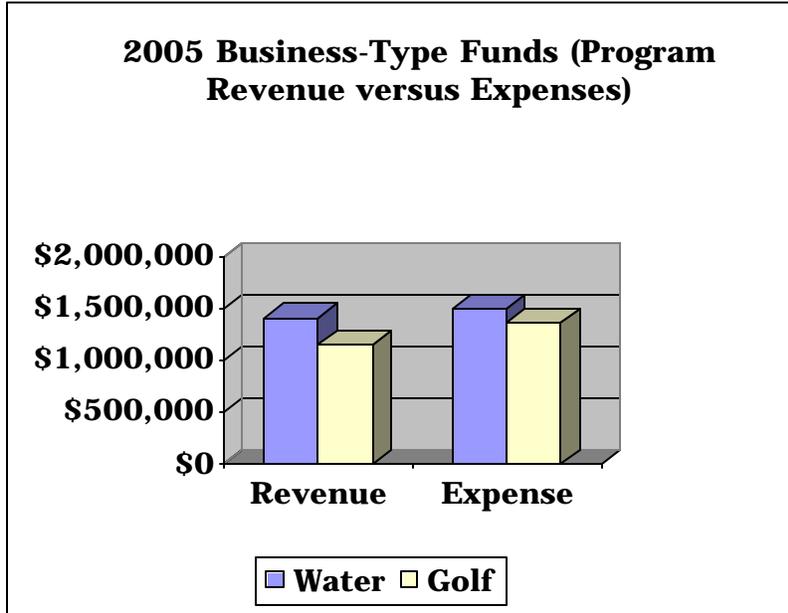
At the end of Fiscal Year 2006, the water rate for the Village was \$2.174 per 100 cubic feet. The prior year rate was \$2.10 per 100 cubic feet, an increase of 3.52%. Water Fund charges for service increased by \$467,579 or 33.9%. During Fiscal Year 2006, the volume of water pumped increased by

136.2 Million Gallons (MG) or 23.6% from the prior fiscal year and was 113% of the 5-year average.

Charges for service for the Golf Club increased \$247,900 or 21.9% from the prior year. Noteworthy variances included weekday green fees that increased due to the designation of Friday as a weekday during Fiscal Year 2006. Friday was designated as a weekend during Fiscal Year 2005. Another new item was the first complete Fiscal Year with GreenToTee Golf Academy (GTT). GTT paid \$90,000 for lease of facility and teaching passes at the Golf Club.

(See independent auditor's report)

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)



Expenses

Expenses (including depreciation) from business-type activity totaled \$3,163,361. Business-type depreciation expense amounted to \$211,362 as compared to \$240,035 in the prior year.

Noteworthy variances in excess of budget in the Water Fund included overtime salaries in distribution division, regular salary, and coagulation chemical purchase.

Noteworthy variances in the Golf Club Fund included regular salaries for payment of accrued leave balances of the former Golf Club Manager, overtime and temporary salaries for building and grounds, water and sewer charges, natural gas expense, and temporary salaries in play. Also included is an interest expense of \$55,973 on the advance to the Glencoe Golf Club due to the Village's General Fund.

During the year, the Water Fund had an operating income of \$260,270. The Glencoe Golf Club had an operating loss of (\$57,487), as compared to the operating loss at the Glencoe Golf Club during Fiscal Year 2005 of (\$196,170).

Expenditures for business type activities increased by \$304,273 or 10.6% from the prior year. Expenditures for the Water Fund increased by \$128,134 or 8.5% from the prior year primarily due to expanded water main improvement activities. Expenditures for the Golf Club increased by \$176,139 or 12.9% from the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the Fiscal Year ending February 28, 2006, the governmental funds reflect a combined fund balance of \$5,923,531. (See page 8 for more information). Overall the net change in combined fund balance was a increase of \$2,176,301. The net change in fund balance for the General Fund was an increase of \$584,856. The net change for the Garbage Fund was an increase of \$55,547. The net change in fund balance for General Obligation Bonds was an increase of \$57,762. The net change in fund balance for Capital Projects was an increase of \$1,140,332 due to the issuance of \$1,850,000 in 2005 Series Limited Tax Bonds for sewer system improvements. The net change in fund balance for non-major governmental funds during the year was an increase of \$337,804, primarily due to increase of fund balance in the Motor Fuel Tax Fund.

(See independent auditor's report)

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Table V
General Corporate Fund
Budgetary Highlights

<i>General Corporate Fund</i>	<i>Final Budget</i>	<i>Final Appropriation</i>	<i>2006 Actual</i>	<i>2005 Actual</i>	<i>2004 Actual</i>
REVENUES					
Taxes	\$ 8,943,458	\$ 8,943,458	\$ 9,405,693	\$ 8,724,558	8,244,767
Licenses & Permits	1,468,937	1,468,937	2,097,259	2,078,579	1,475,667
Other	1,166,050	1,166,050	1,168,190	875,533	1,629,526
Total	\$ 11,578,445	\$ 11,578,445	\$ 12,671,142	\$ 11,678,670	11,349,960
\$ From Final Budget			\$ 1,092,697		
% of Final Budget			109.4%		
\$ from Prior Year Actual			\$ 992,472	\$ 328,710	
% from Prior Year Actual			8.5%	2.9%	
EXPENDITURES & TRANSFERS					
Expenditures	\$ 12,184,469	\$ 13,402,917	\$ 12,086,286	\$ 11,805,208	11,327,319
Transfers In	-	-		-	(115,261)
Transfers Out	-	-		151,894	257,999
Total	\$ 12,184,469	\$ 13,402,917	\$ 12,086,286	\$ 11,957,102	11,470,057
\$ From Final Budget			\$ (98,183)		
% from Final Budget			99.2%		
\$ from Prior Year Actual			\$ 129,184	\$ 487,045	
% from Prior Year Actual			1.1%	4.2%	
Changes In Fund Balance	\$ (606,024)	\$ (1,824,472)	\$ 584,856	\$ (278,432)	(120,097)

Total revenue in the General Fund increased by \$992,472 or 8.5% from the prior year. Total expenditures in the General Fund increased by \$129,184 or 1.1% from the prior year. (See page 53 and 54 for more detail about revenue and expenditure in the General Fund).

The General Fund received revenues at 109.4% of budget. Major items totaling \$983,445 and included in the revenue in excess of \$1,092,697 were utility taxes (\$209,087), sales taxes (\$108,602), income taxes (\$85,231), and building permits (\$580,525).

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Utility taxes were generally up due to increased cost for gas and electricity. Sales taxes were increased due to activity from a new dealership that was difficult to project for the purposes of budgeting. Income taxes were up due to favorable economic conditions. Building permits were up due to a conservative budget and continued strong building activity in the Village.

Expenditures were \$98,183 less than budgeted or 99.2% of budget. One major variance was cost of public safety services for police protection. Personnel expenditures for the police protection division was \$225,889 over budget. Of that amount, \$100,527 was due to pension cost, \$44,732 was due to overtime and the balance was salaries and benefits.

During Fiscal Year 2006, the Village Board adopted a supplemental appropriation ordinance. The supplemental appropriations were primarily for the following purposes:

1. A Bicycle Path Improvement Study reimbursable by grant funding;
2. Plan review expenses in excess of budget;
3. Repayment of advance to Motor Fuel Tax Fund to General Fund; and
4. Bond Construction Fund to cover expenses related to 2005 Limited Tax Bonds on approved projects.

The supplemental appropriation was adopted to make sure that anticipated expenditures would be within appropriated amounts. There was no action taken by the Village Board during the Fiscal Year to increase the budget. On a fund-by-fund basis, all 2006 expenditures were within Fiscal Year 2006 appropriations. The amount of the supplemental appropriation is the same as the original appropriation for all funds except the Motor Fuel Tax Fund and Bond Construction Fund. Certain appropriated items were transferred to areas needing increased spending authority.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Capital Assets

At the end of Fiscal Year 2006, the Village's Governmental Activities had invested \$71,860,379 (see Notes to Financial Statement No.5 on pages 29 and 30) in a variety of capital assets and infrastructure, as reflected in the following schedule.

Table VII
Governmental Funds
Change in Capital Assets

	Balance February 29, 2004	Balance February 28 ,2005	Net Additions/ Deletions	Balance February 28 ,2006
Non-Depreciable Assets				
Land & Land Right of Way	41,364,509	41,364,509	-	41,364,509
Other Capital Assets				
Buildings & Improvements	4,017,638	4,035,638	75,390	4,111,028
Vehicles	4,076,363	4,122,020	88,160	4,210,180
Machinery & Equipment	306,796	306,796	4,861	311,657
Infrastructure	38,119,860	38,648,603	645,946	39,294,549
Sub-Total	46,520,657	47,113,057	814,357	47,927,414
Accumulated Depreciation on other Fixed Assets	(15,248,461)	(16,380,856)	(1,050,688)	(17,431,544)
Totals	72,636,705	72,096,710	(236,331)	71,860,379
\$ Change from prior year	(514,047)	(539,995)		
% Change from prior year	-0.7%	-0.7%		

Assets (net of depreciation) decreased \$236,331 or (0.3%) from Fiscal Year 2005 to Fiscal Year 2006.

Debt Outstanding

As of February 28, 2006, the Village had \$13,879,400 in outstanding debt service. The existing schedule extends through Fiscal Year 2016. (For more information see Statement Note No. 7 on pages 31 through 34).

The Village has a legal debt limit of \$74,339,533, which is 10.00% of assessed valuation. The Village has used \$13,865,000 of this limit leaving a legal debt margin of \$60,474,533. During Fiscal Year 2006, the Village maintained a "AAA" bond rating by Standard & Poor's Corporation. As stated by Standard & Poor, the rating reflects high-end housing stock, strong local economic conditions and strong financial management using 10-year financial planning.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Economic Factors

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

The equalized assessed valuation (EAV) grew 34.1% from Tax Year 2003 to \$743,395,329. The Tax Year 2004 Tax Levy (including debt service) grew 4.1%. The 2004 Tax Extension as a percent of the total EAV was to 1.18%, as compared to a 10-year average of 1.69%.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF NET ASSETS

February 28, 2006

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Glencoe Public Library
ASSETS				
Cash and cash equivalents	\$ 6,333,525	\$ 627,371	\$ 6,960,896	\$ 5,416
Investments	-	-	-	1,578,599
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	7,730,419	-	7,730,419	1,384,801
Other taxes	846,403	167,926	1,014,329	-
Accounts	143,130	-	143,130	-
Interest	55,973	-	55,973	-
Other	232,146	-	232,146	-
Due from other governments	-	-	-	10,790
Prepaid expenses/deferred charges	308,494	49,734	358,228	17,373
Inventory	16,609	40,726	57,335	-
Advances to other funds	1,187,386	(1,187,386)	-	-
Capital assets				
Non-depreciable	41,364,509	178,907	41,543,416	75,772
Depreciable, net of accumulated depreciation	30,495,870	4,610,110	35,105,980	1,360,978
Unamortized loss on refunding	250,000	-	250,000	-
Total assets	88,964,464	4,487,388	93,451,852	4,433,729
LIABILITIES				
Accounts payable and accrued liabilities	1,721,310	198,934	1,920,244	-
Accrued interest payable	117,929	-	117,929	-
Deferred revenue	9,167,266	99,177	9,266,443	1,622,214
Noncurrent liabilities				
Due within one year	2,770,138	-	2,770,138	23,157
Due in more than one year	13,212,730	135,589	13,348,319	479,261
Total liabilities	26,989,373	433,700	27,423,073	2,124,632
NET ASSETS				
Investment in capital assets, net of related debt	59,064,321	4,789,017	63,853,338	934,332
Restricted for				
Debt service	251,733	-	251,733	-
Capital projects	1,140,332	-	1,140,332	-
Roadway maintenance	104,440	-	104,440	-
Public safety	657,674	-	657,674	-
Employee retirement	-	-	-	28,328
Donor specified purposes	-	-	-	30,014
Unrestricted (deficit)	756,591	(735,329)	21,262	1,316,423
TOTAL NET ASSETS	\$ 61,975,091	\$ 4,053,688	\$ 66,028,779	\$ 2,309,097

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended February 28, 2006

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
Administration and finance	\$ 2,344,865	\$ 296,215	\$ -	\$ 26,100
Public safety	6,751,092	646,965	-	-
Public works	5,902,698	2,896,803	254,722	-
Interest	610,169	-	-	-
Total governmental activities	15,608,824	3,839,983	254,722	26,100
Business-Type Activities				
Water	1,630,146	1,890,416	-	-
Golf Club	1,533,215	1,419,755	-	-
Total business-type activities	3,163,361	3,310,171	-	-
TOTAL PRIMARY GOVERNMENT	\$ 18,772,185	\$ 7,150,154	\$ 254,722	\$ 26,100
COMPONENT UNIT				
Glencoe Public Library	\$ 1,589,698	\$ 41,868	\$ 65,658	\$ -

Net (Expense) Revenue and Change in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total	Glencoe Public Library	
\$ (2,022,550)	\$ -	\$ (2,022,550)	\$ -	
(6,104,127)	-	(6,104,127)	-	
(2,751,173)	-	(2,751,173)	-	
(610,169)	-	(610,169)	-	
(11,488,019)	-	(11,488,019)	-	
-	260,270	260,270	-	
-	(113,460)	(113,460)	-	
-	146,810	146,810	-	
(11,488,019)	146,810	(11,341,209)	-	
-	-	-	(1,482,172)	
General Revenues				
Taxes				
Property and replacement	8,688,541	-	8,688,541	1,518,194
Sales	1,558,775	-	1,558,775	-
Utility	1,403,087	-	1,403,087	-
Income	666,731	-	666,731	-
Other	34,593	-	34,593	-
Investment income	305,010	22,821	327,831	55,516
Miscellaneous	189,091	-	189,091	2,382
Total	12,845,828	22,821	12,868,649	1,576,092
CHANGE IN NET ASSETS	1,357,809	169,631	1,527,440	93,920
NET ASSETS, MARCH 1	60,617,282	3,884,057	64,501,339	2,215,177
NET ASSETS, FEBRUARY 28	\$ 61,975,091	\$ 4,053,688	\$ 66,028,779	\$ 2,309,097

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

February 28, 2006

	General	Garbage	General Obligation Bonds	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 3,744,916	\$ 162,939	\$ 597,942	\$ 1,146,633	\$ 681,095	\$ 6,333,525
Receivables (net, where applicable, of allowances for uncollectibles)						
Property taxes	5,049,404	626,319	2,046,875	-	7,821	7,730,419
Other taxes	846,403	-	-	-	-	846,403
Accounts	143,130	-	-	-	-	143,130
Interest	55,973	-	-	-	-	55,973
Other	85,095	116,292	-	-	30,759	232,146
Due from other funds	-	-	-	-	75,258	75,258
Advances to other funds	1,187,386	-	-	-	-	1,187,386
Prepaid items	225,649	40,867	-	-	-	266,516
Inventory	6,751	9,858	-	-	-	16,609
TOTAL ASSETS	\$ 11,344,707	\$ 956,275	\$ 2,644,817	\$ 1,146,633	\$ 794,933	\$ 16,887,365
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,640,948	\$ 53,264	\$ -	\$ 6,301	\$ 20,797	\$ 1,721,310
Due to other funds	75,258	-	-	-	-	75,258
Deferred revenues	6,028,253	733,907	2,398,482	-	6,624	9,167,266
Total liabilities	7,744,459	787,171	2,398,482	6,301	27,421	10,963,834
FUND BALANCES						
Reserved for debt service	-	-	246,335	-	5,398	251,733
Reserved for capital projects	-	-	-	1,140,332	-	1,140,332
Reserved for roadway maintenance	-	-	-	-	104,440	104,440
Reserved for public safety	-	-	-	-	657,674	657,674
Reserved for prepaid items	225,649	40,867	-	-	-	266,516
Reserved for inventory	6,751	9,858	-	-	-	16,609
Reserved for advances	1,187,386	-	-	-	-	1,187,386
Unreserved and undesignated						
General	2,180,462	-	-	-	-	2,180,462
Special revenue	-	118,379	-	-	-	118,379
Total fund balances	3,600,248	169,104	246,335	1,140,332	767,512	5,923,531
TOTAL LIABILITIES AND AND FUND BALANCES	\$ 11,344,707	\$ 956,275	\$ 2,644,817	\$ 1,146,633	\$ 794,933	\$ 16,887,365

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

February 28, 2006

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 5,923,531
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	71,860,379
Bond issue costs and premium/discounts on bonds are expensed in governmental funds but capitalized and amortized in the statement of net assets	291,978
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>(16,100,797)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 61,975,091</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	General	Garbage	General Obligation Bonds	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 5,532,701	\$ 690,602	\$ 2,362,104	\$ -	\$ 9,261	\$ 8,594,668
Other taxes	3,872,992	7,000	-	-	193,006	4,072,998
Licenses and permits	2,097,259	-	-	-	-	2,097,259
Intergovernmental	-	-	-	-	254,722	254,722
Fines and forfeits	94,655	-	-	-	-	94,655
Investment income	185,518	7,922	33,680	54,925	22,965	305,010
Charges for services	341,311	579,895	-	-	-	921,206
Miscellaneous	546,706	76,944	-	2,065	400	626,115
Total revenues	12,671,142	1,362,363	2,395,784	56,990	480,354	16,966,633
EXPENDITURES						
Current						
Administration and finance	2,012,998	272,422	-	-	55,365	2,340,785
Public safety	6,191,937	-	-	-	16,863	6,208,800
Public works	3,809,636	1,008,793	-	-	-	4,818,429
Capital outlay	71,715	25,601	-	751,870	62,538	911,724
Debt service						
Principal	-	-	1,815,000	-	6,600	1,821,600
Interest and fees	-	-	523,022	-	1,184	524,206
Total expenditures	12,086,286	1,306,816	2,338,022	751,870	142,550	16,625,544
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	584,856	55,547	57,762	(694,880)	337,804	341,089
OTHER FINANCING SOURCES (USES)						
Bonds issued	-	-	-	1,850,000	-	1,850,000
Discount on bonds issued	-	-	-	(14,788)	-	(14,788)
Total other financing sources (uses)	-	-	-	1,835,212	-	1,835,212
NET CHANGE IN FUND BALANCES	584,856	55,547	57,762	1,140,332	337,804	2,176,301
FUND BALANCES, MARCH 1	3,015,392	113,557	188,573	-	429,708	3,747,230
FUND BALANCES, FEBRUARY 28	\$ 3,600,248	\$ 169,104	\$ 246,335	\$ 1,140,332	\$ 767,512	\$ 5,923,531

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,176,301
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	954,526
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	(1,850,000)
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	1,821,600
Some expenses in the statement of activities (e.g. depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation and amortization	(1,184,791)
Gain (loss) on sale of capital assets	(6,066)
Change in interest payable	(71,175)
Change in net pension obligation	(187,554)
Change in compensated absences	(295,032)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,357,809</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

February 28, 2006

ASSETS	Water	Glencoe Golf Club	Totals
CURRENT ASSETS			
Cash and cash equivalents	\$ 512,707	\$ 114,664	\$ 627,371
Receivables			
Customer accounts	157,725	-	157,725
Other	-	10,201	10,201
Prepays	27,622	22,112	49,734
Inventory	27,437	13,289	40,726
Total current assets	<u>725,491</u>	<u>160,266</u>	<u>885,757</u>
CAPITAL ASSETS			
Non-depreciable	178,907	-	178,907
Depreciable, net of accumulated depreciation	3,901,034	709,076	4,610,110
Total capital assets	<u>4,079,941</u>	<u>709,076</u>	<u>4,789,017</u>
Total assets	<u>4,805,432</u>	<u>869,342</u>	<u>5,674,774</u>
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	112,765	86,169	198,934
Deferred revenue	-	99,177	99,177
Total current liabilities	<u>112,765</u>	<u>185,346</u>	<u>298,111</u>
LONG-TERM LIABILITIES			
Advances from other funds	-	1,187,386	1,187,386
Noncurrent accrued vacation	26,499	2,460	28,959
Noncurrent accrued sick leave	103,174	3,456	106,630
Total long-term liabilities	<u>129,673</u>	<u>1,193,302</u>	<u>1,322,975</u>
Total liabilities	<u>242,438</u>	<u>1,378,648</u>	<u>1,621,086</u>
NET ASSETS			
Invested in capital assets	4,079,941	709,076	4,789,017
Unrestricted (deficit)	483,053	(1,218,382)	(735,329)
TOTAL NET ASSETS	<u>\$ 4,562,994</u>	<u>\$ (509,306)</u>	<u>\$ 4,053,688</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Water	Glencoe Golf Club	Totals
OPERATING REVENUES			
Charges for services	\$ 1,844,515	\$ 1,377,849	\$ 3,222,364
Miscellaneous	45,901	41,906	87,807
Total operating revenues	<u>1,890,416</u>	<u>1,419,755</u>	<u>3,310,171</u>
OPERATING EXPENSES			
Water production	893,292	-	893,292
Water distribution	569,672	-	569,672
Golf	-	1,433,062	1,433,062
Depreciation	167,182	44,180	211,362
Total operating expenses	<u>1,630,146</u>	<u>1,477,242</u>	<u>3,107,388</u>
OPERATING INCOME (LOSS)	<u>260,270</u>	<u>(57,487)</u>	<u>202,783</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	16,668	6,153	22,821
Interest expense	-	(55,973)	(55,973)
Total nonoperating revenues (expenses)	<u>16,668</u>	<u>(49,820)</u>	<u>(33,152)</u>
CHANGE IN NET ASSETS	276,938	(107,307)	169,631
NET ASSETS (DEFICIT), MARCH 1	<u>4,286,056</u>	<u>(401,999)</u>	<u>3,884,057</u>
NET ASSETS (DEFICIT), FEBRUARY 28	<u>\$ 4,562,994</u>	<u>\$ (509,306)</u>	<u>\$ 4,053,688</u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended February 28, 2006

	Water	Glencoe Golf Club	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,879,682	\$ 1,452,928	\$ 3,332,610
Receipts from miscellaneous revenues	45,901	33,772	79,673
Payments to suppliers	(684,321)	(765,660)	(1,449,981)
Payments to employees	(903,049)	(769,864)	(1,672,913)
Net cash from operating activities	<u>338,213</u>	<u>(48,824)</u>	<u>289,389</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances to other funds	-	157,335	157,335
Net cash from noncapital financing activities	<u>-</u>	<u>157,335</u>	<u>157,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(216,096)	-	(216,096)
Net cash from capital and related financing activities	<u>(216,096)</u>	<u>-</u>	<u>(216,096)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	16,668	6,153	22,821
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	138,785	114,664	253,449
CASH AND CASH EQUIVALENTS, MARCH 1	<u>373,922</u>	<u>-</u>	<u>373,922</u>
CASH AND CASH EQUIVALENTS, FEBRUARY 28	<u>\$ 512,707</u>	<u>\$ 114,664</u>	<u>\$ 627,371</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 260,270	\$ (57,487)	\$ 202,783
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	167,182	44,180	211,362
Changes in current assets and liabilities			
Customer accounts receivable	35,167	(8,134)	27,033
Prepaid expenses	(415)	(207)	(622)
Inventory	(9,899)	8,451	(1,448)
Accounts payable and accrued liabilities	(150,831)	(91,937)	(242,768)
Deferred revenue	-	75,079	75,079
Noncurrent accrued sick leave	36,739	(18,769)	17,970
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 338,213</u>	<u>\$ (48,824)</u>	<u>\$ 289,389</u>

See accompanying notes to financial statements.

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

February 28, 2006

ASSETS	
Cash and cash equivalents	\$ 1,847,464
Receivables	
Interest	67,879
Investments, at fair value	
U.S. government obligations	7,170,110
Mutual funds	<u>8,154,958</u>
Total assets	17,240,411
LIABILITIES	
Accounts payable and accrued liabilities	<u>1,604</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$17,238,807</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended February 28, 2006

ADDITIONS	
Contributions - employer	
Taxes	\$ 907,198
Contributions - plan members	<u>317,448</u>
Total contributions	<u>1,224,646</u>
Investment income	
Net increase in fair value of investments	851,404
Interest earned	306,412
Less investment fees	<u>(48,756)</u>
Net investment income	<u>1,109,060</u>
Total additions	<u>2,333,706</u>
DEDUCTIONS	
Pensions and refunds	1,021,350
Miscellaneous	
Contractual professional services	<u>17,557</u>
Total deductions	<u>1,038,907</u>
NET INCREASE	1,294,799
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
March 1	<u>15,944,008</u>
February 28	<u><u>\$17,238,807</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

February 28, 2006

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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

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

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

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

c. Government-Wide and Fund Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Village reports the following major governmental funds:

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

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

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

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

The Village reports the following major proprietary funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value.

f. Short-Term Interfund Receivables/Payables

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

g. Inventories

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

h. Prepaid Items/Expenses

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

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

k. Long-Term Obligations

In the government-wide financial statements, and proprietary 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/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Capital assets, net of related debt is the book value of the capital assets less the outstanding principal balance of long-term debt issued to construct or acquire the capital assets.

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.

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, to its enterprise funds unless they conflict with or contradict GASB pronouncements.

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

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

Fund	Deficit
Glencoe Golf Club	\$ 509,306

3. DEPOSITS AND INVESTMENTS

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

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

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.

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

a. Village Deposits with Financial Institutions

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

b. Village Investments

The following table presents the investments and maturities of the Village's debt securities as of February 28, 2006:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money market funds	\$ 1,167,962	\$ 461,496	\$ 706,466	\$ -	\$ -
TOTAL	\$ 1,167,962	\$ 461,496	\$ 706,466	\$ -	\$ -

Interest Rate Risk

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity and maximizing yields for funds not needed within a three year period. The investment policy limits the maximum maturity length of investments to three years from date of purchase. In addition, the policy requires the Village to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

3. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

c. Police and Fire Pension Funds Deposits with Financial Institutions

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

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

3. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of February 28, 2006:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
US Treasury obligations	\$ 2,118,726	\$ -	\$ -	\$ 2,118,726	\$ -
US Agency obligations	5,051,384	1,161,378	3,890,006	-	-
Money market funds	94,335	94,335	-	-	-
TOTAL	\$ 7,264,445	\$ 1,255,713	\$ 3,890,006	\$ 2,118,726	\$ -

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

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

3. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments

Concentration of credit risk

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

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

e. Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of February 28, 2006:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money market funds	\$ 26,793	\$ 26,793	\$ -	\$ -	\$ -
TOTAL	\$ 26,793	\$ 26,793	\$ -	\$ -	\$ -

Interest Rate Risk

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

3. DEPOSITS AND INVESTMENTS (Continued)

e. Firefighters' Pension Fund Investments (Continued)

Credit Risk

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

Custodial Credit Risk

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

Concentration of credit risk

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

4. RECEIVABLES - TAXES

Property taxes for 2005 attach as an enforceable lien on January 1, 2005 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, 2006 and August 1, 2006 and are payable in two installments, on or about March 1, 2006 and September 1, 2006. 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 2005 levy is intended to finance the fiscal year ended February 28, 2007, it has been offset by deferred revenue at February 28, 2006.

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

4. RECEIVABLES - TAXES (Continued)

The 2006 tax levy, which attached as an enforceable lien on property as of January 1, 2006, has not been recorded as a receivable as of February 28, 2006, as the tax will not be levied until December 2006, and, therefore, is not measurable at February 28, 2006.

5. CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,195,910	\$ -	\$ -	\$ 1,195,910
Land right of way	40,168,599	-	-	40,168,599
Total capital assets not being depreciated	41,364,509	-	-	41,364,509
Capital assets being depreciated				
Buildings and improvements	4,035,638	75,390	-	4,111,028
Vehicles	4,122,020	211,318	123,158	4,210,180
Machinery and equipment	306,796	19,861	15,000	311,657
Infrastructure	38,648,603	647,957	2,011	39,294,549
Total capital assets being depreciated	47,113,057	954,526	140,169	47,927,414
Less accumulated depreciation for				
Buildings and improvements	1,359,344	73,787	-	1,433,131
Vehicles	2,433,071	302,854	117,092	2,618,833
Machinery and equipment	193,602	25,555	15,000	204,157
Infrastructure	12,394,839	782,595	2,011	13,175,423
Total accumulated depreciation	16,380,856	1,184,791	134,103	17,431,544
Total capital assets being depreciated, net	30,732,201	(230,265)	6,066	30,495,870
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 72,096,710	\$ (230,265)	\$ 6,066	\$ 71,860,379
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 40,000	\$ -	\$ 40,000	\$ -
Land	178,907	-	-	178,907
Total capital assets not being depreciated	218,907	-	40,000	178,907
Capital assets being depreciated				
Building and improvements	2,757,857	-	-	2,757,857
Machinery and equipment	2,706,978	46,168	35,817	2,717,329
Water transmission system	4,615,786	209,928	-	4,825,714
Golf Course improvements	822,282	-	-	822,282
Total capital assets being depreciated	10,902,903	256,096	35,817	11,123,182

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

5. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES (Continued)				
Less accumulated depreciation for				
Building and improvements	\$ 1,886,287	\$ 44,418	\$ -	\$ 1,930,705
Machinery and equipment	2,380,901	46,251	35,817	2,391,335
Water transmission system	1,763,926	96,044	-	1,859,970
Golf Course improvements	306,413	24,649	-	331,062
Total accumulated depreciation	<u>6,337,527</u>	<u>211,362</u>	<u>35,817</u>	<u>6,513,072</u>
Total capital assets being depreciated, net	<u>4,565,376</u>	<u>44,734</u>	<u>-</u>	<u>4,610,110</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 4,784,283</u>	<u>\$ 44,734</u>	<u>\$ 40,000</u>	<u>\$ 4,789,017</u>

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

GOVERNMENTAL ACTIVITIES

Administration and Finance	\$ 36,432
Public Safety	119,661
Public Works	<u>1,028,698</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES \$ 1,184,791

6. RISK MANAGEMENT

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

Intergovernmental Risk Management Agency (IRMA)

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

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

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

6. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (IRMA) (Continued)

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

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

7. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government 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 28	Current Portion
\$80,000, 1992 Special Service Area serial bonds due in annual installments of \$3,500 to \$7,400 through December 1, 2008; interest at 2.7% to 5.75%.	Debt Service	\$ 21,000	\$ -	\$ 6,600	\$ 14,400	\$ 7,000
\$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	4,000,000	-	-	4,000,000	100,000
\$7,510,000 2001AB Corporate Purpose serial bonds due in annual installments of \$255,000 to \$1,625,000 through December 1, 2008; interest at 3.50% to 4.00%.	Debt Service	4,025,000	-	1,625,000	2,400,000	1,385,000

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 28	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	\$ 905,000	\$ -	\$ 115,000	\$ 790,000	\$ 120,000
\$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	4,900,000	-	75,000	4,825,000	305,000
\$1,850,000 2005 general obligation limited tax bonds due in annual installments of \$125,000 to \$215,000 through December 1, 2015; interest at 2.55% to 3.70%.	Debt Service	-	1,850,000	-	1,850,000	125,000
TOTAL PRIMARY GOVERNMENT		\$13,851,000	\$ 1,850,000	\$ 1,821,600	\$ 13,879,400	\$ 2,042,000

b. Component Unit Obligation Bonds

Issue	Fund Debt Retired by	Balances March 1	Additions	Reductions	Balances February 28	Current Portion
\$600,000 construction loan/line of credit dated June 25, 1999 bearing interest at 4.7% due in monthly installments through maturity in December 2019.	Component Unit	\$ 524,499	\$ -	\$ 22,081	\$ 502,418	\$ 23,157

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

7. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending February 28	General Obligation		
	Principal	Interest	Total
2007	\$ 2,042,000	\$ 471,716	\$ 2,513,716
2008	2,187,400	399,952	2,587,352
2009	2,235,000	332,499	2,567,499
2010	2,330,000	267,492	2,597,492
2011	2,375,000	199,143	2,574,143
2012	1,885,000	102,991	1,987,991
2013	195,000	26,812	221,812
2014	205,000	20,475	225,475
2015	210,000	13,813	223,813
2016	215,000	6,987	221,987
TOTAL	\$ 13,879,400	\$ 1,841,880	\$ 15,721,280

Fiscal Year Ending February 28	Component Unit		
	Principal	Interest	Total
2007	\$ 23,157	\$ 23,446	\$ 46,603
2008	24,225	22,378	46,603
2009	25,465	21,138	46,603
2010	26,705	19,898	46,603
2011	28,006	18,597	46,603
2012	29,324	17,279	46,603
2013	30,798	15,805	46,603
2014	32,298	14,305	46,603
2015	33,871	12,732	46,603
2016	35,493	11,110	46,603
2017	37,250	9,353	46,603
2018	39,064	7,539	46,603
2019	40,967	5,636	46,603
2020	42,955	3,648	46,603
2021	45,055	1,548	46,603
2022	7,785	47	7,832
TOTAL	\$ 502,418	\$ 204,459	\$ 706,877

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

7. LONG-TERM DEBT (Continued)

d. Changes in Long-Term Liabilities

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

	Balances March 1	Additions	Reductions/ Refundings	Balances February 28	Current
Accrued sick leave	\$ 471,018	\$ 282,547	\$ -	\$ 753,565	\$ 235,856
Accrued vacation	480,679	492,282	480,679	492,282	492,282
Net pension obligation	670,067	209,478	21,924	857,621	-
General obligation bonds payable	13,851,000	1,850,000	1,821,600	13,879,400	2,042,000
TOTAL	\$ 15,472,764	\$ 2,834,307	\$ 2,324,203	\$ 15,982,868	\$ 2,770,138

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

e. Legal Debt Margin

Assessed Valuation - 2004 (most recent data available)	<u>\$743,395,329</u>
Legal Debt Limit - 10.00% of Assessed Valuation	<u>\$ 74,339,533</u>
Amount of Debt Applicable to Debt Limit	
1999 Corporate Purpose Bonds	4,000,000
2001AB Corporate Purpose Bonds	2,400,000
2001C Corporate Purpose Bonds	790,000
2003 Corporate Purpose Refunding Bonds	4,825,000
2005 Corporate Purpose Limited Tax Bonds	<u>1,850,000</u>
	<u>13,865,000</u>
LEGAL DEBT MARGIN	<u>\$ 60,474,533</u>

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

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

8. INTERFUND ASSETS/LIABILITIES

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	General	\$ 75,258
TOTAL		<u>\$ 75,258</u>

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

\$75,258 Foreign Fire Insurance revenue due to Foreign Fire Insurance Fund. The amount is expected to be repaid within a year.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Glencoe Golf Club	\$ 1,187,386
TOTAL		<u>\$ 1,187,386</u>

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

\$1,187,386 to support the operations of the Glencoe Golf Club.

9. COMMITMENTS

Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to make payments to SWANCC. The Village has committed to pay \$1,790,273. 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.

Fiscal Year Ending February 28	Total Costs
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	<u>176,849</u>
TOTAL	<u>\$ 1,790,273</u>

10. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

11. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

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

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

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

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

11. JOINT VENTURES (Continued)

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

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 \$272,422 to the Agency for 2006.

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 \$127,033, 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.

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 2005 was 8.90% 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, 2005, the Police Pension Plan membership consisted of:

Terminated employees entitled to benefits but not yet receiving them	-
Currently receiving benefits	
Retirees	16
Beneficiaries	9
Current employees	
Vested	35
Nonvested	-
	<hr/>
TOTAL	<u>60</u>

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, 2005, the Village's contribution was 29.96% 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, 2005, the Firefighter's Pension Plan membership consisted of:

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

c. Firefighters' Pension (Continued)

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

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended February 28, 2005, 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, 2003	February 28, 2005	February 28, 2005
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	27 Years, Closed	28 Years, Closed	28 Years, Closed
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.00% Compounded Annually	6.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually	None
c) Additional projected salary increases - seniority/merit	.40 to 11.60%	Not Available	Not Available

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Descriptions and Provisions (Continued)

f. Annual Pension Costs (Continued)

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

		Illinois Municipal Retirement*	Police Pension*	Firefighters' Pension*
Annual Pension Cost (APC)	2003	\$ 191,974	\$ 719,060	\$ 31,698
	2004	326,261	905,275	38,838
	2005	431,817	985,068	12,620
Actual contribution	2003	\$ 191,974	\$ 591,167	\$ 42,399
	2004	326,261	620,485	22,094
	2005	431,817	775,590	34,544
Percentage of APC contributed	2003	100.0%	82.2%	133.8%
	2004	100.0	68.5	56.9
	2005	100.0	78.7	273.7
NPO (Asset)	2003	\$ -	\$ 337,028	\$ 31,505
	2004	-	621,818	48,249
	2005	-	831,296	26,325

* Police and firefighters' pension information presented is for the fiscal years ending February 28, 2003, February 29, 2004, and February 28, 2005. The information for the Illinois Municipal Retirement is for the calendar years 2003, 2004, and 2005.

The NPO has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 967,982	\$ 13,253
Interest on net pension obligation	43,527	3,136
Adjustment to annual required contributions	(26,441)	(3,769)
Annual pension cost	985,068	12,620
Contributions made	775,590	34,544
Increase (decrease) in net pension obligation	209,478	(21,924)
Net pension obligation (asset), beginning of year	621,818	48,249
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 831,296	\$ 26,325

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Appropriations		Original and Final Budget	Actual	Budget Variance Over Under
	Original	Final			
REVENUES					
Property taxes	\$ 5,474,985	\$ 5,474,985	\$ 5,474,985	\$ 5,532,701	\$ 57,716
Other taxes	3,468,473	3,468,473	3,468,473	3,872,992	404,519
Licenses and permits	1,468,937	1,468,937	1,468,937	2,097,259	628,322
Fines and forfeits	130,700	130,700	130,700	94,655	(36,045)
Investment income	50,200	50,200	50,200	185,518	135,318
Charges for services	331,000	331,000	331,000	341,311	10,311
Miscellaneous	654,150	654,150	654,150	546,706	(107,444)
Total revenues	11,578,445	11,578,445	11,578,445	12,671,142	1,092,697
EXPENDITURES					
Current					
Administration and finance	2,404,998	2,404,998	2,186,362	2,012,998	(173,364)
Public safety	6,618,997	6,618,997	6,017,270	6,191,937	174,667
Public works	4,281,022	4,281,022	3,891,837	3,809,636	(82,201)
Capital outlay	97,900	97,900	89,000	71,715	(17,285)
Total expenditures	13,402,917	13,402,917	12,184,469	12,086,286	(98,183)
NET CHANGE IN FUND BALANCE	\$ (1,824,472)	\$ (1,824,472)	\$ (606,024)	584,856	\$ 1,190,880
FUND BALANCE, MARCH 1				3,015,392	
FUND BALANCE, FEBRUARY 28				\$ 3,600,248	

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Property taxes	\$ 700,000	\$ 700,000	\$ 690,602	\$ (9,398)
Other taxes	7,000	7,000	7,000	-
Investment income	6,200	6,200	7,922	1,722
Charges for services	591,000	591,000	579,895	(11,105)
Miscellaneous and other				
Recycling	46,000	46,000	44,489	(1,511)
Special refuse pick-up	35,000	35,000	31,627	(3,373)
Miscellaneous and other	1,200	1,200	828	(372)
Total revenues	1,386,400	1,386,400	1,362,363	(24,037)
EXPENDITURES				
Administration	302,500	275,000	272,422	(2,578)
Public works	1,158,079	1,052,799	1,008,793	(44,006)
Capital expenditures - equipment	62,700	57,000	25,601	(31,399)
Total expenditures	1,523,279	1,384,799	1,306,816	(77,983)
NET CHANGE IN FUND BALANCE	\$ (136,879)	\$ 1,601	55,547	\$ 53,946
FUND BALANCE, MARCH 1			<u>113,557</u>	
FUND BALANCE, FEBRUARY 28			<u>\$ 169,104</u>	

(See independent auditor's report.)

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

February 28, 2006

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)
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%
2004	12,385,423	13,104,559	94.51%	719,136	4,742,163	15.16%
2005	13,308,178	14,093,922	94.42%	785,744	4,851,875	16.19%

(See independent auditor's report.)

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

February 28, 2006

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)
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%
2004	14,456,837	25,564,805	56.55%	11,107,968	2,442,129	454.85%
2005	15,345,133	27,385,563	56.03%	12,040,430	2,589,181	465.03%

(See independent auditor's report.)

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

February 28, 2006

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)
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	-	*
2004	731,023	1,239,278	58.99%	508,255	-	*
2005	652,687	822,347	79.37%	169,660	-	*

* Not applicable

(See independent auditor's report.)

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

February 28, 2006

<u>Year Ended December 31</u>	<u>Employer Contribution Made</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
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%
2004	326,261	326,261	100.00%
2005	431,817	431,817	100.00%

(See independent auditor's report.)

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

February 28, 2006

<u>Year Ended February 28</u>	<u>Employer Contribution Made</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
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%
2004	620,485	895,617	69.28%
2005	775,590	967,982	80.12%

(See independent auditor's report.)

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

February 28, 2006

<u>Year Ended February 28</u>	<u>Employer Contribution Made</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
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%
2004	22,094	39,221	56.33%
2005	34,544	12,620	273.72%

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

February 28, 2006

LEGAL COMPLIANCE AND ACCOUNTABILITY

a. Budgets

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

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

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

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

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

LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

a. Budgets (Continued)

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

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

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

<u>Fund</u>	<u>Excess</u>
General Obligation Bonds Fund	\$ 22,413

MAJOR GOVERNMENTAL FUNDS

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

For the Year Ended February 28, 2006

	Original and Final Budget	Actual	Budget Variance Over (Under)
PROPERTY TAXES	\$ 5,474,985	\$ 5,532,701	\$ 57,716
OTHER TAXES			
Utility tax	1,194,000	1,403,087	209,087
Sales tax	1,450,173	1,558,775	108,602
State income tax	581,500	666,731	85,231
Vehicle tax	190,000	158,128	(31,872)
Personal property replacement tax	52,800	86,271	33,471
Total other taxes	3,468,473	3,872,992	404,519
LICENSES AND PERMITS			
Business licenses	7,800	8,230	430
Animal licenses	4,100	4,424	324
Liquor licenses	16,000	15,650	(350)
Building and electrical permits	1,231,667	1,812,192	580,525
Burglar-fire alarm permits	73,200	92,560	19,360
Impounding fees	670	1,385	715
Ambulance fees	60,000	89,993	29,993
Parking lot fees and permits	75,500	72,825	(2,675)
Total licenses and permits	1,468,937	2,097,259	628,322
FINES AND FORFEITURES			
Court fines	36,000	21,060	(14,940)
Other fines	94,700	73,595	(21,105)
Total fines and forfeitures	130,700	94,655	(36,045)
INVESTMENT INCOME	50,200	185,518	135,318
CHARGES FOR SERVICES - SEWER SERVICE CHARGE	331,000	341,311	10,311
MISCELLANEOUS AND OTHER			
Cable television	95,300	105,719	10,419
Golf club management fees	60,000	60,000	-
Sundry	30,000	129,837	99,837
Miscellaneous			
Other	468,850	251,150	(217,700)
Total miscellaneous and other	654,150	546,706	(107,444)
TOTAL REVENUES	\$ 11,578,445	\$ 12,671,142	\$ 1,092,697

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended February 28, 2006

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
ADMINISTRATION AND FINANCE					
General government	\$ 1,044,971	\$ 1,044,971	\$ 949,974	\$ 843,515	\$ (106,459)
Legal	239,844	267,044	218,040	233,882	15,842
Health service	34,815	9,815	31,650	5,915	(25,735)
Social service	58,520	56,320	53,200	42,500	(10,700)
Finance	614,568	616,868	558,698	554,689	(4,009)
Support service	147,620	147,620	134,200	128,165	(6,035)
Risk management	264,660	262,360	240,600	204,332	(36,268)
Total administration and finance	2,404,998	2,404,998	2,186,362	2,012,998	(173,364)
PUBLIC SAFETY					
Fire protection	1,488,213	1,488,213	1,352,921	1,334,202	(18,719)
Police protection	4,409,807	4,409,807	4,008,915	4,214,372	205,457
Paramedic service	720,977	720,977	655,434	643,363	(12,071)
Total public safety	6,618,997	6,618,997	6,017,270	6,191,937	174,667
PUBLIC WORKS					
Administration	739,561	739,561	672,328	673,247	919
Streets	1,135,550	1,064,669	1,032,318	919,018	(113,300)
Sewers	871,542	871,542	792,311	796,674	4,363
Forestry	627,656	670,406	570,596	639,374	68,778
Buildings	294,135	295,885	267,395	250,876	(16,519)
Street lighting	82,885	82,885	75,350	64,944	(10,406)
Parking and traffic control	160,588	186,969	145,989	174,134	28,145
Building and zoning	56,375	56,375	51,250	19,573	(31,677)
Municipal garage	287,870	287,870	261,700	253,048	(8,652)
Special boards and commissions	24,860	24,860	22,600	18,748	(3,852)
Total public works	4,281,022	4,281,022	3,891,837	3,809,636	(82,201)
CAPITAL OUTLAY					
Capital reserve	-	-	-	3,806	3,806
Public safety/capital reserve	97,900	97,900	89,000	67,909	(21,091)
Total capital outlay	97,900	97,900	89,000	71,715	(17,285)
TOTAL EXPENDITURES	\$ 13,402,917	\$ 13,402,917	\$ 12,184,469	\$ 12,086,286	\$ (98,183)

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Property taxes	\$ 2,293,485	\$ 2,293,485	\$ 2,362,104	\$ 68,619
Investment income	8,300	8,300	33,680	25,380
Total revenues	<u>2,301,785</u>	<u>2,301,785</u>	<u>2,395,784</u>	<u>93,999</u>
EXPENDITURES				
Principal	1,996,500	1,815,000	1,815,000	-
Interest and fees	550,670	500,609	523,022	22,413
Total expenditures	<u>2,547,170</u>	<u>2,315,609</u>	<u>2,338,022</u>	<u>22,413</u>
NET CHANGE IN FUND BALANCE	<u>\$ (245,385)</u>	<u>\$ (13,824)</u>	57,762	<u>\$ 71,586</u>
FUND BALANCE, MARCH 1			<u>188,573</u>	
FUND BALANCE, FEBRUARY 28			<u>\$ 246,335</u>	

(See independent auditor's report.)

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Original Appropriations	Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES					
Investment income	\$ 19,500	\$ 19,500	\$ 19,500	\$ 54,925	\$ 35,425
Miscellaneous	-	-	-	2,065	2,065
Total revenues	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>56,990</u>	<u>37,490</u>
EXPENDITURES					
Capital outlay	<u>1,100,000</u>	<u>855,000</u>	<u>1,000,000</u>	<u>751,870</u>	<u>(248,130)</u>
Total expenditures	<u>1,100,000</u>	<u>855,000</u>	<u>1,000,000</u>	<u>751,870</u>	<u>(248,130)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,080,500)</u>	<u>(835,500)</u>	<u>(980,500)</u>	<u>(694,880)</u>	<u>285,620</u>
OTHER FINANCING SOURCES (USES)					
Bonds issued	1,850,000	1,850,000	1,850,000	1,850,000	-
Discount on bonds issued	-	-	-	(14,788)	(14,788)
Total other financing sources (uses)	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,835,212</u>	<u>(14,788)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 769,500</u>	<u>\$ 1,014,500</u>	<u>\$ 869,500</u>	<u>1,140,332</u>	<u>\$ 270,832</u>
FUND BALANCE, MARCH 1				<u>-</u>	
FUND BALANCE, FEBRUARY 28				<u>\$ 1,140,332</u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

VILLAGE OF GLENCOE, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

February 28, 2006

	Special Revenue			Debt Service	Totals
	Motor Fuel Tax	Enhanced 911 System	Foreign Fire Insurance	1993 Hogarth Lane Special Service Area	
ASSETS					
Cash and cash equivalents	\$ 83,302	\$ 565,530	\$ 28,062	\$ 4,201	\$ 681,095
Receivables					
Property taxes	-	-	-	7,821	7,821
Other	21,138	9,621	-	-	30,759
Due from other funds	-	-	75,258	-	75,258
TOTAL ASSETS	\$ 104,440	\$ 575,151	\$ 103,320	\$ 12,022	\$ 794,933
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 20,797	\$ -	\$ -	\$ 20,797
Deferred revenues	-	-	-	6,624	6,624
Total liabilities	-	20,797	-	6,624	27,421
FUND BALANCES					
Reserved for debt service	-	-	-	5,398	5,398
Reserved for roadway maintenance	104,440	-	-	-	104,440
Reserved for public safety	-	554,354	103,320	-	657,674
Unreserved	-	-	-	-	-
Total fund balances	104,440	554,354	103,320	5,398	767,512
TOTAL LIABILITIES AND FUND BALANCES	\$ 104,440	\$ 575,151	\$ 103,320	\$ 12,022	\$ 794,933

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Special Revenue			Debt Service	Totals
	Motor Fuel Tax	Enhanced 911 System	Foreign Fire Insurance	1993 Hogarth Lane Special Service Area	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 9,261	\$ 9,261
Other taxes	-	158,413	34,593	-	193,006
Intergovernmental	254,722	-	-	-	254,722
Investment income	2,189	20,585	191	-	22,965
Miscellaneous	-	-	400	-	400
Total revenues	256,911	178,998	35,184	9,261	480,354
EXPENDITURES					
Current					
Administrative and finance	-	55,365	-	-	55,365
Public safety	-	-	16,863	-	16,863
Capital outlay	-	62,538	-	-	62,538
Debt service					
Principal	-	-	-	6,600	6,600
Interest	-	-	-	1,184	1,184
Total expenditures	-	117,903	16,863	7,784	142,550
NET CHANGE IN FUND BALANCES	256,911	61,095	18,321	1,477	337,804
FUND BALANCES (DEFICIT), MARCH 1	(152,471)	493,259	84,999	3,921	429,708
FUND BALANCES, FEBRUARY 28	\$ 104,440	\$ 554,354	\$ 103,320	\$ 5,398	\$ 767,512

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Original Appropriations	Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES					
Intergovernmental - allotments	\$ 263,100	\$ 263,100	\$ 263,100	\$ 254,722	\$ (8,378)
Investment income	1,000	1,000	1,000	2,189	1,189
Total revenues	264,100	264,100	264,100	256,911	(7,189)
EXPENDITURES					
None	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	264,100	264,100	264,100	256,911	(7,189)
OTHER FINANCING SOURCES (USES)					
Transfer (out)	(198,000)	(213,569)	(180,000)	-	180,000
Total other financing sources (uses)	(198,000)	(213,569)	(180,000)	-	180,000
NET CHANGE IN FUND BALANCE	<u>\$ 66,100</u>	<u>\$ 50,531</u>	<u>\$ 84,100</u>	256,911	<u>\$ 172,811</u>
FUND BALANCE (DEFICIT), MARCH 1				(152,471)	
FUND BALANCE, FEBRUARY 28				<u>\$ 104,440</u>	

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Other taxes				
Telephone surcharge	\$ 185,600	\$ 185,600	\$ 158,413	\$ (27,187)
Investment income	10,600	10,600	20,585	9,985
Total revenues	<u>196,200</u>	<u>196,200</u>	<u>178,998</u>	<u>(17,202)</u>
EXPENDITURES				
Administration and finance				
Professional services	89,760	81,600	55,365	(26,235)
Capital outlay	274,560	249,600	62,538	(187,062)
Total expenditures	<u>364,320</u>	<u>331,200</u>	<u>117,903</u>	<u>(213,297)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (168,120)</u>	<u>\$ (135,000)</u>	61,095	<u>\$ 196,095</u>
FUND BALANCE, MARCH 1			<u>493,259</u>	
FUND BALANCE, FEBRUARY 28			<u>\$ 554,354</u>	

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

REVENUES	
Foreign fire insurance tax	\$ 34,593
Investment income	191
Miscellaneous	<u>400</u>
Total revenues	<u>35,184</u>
EXPENDITURES	
Current	
Public safety	<u>16,863</u>
Total expenditures	<u>16,863</u>
NET CHANGE IN FUND BALANCE	18,321
FUND BALANCE, MARCH 1	<u>84,999</u>
FUND BALANCE, FEBRUARY 28	<u><u>\$ 103,320</u></u>

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

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

For the Year Ended February 28, 2006

	Original and Final Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Property taxes	\$ 7,784	\$ 7,784	\$ 9,261	\$ 1,477
Total revenues	7,784	7,784	9,261	1,477
EXPENDITURES				
Principal	7,260	6,600	6,600	-
Interest and fees	1,302	1,184	1,184	-
Total expenditures	8,562	7,784	7,784	-
NET CHANGE IN FUND BALANCE	\$ (778)	\$ -	1,477	\$ 1,477
FUND BALANCE, MARCH 1			3,921	
FUND BALANCE, FEBRUARY 28			\$ 5,398	

See accompanying notes to financial statements.

FIDUCIARY FUNDS

PENSION TRUST FUNDS

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

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

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

February 28, 2006

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 1,320,415	\$ 527,049	\$ 1,847,464
Receivables			
Interest	67,378	501	67,879
Investments, at fair value			
U.S. government and agency obligations	7,170,110	-	7,170,110
Mutual funds	8,154,958	-	8,154,958
 Total assets	 16,712,861	 527,550	 17,240,411
LIABILITIES			
Accounts payable and accrued liabilities	1,604	-	1,604
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 \$ 16,711,257	 \$ 527,550	 \$ 17,238,807

See accompanying notes to financial statements.

VILLAGE OF GLENCOE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended February 28, 2006

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions - employer			
Taxes	\$ 900,527	\$ 6,671	\$ 907,198
Contributions - plan members	317,448	-	317,448
Total contributions	<u>1,217,975</u>	<u>6,671</u>	<u>1,224,646</u>
Investment income			
Net increase (decrease) in fair value of investments	853,060	(1,656)	851,404
Interest earned	286,344	20,068	306,412
Less investment fees	(46,074)	(2,682)	(48,756)
Net investment income	<u>1,093,330</u>	<u>15,730</u>	<u>1,109,060</u>
Total additions	<u>2,311,305</u>	<u>22,401</u>	<u>2,333,706</u>
DEDUCTIONS			
Pensions and refunds	922,795	98,555	1,021,350
Miscellaneous			
Contractual professional services	12,972	4,585	17,557
Total deductions	<u>935,767</u>	<u>103,140</u>	<u>1,038,907</u>
NET INCREASE (DECREASE)	1,375,538	(80,739)	1,294,799
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
March 1	<u>15,335,719</u>	<u>608,289</u>	<u>15,944,008</u>
February 28	<u>\$ 16,711,257</u>	<u>\$ 527,550</u>	<u>\$ 17,238,807</u>

See accompanying notes to financial statements.

STATISTICAL SECTION

VILLAGE OF GLENCOE, ILLINOIS

GOVERNMENT-WIDE REVENUES

Last Three Fiscal Years

	2004	2005	2006
PROGRAM REVENUES			
Charges for services	\$ 5,857,656	\$ 6,153,166	\$ 7,150,154
Operating grants	276,813	251,158	254,722
Capital grants	141,592	1,100	26,100
GENERAL REVENUES			
Taxes	11,371,779	11,524,485	12,351,727
Investment income	102,543	86,556	327,831
Miscellaneous	308,333	86,573	189,091
Contributions	60,000	-	-
TOTAL REVENUES	\$ 18,118,716	\$ 18,103,038	\$ 20,299,625

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

Last Three Fiscal Years

	2004	2005	2006
GOVERNMENTAL ACTIVITIES			
Administration and finance	\$ 2,409,069	\$ 2,405,068	\$ 2,344,865
Public safety	5,850,900	6,151,278	6,751,092
Public works	5,439,224	5,751,672	5,902,698
Interest	566,226	604,943	610,169
Total governmental activities	<u>14,265,419</u>	<u>14,912,961</u>	<u>15,608,824</u>
BUSINESS-TYPE ACTIVITIES			
Water	1,342,428	1,502,012	1,630,146
Golf Club	1,544,323	1,357,076	1,533,215
Total business-type activities	<u>2,886,751</u>	<u>2,859,088</u>	<u>3,163,361</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 17,152,170</u>	<u>\$ 17,772,049</u>	<u>\$ 18,772,185</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		Totals
							Fuel Tax	Entitlement Payments	
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
2005	8,247,208	1,254,067	571,557	1,345,758	2,078,579	364,751	251,158	1,414,154	15,527,232
2006	8,594,668	1,403,087	666,731	1,558,775	2,097,259	579,895	254,722	1,811,496	16,966,633

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
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
2005	2,284,502	5,713,119	4,954,437	-	2,364,952	628,011	15,945,021
2006	2,340,785	6,208,800	4,818,429	-	2,345,806	911,724	16,625,544

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 Levy Years

Tax Levy Year	Total Tax Levy Extended	Collections	Percent of Levy Collected
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
2003	8,415,313	8,240,448	97.92
2004	8,750,840	8,585,407	98.11

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 Levy 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)	
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
2003	554,225	1,662,675	206	618	554,431	1,663,293	0.33
2004	743,395	2,230,185	232	696	743,627	2,230,881	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 Levy 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
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
2003	1.518	1.799	2.801	0.630	0.361	0.488	0.186	0.416	8.199
2004	1.178	1.621	2.563	0.593	0.347	0.395	0.161	0.316	7.174

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
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
2005	8,762	554,430,833	13,830,000	188,573	13,641,427	0.0246	1,557
2006	8,762	743,395,329	13,879,400	246,335	13,633,065	0.0183	1,556

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 BONDED DEBT

February 28, 2006

	Total Outstanding		Percent Applicable to the Village of Glencoe (1)	Direct and Overlapping Bond Debt Outstanding
BONDED DEBT				
Village of Glencoe	\$ 13,865,000		100.000 %	\$ 13,865,000
OVERLAPPING BONDED DEBT				
County of Cook, including Forest Preserve Distri	3,203,465,000 (2)		0.612	19,590,251
Metropolitan Water Reclamation District	1,256,985,000 (2)		0.624	7,849,866
High School District #203	19,218,637 (3)		16.976	3,262,603
Glencoe Park District	1,395,000		100.000	1,395,000
Winnetka Park District	4,885,000		1.708	83,450
School District #35	14,220,000		100.000	14,220,000
School District #36	14,242,565		1.898	270,303
Sunset Ridge School District #29	2,356,135		1.847	43,529
Oakton Community College #535	-		3.777	-
Special Service Area - Village of Glencoe	14,400		100.000	14,400
Total overlapping bond debt	<u>4,516,781,737</u>			<u>46,729,402</u>
TOTAL DIRECT AND OVERLAPPING BOND DEBT	<u>\$ 4,530,646,737</u>			<u>\$ 60,594,402</u>

Notes:

1. Village's share based upon 2004 Real Property valuations.
2. Excludes short-term cash flow notes.
3. Excludes \$4,435,000 of Alternate Revenue Bonds.

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
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
2005	1,810,000	547,131	2,357,131	15,945,021	14.78
2006	1,815,000	523,022	2,338,022	16,625,544	14.06

Source: Village of Glencoe Comprehensive Annual Financial Reports

VILLAGE OF GLENCOE, ILLINOIS

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>K-8 School Enrollment (2)</u>
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
2005	8,762	88,059	1,356
2006	8,762	88,059	1,368

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
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
2004	N/A	306	60,778
2005	N/A	236	66,212

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.

VILLAGE OF GLENCOE, ILLINOIS

PRINCIPAL TAXPAYERS

February 28, 2006

Taxpayer	Type of Business	2004 Equalized Assessed Valuation	2004 Percentage of Total Assessed Valuation
Skokie Country Club	Private club	\$ 5,509,028	0.7 %
Lakeshore Country Club	Private club	4,534,561	0.6
Silverstein Glencoe	Commercial/residential	3,026,491	0.4
United Investors Management	Real estate investment company	3,004,078	0.4
Carmax	Auto Dealer	2,262,467	0.3
Glencoe National Bank	Bank	2,121,960	0.3
Individual	Personal residence	1,821,272	0.3
Individual	Personal residence	1,612,386	0.2
Individual	Personal residence	1,527,506	0.2
Individual	Personal residence	1,439,479	0.2
TOTAL		<u>\$ 26,859,228</u>	<u>3.6 %</u>

Notes:

1. Valuations as of January 1, 2004 for 2005 taxing purposes.
2. Total 2004 Village valuations of \$743,395,329.

Source: Cook County, Illinois Tax Extension Division

VILLAGE OF GLENCOE, ILLINOIS
MISCELLANEOUS STATISTICAL DATA

February 28, 2006

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	1,935,800 gallons		
Daily water plant capacity	8,000,000 gallons		
Miles of water mains	51 miles		
Storage capacity	2,500,000 gallons		
Fire hydrants	460		
Municipal services	2005	2004	2003
Ordinances adopted	22	31	19
Resolutions adopted	30	28	33
Meetings held			
Village Board	21	22	22
Historic Preservation Commission	14	12	12
Plan Commission	9	10	13
Economic Development Committee	0	0	5
Zoning Board of Appeals/Zoning Commission	14	16	16
Appearance Review Committee	4	7	6
Public Safety Commission	4	1	7
Human Relations Forum	11	11	11
Glencoe Golf Club Advisory Committee	8	9	10
Senior Housing Task Force	-	1	9

VILLAGE OF GLENCOE, ILLINOIS

MISCELLANEOUS STATISTICAL DATA (Continued)

February 28, 2006

Public works services (streets, sewer, forestry)	2005	2004	2003
Streets			
Repairs (miles)	22,023 sq. ft.	17,510 sq. ft.	35,574 sq. ft.
Plowed (times)	13	18	1
Salted (times)	28	23	10
Sidewalks			
Repaired (square feet)	412	380	554
Plowed (times)	11	13	1
Sanitary sewers			
Cleaned (feet)	51,047	95,775	113,041
Repaired (feet)	108	73	116
Storm sewers			
Cleaned (feet)	25,246	24,498	60,734
Repaired (feet)	625	628	1,061
Manholes/catch basin			
Cleaned	650	746	1,248
Repairs	19	42	97
Refuse/landfill (cubic yards)	8,917	8,745	9,262
Parkway trees			
Trimmed	408	435	304
Removed	176	260	163
Private elms removed	28	23	19
Buildings			
Year	Issued	Permits Value of Buildings	
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	
2004	127	54,470,340	
2005	117	60,702,645	
Average for 2005		\$ 518,826	

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 28, 2006

Construction permits

<u>Year</u>	<u>Permits Issued</u>	<u>Value of Construction</u>
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
2004	168	6,307,450
2005	119	5,508,915
 Average for 2005		 \$ 46,293

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Public safety services			
Fire/paramedic service calls	2,280	2,052	2,236
Motor vehicle accidents	313	272	311
Animal complaints	701	521	443
Driving violations	999	1,609	1,650
Local ordinance violation	6,307	5,962	6,630
 Part I offenses	 105	 126	 96
Part I arrests	12	13	11
Part II offenses	372	434	401
Part II arrests	143	192	180
 Property values			
Stolen	260,954	466,458	127,559
Recovered	80,676	160,715	24,285
Destroyed	11,828	13,309	22,685

VILLAGE OF GLENCOE, ILLINOIS
SCHEDULE OF INSURANCE IN FORCE

February 28, 2006

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

The above coverages are all provided through membership in IRMA.