

VILLAGE OF
GLENCOE, ILLINOIS

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT



FOR THE YEAR ENDED
FEBRUARY 28, 2013

VILLAGE OF GLENCOE, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
FEBRUARY 28, 2013

Prepared by:
Finance Department

VILLAGE OF GLENCOE, ILLINOIS

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INTRODUCTORY SECTION

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

VILLAGE OF GLENCOE, ILLINOIS

List of Principal Officials
February 28, 2013

President

Scott M. Feldman

Board of Trustees

Keki Bhote
Joseph Keefe
Andrew Hayek

Bruce Cowans
Lawrence Levin
Joel Solomon

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

Michael Volling

Director of Public Works

David Mau

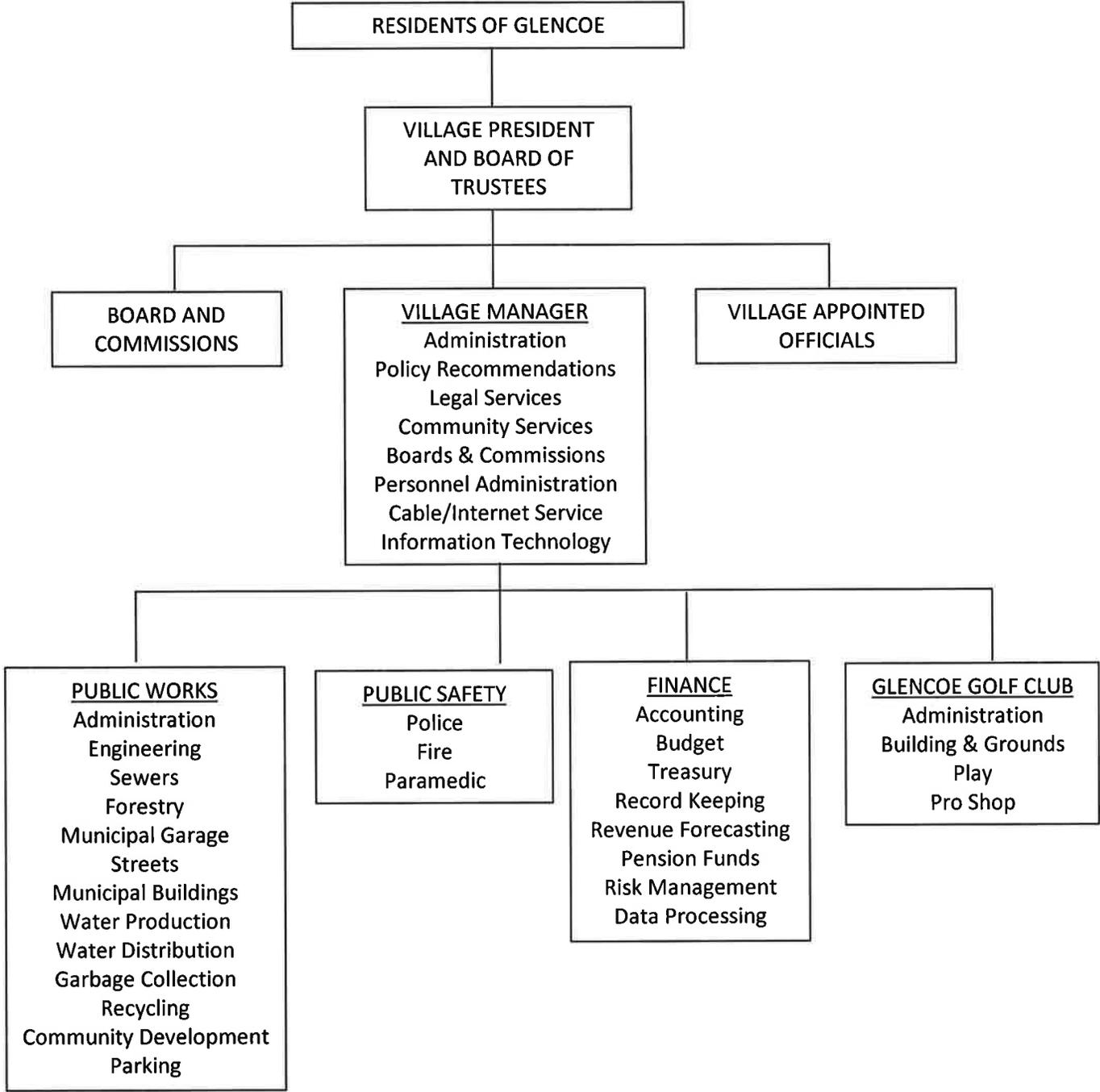
Golf Manager

Stella Nanos

Library – Executive Director

Peggy Hamil

VILLAGE OF GLENCOE





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

Phone 847.835.4113
FAX 847.835.9880
www.golencoe.com

June 5, 2013

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, 2013, is hereby submitted.

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

Lauterbach & Amen, LLP, have issued an unqualified (“clean”) opinion on the Village of Glencoe’s financial statements for the year ended February 28, 2013. The auditor’s report is located at the front of the financial section of this report.

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

Village Profile

The Village of Glencoe's location on the shore of Lake Michigan and its accessibility to Chicago has attracted an economically stable, mainly professional residential population. Village per capita income and median family income figures are among the highest in the country. The Village is virtually fully developed and its tax base, which is primarily comprised of highly valued residential property, continues to be stable.

Village financial operations benefit from a revenue stream including: property tax, utility tax, and local sales tax, which serve as the major sources of General Fund revenue. Collection of property taxes, the largest single revenue source, has been consistent. The wealth and income levels are reflected in a tax base that continues to be relatively stable. The Village continues to be rated AAA by Standard & Poors (our status was reviewed during Fiscal Year 2012 due to a bond issuance). This rating is indicative of the demographics of the community and the Village’s financial planning and policies. There are a limited number of communities that are considered AAA.

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

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

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

Local Economic Factors

There are several factors that impact the local finances of the Village. These factors include desirability of goods and services provided by the local business community and actions taken by the Village Board. The sales tax trend has stabilized and showed signs of recovery. Building permit revenue has increased from the prior year, however, building permit revenue has not returned to levels prior to the economic downturn.

The Village is impacted at the local level by regional, state, and national economic conditions as well as governance of the State of Illinois. Several important revenue sources are affected by economic conditions beyond the Village's control. These sources include sales tax, building permit fees, income tax, motor fuel tax, golf club revenue, and utility taxes. At the end of Fiscal Year 2013, the State of Illinois had not disbursed three months of income tax to the Village. The State of Illinois can impact revenues through legislative changes (i.e. formula for shared income tax, etc) and further by the timing of payments due to the Village.

The revenues from sale of water and golf club revenue can further be affected by weather conditions. During recent years, the Village no longer used the five-year average of water consumption to establish the budget. Recent budgets have been established based on current fiscal year projections on usage which has been significantly lower than the five year average.

The Village's 2011 equalized assessed valuation (EAV) decreased by 10.5% from the prior year and has decreased by a total of 24.4% from the 2009 EAV level. The decrease in EAV is a lagging indicator of the downturn in the economy. The change has resulted in increased property tax rates but has not adversely impacted property tax revenue. Although EAV has decreased, revenue from building permits has continued to recover.

Relevant Financial Policies

During review of the long range financial plan, the Village Board reviewed financial policies and initiated consideration of available alternatives for funding capital projects including increasing fund balance targets to provide capital project resources, and issuance of long term debt.

Issuance of Bonds

The Village held a successful bond sale to finance Village-wide capital improvements as approved by voters on November 6, 2012. The par amount of the bonds was \$8,550,000. The underwriter bid a reoffering premium of \$357,350. The net amount deposited to the project fund was \$8,769,538.

Long Term Financial Planning

The Village's Long-Term Financial Plan has been developed as a continuing effort to evaluate the financial condition of the Village and to further identify important infrastructure maintenance and replacement needs and plan for rehabilitation/replacements several years in advance. This is done by an annual review prior to the budget process. The Plan has been effective in identifying issues needing review prior to those issues becoming critical action items.

Looking Forward to Fiscal Year 2014

During the process of Fiscal Year 2014 Budget development, some major issues that the executive staff and the Village Board reviewed included:

- Increased the annual transfer from the General Fund to the Garbage Fund from \$450,000 to \$600,000 and decreased the residential garbage fee rate from \$49.57 to \$37.56;
- Adoption of an ordinance increasing the rates for the utility tax on the consumption of electricity to match statutory limits;
- Adoption of a \$72,900 property tax abatement ordinance, the first since 2008; and
- Increased annual contribution to the Police Pension Fund from \$1,465,318 to \$1,646,932.

After close review of the issues stated above, it was decided that the following major capital items, programs and projects would be included in budget for Fiscal Year 2014:

- Storm Sewer Improvements (\$3,800,000 – 2012 Bonds);
- Street Improvements (\$1,000,000 – 2012 Bonds);
- Sanitary Sewer Improvements (\$400,000 – 2012 Bonds);
- Residential Sidewalks (\$100,000 – 2012 Bonds);
- Open Space Review & Other Planning (\$50,000 – General Fund);

- Refuse Packer Unit Replacement (\$195,000 – Garbage Fund);
- Standby Emergency Generator – Strawberry Hill (\$25,000 – General Fund);
- Reconstruct Ravine Bluff Monument (\$17,500 – General Fund);
- Three (3) Public Safety Vehicles Replacement (\$120,000 – General Fund);
- Construct Staircase at base of bluff – Dell Place Street End (\$11,000 – General Fund);
- HVAC/Mechanical System Study & Upgrade (\$150,000 – General Fund);
- Public Safety Garage Floor Upgrade (\$45,000 – General Fund);
- Front End Loader Replacement (\$150,000 – General Fund);
- Fire Engine Replacement (\$450,000 – General Fund);
- Water System Master Plan (\$50,000 – Water Fund); and
- IT Strategic Plan Projects Year 2 (\$15,000 – E911 Fund; \$142,900 – General Fund).

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

Awards

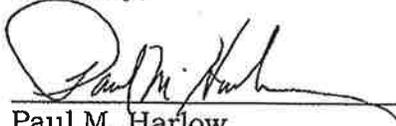
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Glencoe for its comprehensive annual financial report for the fiscal year ended February 29, 2012. This was the twenty-seventh consecutive year that the Village 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.

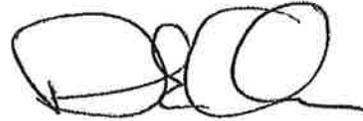
Acknowledgements

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Glencoe
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

February 29, 2012

Executive Director/CEO

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITORS' REPORT

June 5, 2013

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Glencoe, Illinois, as of and for the year ended February 28, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Glencoe, Illinois, as of February 28, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2013, on our consideration of the Village of Glencoe, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Glencoe, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements schedules, supplemental schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lauterbach & Amen LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF GLENCOE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
February 28, 2013

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, 2013. 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 position and performance in total – The Village's total net position at February 28, 2013 (excluding pension funds) were \$78,622,741, an increase of \$2,363,614 (See page MD&A 4-Table II and CAFR page 3-4);
2. Governmental Activity Summary – Net position for governmental activities increased by \$1,547,472 during the year (See page MD&A 4-Table II and CAFR page 5-6);
3. Business-Type Activity Summary – Net position for business-type activities increased by \$816,142 during the year. Net position of the Water Fund increased \$515,280 during the year while net position of the Glencoe Golf Club increased \$300,862 (See page MD&A 4-Table II, CAFR pages 5-6 and 14);
4. General Fund Summary – The Village's General Corporate Fund reported an increase of \$790,354 in fund balance for the year. Actual General Fund revenues were \$413,376 over budget, while General Fund expenditures were \$251,517 less than budget. All expenditures were within legal appropriation limits (See CAFR page 10 and page 62);
5. New Capital Assets – Total capital assets experienced a net accumulation of \$18,344 prior to depreciation of assets subject to depreciation. The net change in capital assets less depreciation expense resulted in a decrease of \$1,000,418 in governmental capital assets balance from \$76,197,854 to \$75,197,436 (See Statement No. 3 on CAFR page 35 and page MD&A 14-Table VI).

OVERVIEW OF FINANCIAL STATEMENTS

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

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

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

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

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 position 2. Statement of activities	1. Balance sheet 2. Statement of revenues, expenditures and changes in fund balance	1. Statement of net position 2. Statement of revenues, expenses, and changes in net position 3. Statement of cash flows	1. Statement of fiduciary net position 2. Statement of changes in fiduciary net position.
Accounting basis	Accrual	Modified Accrual	Accrual	Accrual
Measurement Focus	Economic resource	Current financial resources	Economic resource	Economic resource
Type of asset/deferred outflows & liability/deferred inflows information	All assets/deferred outflows and liabilities/deferred inflows; both financial and capital short and long-term	Assets/deferred outflows expected to be used and liabilities/deferred inflows that come due during the year or shortly thereafter; no capital assets	All assets/deferred outflows and liabilities/deferred inflows; both financial and capital short and long-term	All assets/deferred outflows and liabilities/deferred inflows, both short and long-term. Does not contain capital assets.
Type of inflow & outflow information	All revenues and expenses during the year regardless of when cash is received or paid	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods and services that have been received and payment is due during the year or shortly thereafter	All revenues and expenses during the year regardless of when cash is received or paid	All revenues and expenses during the year regardless of when cash is received or paid

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term available resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus (See pages 3-4 of the CAFR for more information).

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities (See pages 5-6 for more information).

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

Fund Financial Statements

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

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

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

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

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Infrastructure Assets

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following (Table II) reflects the condensed Statement of Net Position as of February 28, 2013 with a comparison to the prior year. Net position related to governmental activities increased \$1,547,472 or 2.1% from the prior year. Net position related to business-type activities increased \$816,142 or 23.6% from the prior year. Net position for total primary government increased \$2,363,614 or 3.2% from the prior year.

Table II
Statement of Net Position
As of February 28, 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
<i>Current and other assets</i>	\$ 18,624,654	\$ 28,208,178	\$ 389,892	\$ 1,530,368	\$ 19,014,546	\$ 29,738,546
<i>Capital Assets</i>	76,197,854	75,197,436	4,251,106	6,650,379	80,448,960	81,847,815
<i>Total Assets</i>	94,822,508	103,405,614	4,640,998	8,180,747	99,463,506	111,586,361
<i>\$ Change</i>	\$ (956,365)	\$ 8,583,106	1,133,060	3,539,749	176,695	12,299,550
<i>% Change</i>	-1.0%	9.1%	32.3%	76.3%	0.2%	12.4%
<i>Non-Current</i>	8,564,610	15,946,736	827,182	3,243,016	9,391,792	19,189,752
<i>Other Liabilities</i>	13,458,427	13,111,935	354,160	661,933	13,812,587	13,773,868
<i>Total Liabilities</i>	22,023,037	29,058,671	1,181,342	3,904,949	23,204,379	32,963,620
<i>\$ Change</i>	\$ (2,466,918)	\$ 7,035,634	644,356	2,723,607	(1,822,562)	9,759,241
<i>% Change</i>	-10.1%	31.9%	120.0%	230.6%	-7.3%	39.0%
<i>Net Position:</i>						
<i>Net Investment in Capital Assets</i>	67,972,854	68,335,649	3,689,431	3,636,236	71,662,285	71,971,885
<i>Restricted</i>	1,205,651	1,027,936	-	-	1,205,651	1,027,936
<i>Unrestricted</i>	3,620,966	4,983,358	(229,775)	639,562	3,391,191	5,622,920
<i>Total Net Position</i>	72,799,471	74,346,943	3,459,656	4,275,798	76,259,127	78,622,741
<i>\$ Change</i>	\$ 1,510,553	\$ 1,547,472	488,704	816,142	1,999,257	2,363,614
<i>% Change</i>	2.1%	2.1%	16.4%	23.6%	2.8%	3.2%

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

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Normal Impacts

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

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

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

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

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

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

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

Current Year Impacts

The Village's combined net position (which is the Village's bottom line) increased from \$76,259,127 to \$78,622,741, an increase of \$2,363,614 or 3.2% as a result of the combined governmental and business-type activities.

Net position of the Village's governmental activities increased from \$72,799,471 to \$74,346,943, an increase of \$1,547,472 or 2.1%. The Village's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, increased from \$3,620,966 to \$4,983,358.

Net position from business-type activities funding water production/distribution and Glencoe Golf Club operations increased from \$3,459,656 to \$4,275,798, an increase of \$816,142 or 23.6%. The Village's unrestricted net position for business-type activities were \$639,562. The unrestricted net position for business-type activities is due primarily to the growth in unrestricted assets of the Water fund from \$680,760 to \$1,467,319 or an increase of \$786,559 due to higher than expected water sales. Independently, the unrestricted net position for the Water Fund was \$1,467,319, while the Glencoe Golf Club unrestricted net position was (\$827,757).

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

The following (Table III) shows the revenue and expenses of the Village's governmental and business-type activities. For more information see the Statement of Activities on pages 5-6.

Table III
Changes in Net position
For the Fiscal Year Ended February 28, 2013

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	2012	2013	2012	2013	2012	2013
REVENUES						
Program Revenues						
Charges for Service	\$ 2,753,813	\$ 3,066,197	\$ 3,587,996	\$ 4,116,417	\$ 6,341,809	\$ 7,182,614
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	255,882	247,568	-	-	255,882	247,568
Total Program Revenue	3,009,695	3,313,765	3,587,996	4,116,417	6,597,691	7,430,182
General Revenues						
Property and Replacement Taxes	10,525,553	9,886,338	-	-	10,525,553	9,886,338
Sales Tax	1,694,456	1,790,991	-	-	1,694,456	1,790,991
Utility Tax	1,130,667	1,056,834	-	-	1,130,667	1,056,834
Income Tax	687,752	783,247	-	-	687,752	783,247
Other	1,445,099	1,368,736	3,820	5,073	1,448,919	1,373,809
Total General Revenue	15,483,527	14,886,146	3,820	5,073	15,487,347	14,891,219
Total Revenue	18,493,222	18,199,911	3,591,816	4,121,490	22,085,038	22,321,401
\$ Change	(613,908)	(293,311)	(293,952)	529,674	(907,860)	236,363
% Change	-3.2%	-1.6%	-7.6%	14.7%	-3.9%	1.1%
EXPENSES						
Administration & Finance	2,228,867	2,165,875	-	-	2,228,867	2,165,875
Public Safety	7,345,809	7,293,431	-	-	7,345,809	7,293,431
Public Works	7,219,444	7,187,119	-	-	7,219,444	7,187,119
Debt Service Interest	188,549	6,014	-	-	188,549	6,014
Water			1,767,803	1,938,933	1,767,803	1,938,933
Glencoe Golf Club			1,335,309	1,366,415	1,335,309	1,366,415
Total Expenses	16,982,669	16,652,439	3,103,112	3,305,348	20,085,781	19,957,787
\$ Change	(1,283,430)	(330,230)	101,062	202,236	(1,182,368)	(127,994)
% Change	-7.0%	-1.9%	3.4%	6.5%	-5.6%	-0.6%
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	1,510,553	1,547,472	488,704	816,142	1,999,257	2,363,614
TRANSFERS	-	-	-	-	-	-
Change in Net Position	1,510,553	1,547,472	488,704	816,142	1,999,257	2,363,614

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Revenue for governmental activities decreased \$293,311 or 1.6% from the prior year. Property and replacement taxes decreased by \$639,215 due to a reduced debt service requirement from the prior year. Expenses for governmental activities decreased \$330,230 or 1.9% from the prior year with the largest portion of the reduction of \$182,535 from debt service interest. Revenue for business-type activities increased \$529,674 or 14.7% from the prior year and expenses for business-type activities increased \$202,236 or 6.5% from the prior year. The total revenue for primary government activities increased \$236,363 or 1.1% from the prior year and total expenses for primary government activities decreased \$127,994 or 0.6% from the prior year.

Normal Impacts – Changes in Net position

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

Revenues:

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

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

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

Market Impacts on Investment Income - the Village's investment portfolio is managed using a shorter maturity than many governments, which may result in lower interest income due to the market stability of shorter-term options. However, the Village earns 15 basis points over Illinois Funds on a majority of cash held in bank accounts.

Expenses:

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

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

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

Inflation - Overall inflation, as measured by the change in the consumer price index (CPI) from December to the next December, has varied significantly in recent years. The CPI used for the 2011 tax levy (Fiscal Year 2013 Budget) was based on the change in CPI from December 31, 2009 to December 31, 2010 or 1.5%. The following year CPI (from December 31, 2010 to December 31, 2011) or 2.96% was used for the 2012 tax levy (Fiscal Year 2014 Budget). The change in CPI from December 31, 2011 to December 31, 2012 was 1.74% and will be used for the 2013 tax levy (Fiscal Year 2015 Budget). Also, as a major consumer of certain services and commodities such as supplies, fuel and parts, the Village often experiences increases that vary from the change in CPI factors listed above.

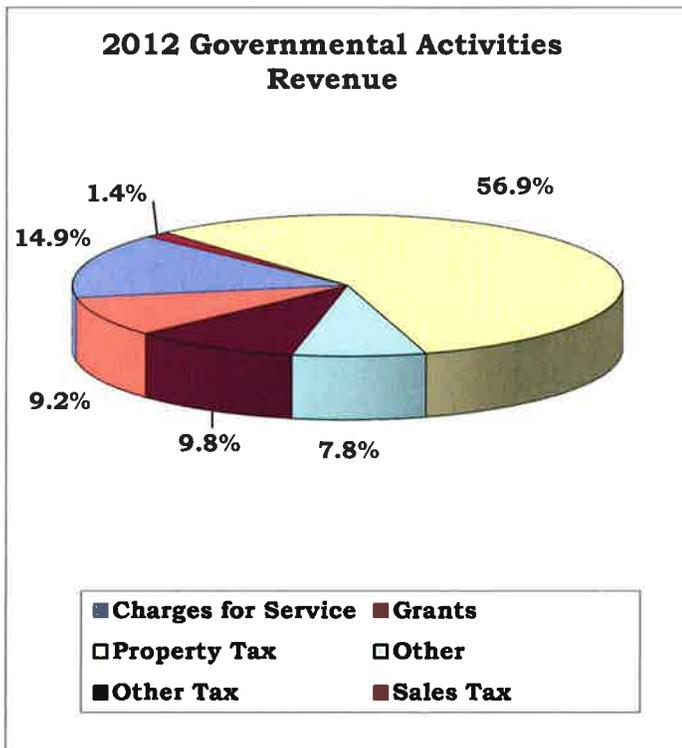
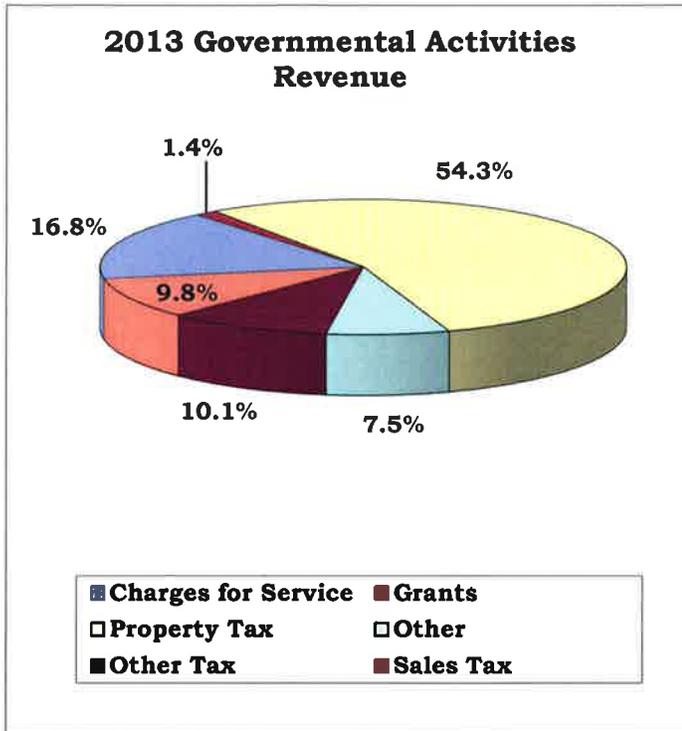
Current Year Impacts

Governmental Activities

Revenue:

For the fiscal year ended February 28, 2013 revenues from governmental activities totaled \$18,199,911.

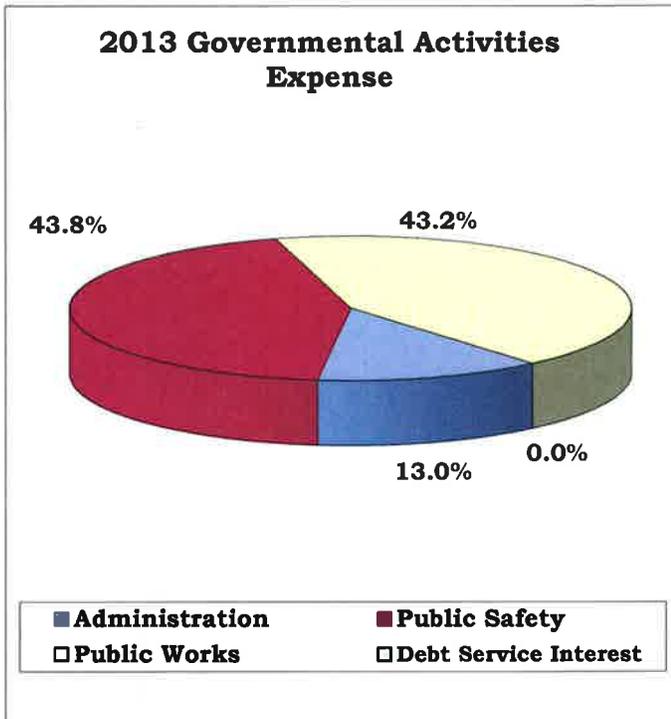
Property taxes (and replacement taxes) continue to be the Village's largest revenue source totaling \$9,886,338 representing 54.3% of total governmental activity revenue. Sales tax revenue was \$1,790,991 or 9.8% of total governmental activity revenue. Local utility tax was \$1,056,834 and shared state income tax revenue was \$783,247, together representing 10.10% of the total governmental activity revenue. Total charges for service were \$3,066,197 or 16.8% of governmental activity revenue.



Comparison with Prior Year:

Property tax and replacement tax revenue decreased by \$639,215 or 6.1% from the prior year due to a reduced debt service requirement from last year. Sales taxes increased by \$96,535 or 5.7% from the prior year. The sales tax figure is gross and therefore does not include any rebates paid. Income tax increased by \$95,495 or 13.9% from the prior year. As of February 28, 2013, \$198,084 of income tax revenue was still receivable, as compared to \$252,209 in prior year. Charges for service increased by \$312,384 or 11.3%. The major increase in charges for service revenue came from building permits, sewer service charge and fines. Grants (capital and operating) decreased by \$8,314 or 3.2%.

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

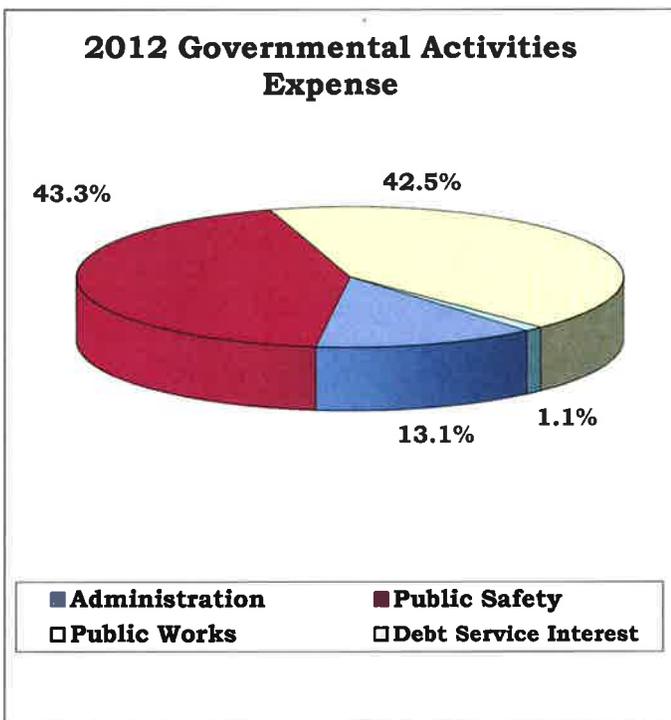


Expenses:

For the fiscal year that ended February 28, 2013, expenses for governmental activities totaled \$16,652,439.

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

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



Comparison with Prior Year:

Total expenses for governmental activities decreased \$330,230 or 1.9% from the prior year. Expenses for administration and finance decreased by \$62,992, or 2.8%, from the prior year. Expenses for Public Safety decreased by \$52,378 or 0.7% from the prior year. Expenses for Public Works decreased by \$32,325 or .4% from the prior year. Expenses related to debt service interest payments decreased by \$182,535 or 96.8% from the prior year due to a reduced debt requirement.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Table IV
Cost Factors

Category	2011 Factors		2012 Factors		2013 Factors	
	% Change	Effective	% Change	Effective	% Change	Effective
Change in CPI (Tax Cap)	0.10%	12/31/2008	2.72%	12/31/2009	1.50%	12/31/2010
General Employees	0.00%	3/1/2010	4.00%	3/1/2011	2.00%	3/1/2012
General Employees ECA/Merit	2.19%	3/1/2010	Eliminated	3/1/2011	Eliminated	3/1/2011
Public Safety Officers	0.00%	3/1/2010	4.00%	3/1/2011	2.00%	3/1/2012
Public Safety Officers ECA, Merit or Step Adjustment	2.00%	3/1/2010	Eliminated	3/1/2011	Eliminated	3/1/2011
Bargaining Unit Employees	0.00%	3/1/2010	1.99%	3/1/2011	1.50%	3/1/2012
Bargaining Unit Signing Bonus	\$250	3/1/2010	\$0	3/1/2011	\$0	3/1/2012
Health Insurance-PPO	0.00%	1/1/2011	-1.10%	1/1/2012	4.92%	1/1/2013
Health Insurance-HMO	0.00%	1/1/2011	0.99%	1/1/2012	4.90%	1/1/2013
Police Pension	23.64%	3/1/2010	-6.20%	3/1/2011	-9.87%	1/1/2013
IMRF	-2.14%	1/1/2011	1.33%	1/1/2012	0.56%	1/1/2013

Change in CPI (Tax Cap)

As a non-home rule community, the Village is subject to tax cap legislation which generally limits future property tax increases to the annual change in the consumer price index (CPI) or 5% whichever is less. The 2011 Tax Levy (for Fiscal Year 2013) was based on a 1.5% increase in the CPI from 2009 to 2010. The 2011 Tax Levy increased the extension by \$201,780 to a total extension for capped funds of \$8,547,956.

Wage Factors

Included in cost factors in Table IV are factors for general employees, public safety officers and bargaining unit employees. During Fiscal Year 2013 general employees and public safety received a 2% increase in base pay. However, the economic contingency adjustment (ECA) implemented during Fiscal Year 2011 was eliminated. The ECA/merit adjustment was originally made in recognition of changes in cost of living and service to the Village but the increases were not included as an increase to base pay for the purpose of future wage increases. The bargaining unit employees received a 1.50% increase in wages.

Health Insurance

Beginning January 1, 2012, the Village unblended the rates for HMO and PPO health insurance coverage. The PPO health insurance premium rate increased by 4.92% and HMO health insurance rate increased 4.90% effective January 1, 2013.

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

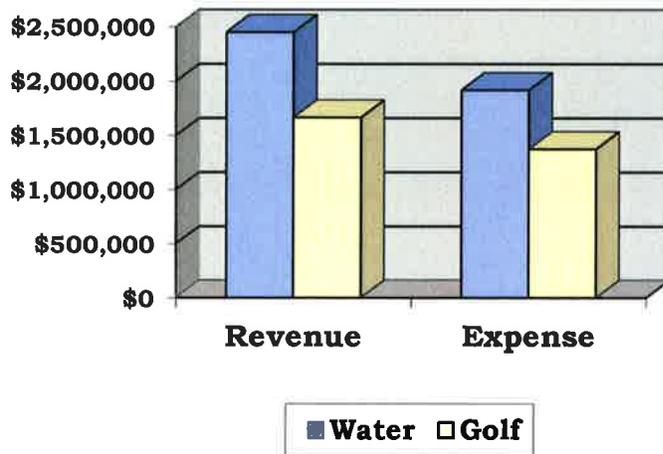
Police Pension (All Sources)

The annual required contribution (ARC) to the Police Pension Fund is actuarially determined and the actual annual contribution is made up of levied property taxes and other financing sources in the General Fund determined during the budget process to be available for the purpose of funding the Police Pension Fund. There was a 9.87% decrease in the Village's actual contribution to the Police Pension Fund from the prior year. This decrease contribution occurred in continued recognition of the Village contributing in excess of the ARC as a matter of annual budget policy. The ARC for the Police Pension Fund has increased from \$855,034 in Fiscal Year 2007 to \$998,140 in Fiscal Year 2013. The actual contributions to the Police Pension Fund increased from \$1,033,821 (120.90% of ARC) in Fiscal Year 2007 to \$1,471,318 (147.41% of ARC) in Fiscal Year 2013. Since Fiscal Year 2007, contributions to the Police Pension Fund have been over \$2.5 Million in excess of the ARC and have averaged 134.7% of the ARC annually.

Illinois Municipal Retirement Fund (IMRF)

Employees eligible for IMRF benefits contribute 4.5% of their salary towards that pension. Beginning 2010, IMRF offered a phase-in rate to cap increases in the contribution rate to 10%. During Fiscal Year 2012 the Village contributed based on the phase-in rate and made a catch up payment to the ARC level. During Fiscal Year 2013 the Village contributed to IMRF based on the ARC rate and no catch-up payment was necessary. The IMRF employer rate increased from an ARC rate of 12.10% of salary during 2012 to 12.66% of salary during 2013 (effective January 1, 2013).

**2013 Business-Type Funds
 (Program Revenue versus Expenses)**



Business Type Activities

Revenue

Revenue from business-type activity totaled \$4,121,490. Revenue generated by business-type activity increased by \$529,674 or 14.7% from the prior year.

At the end of Fiscal Year 2013, the water rate for the Village was \$3.403 per 100 cubic feet, 1.5% change from the March 1 of the prior year. Water Fund charges for service increased by \$354,346 or 16.9% due to increased consumption.

During Fiscal Year 2013, the volume of water pumped increased from the prior year by 75.92 Million Gallons (MG) or 13.7% and was 99.9% of the 5-year average.

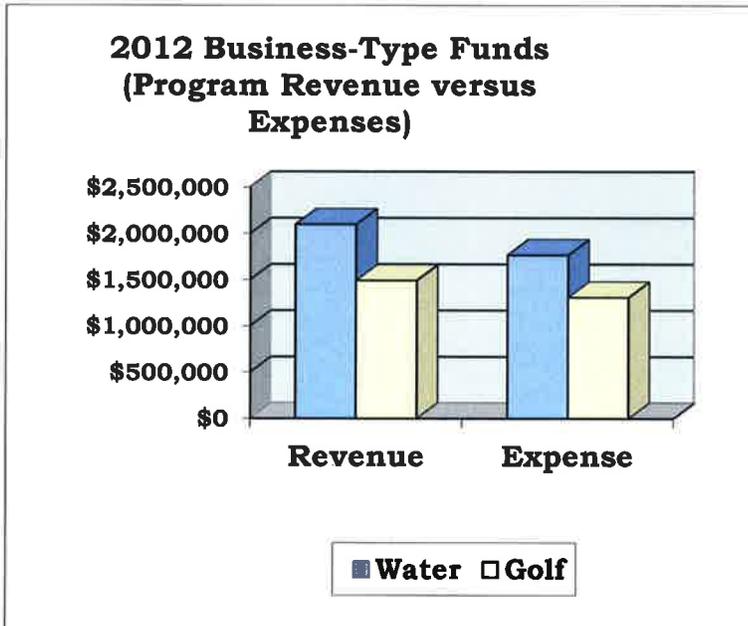
During the prior year, the volume of water pumped decreased by 23.84 MG or 4.1% from the prior fiscal year and was 96.8% of the 5-year average. Economic conditions, weather conditions and reduced elective use of water (yard watering) are believed to be contributing to the reduced use of water during the prior year.

Charges for service for the Golf Club increased \$174,075 or 11.7% from the prior year. Weather conditions and excellent course conditions during the fiscal year contributed to the increase in revenue.

VILLAGE OF GLENCOE
 MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Expenses

Expenses (including depreciation) from business-type activity totaled \$3,305,348. Business-type depreciation expense amounted to \$177,205 as compared to \$146,576 in the prior year.



Included is an interest expense of \$3,074 on the advance to the Glencoe Golf Club due to the Village's General Fund. This amount decreased from the prior year amount of \$3,844. This decrease was due to a decrease in the rate of earnings.

During the year, the Water Fund had an operating gain of \$533,067, as compared to the operating gain of \$330,818 during Fiscal Year 2012. The Glencoe Golf Club had an operating gain of \$291,308, as compared to the operating gain at the Glencoe Golf Club during Fiscal Year 2012 of \$182,763.

Expenses for business type activities increased by \$202,236 or 6.5% from the prior year. Expenses for the Water Fund increased by

\$171,130 or 9.7% from the prior year. Expenses for the Golf Club increased by \$31,106 or 2.3% from the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the Fiscal Year ending February 28, 2013, the governmental funds reflect a combined fund balance of \$14,847,052. (See pages 7-8 for more information). Overall the net change in combined fund balance was an increase of \$9,498,205. The net change in fund balance for the General Fund was an increase of \$790,352. The net change for the Garbage Fund was an increase of \$124,154. The net change in fund balance for the General Obligation Bonds Fund was an increase of \$55,547. The net change in fund balance for Capital Projects Fund was an increase of \$8,740,588 due to the issuance of General Obligation Bonds for vote approved special projects. The net change in fund balance for non-major governmental funds during the year was a decrease of \$212,436 primarily due to street resurfacing paid from the Motor Fuel Tax Fund.

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>2013 Actual</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
REVENUES					
Taxes	\$ 12,308,868	\$ -	\$ 12,332,350	\$ 12,125,808	\$ 12,029,467
Licenses & Permits	1,176,673	-	1,408,675	1,243,485	1,304,857
Other	1,486,135	-	1,644,027	1,546,954	1,662,655
Total	\$ 14,971,676	\$ -	\$ 15,385,052	\$ 14,916,247	\$ 14,996,979
\$ From Final Budget			\$ 413,376		
% of Final Budget			102.8%		
\$ from Actual			\$ 468,805	\$ (80,732)	\$ 1,590,041
% from Actual			3.1%	-0.5%	11.9%
EXPENDITURES & TRANSFERS					
Expenditures	\$ 14,456,805	\$ 16,397,486	\$ 14,205,288	\$ 14,657,875	\$ 14,275,498
\$ From Final Budget			\$ (251,517)		
% from Final Budget			98.3%		
\$ from Actual			\$ (452,587)	\$ 382,377	\$ 965,839
% from Actual			-3.1%	2.7%	7.3%
Disposal of Capital Assets			(60,588)		
Transfers out	450,000	450,000	450,000	343,267	345,998
Total	\$ 14,906,805	\$ 16,847,486	\$ 14,594,700	\$ 15,001,142	\$ 14,621,496
Changes In Fund Balance	\$ 64,871	\$ (16,847,486)	\$ 790,352	\$ (84,895)	\$ 375,483

Total revenue in the General Fund increased by \$468,806 or 3.1% from the prior year actual revenue. Total expenditures in the General Fund decreased by \$452,588 or 3.1% from the prior year. (See page 64-66 for more detail about revenue and expenditure in the General Fund).

The General Fund received revenues at 102.8% of budget. Fiscal year 2013 revenue included increases in sales tax revenue and building permit revenue from prior year actual levels. During development of the updated long range financial projection and the Fiscal Year 2014 Budget, the Village Board reviewed revenue trends to develop strategies to increase revenue and decrease expense. The Village Boards ongoing goal is to anticipate and react to the changing economic climate in a timely, prudent and appropriate fashion.

Expenditures were \$251,517 less than budgeted or 98.3% of budget due to less than budget personnel, services, commodities and capital expenditures.

During Fiscal Year 2013, the Village Board adopted a supplemental appropriation ordinance. The supplemental appropriations were primarily for the following purposes:

1. Providing for unanticipated operating expenditures;
2. Providing for unanticipated bond eligible expenditures from newly-issued 2012 Bond proceeds;
3. Providing for expenditures made on behalf of the Chicago Botanic Garden for their Children's Learning Center campus improvements.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

The supplemental appropriation was adopted to make sure that anticipated expenditures would be within appropriated amounts. At the time the supplemental appropriation was adopted, the Village Board also amended the Bond Construction Fund budget in an amount equal to the appropriation. On a fund-by-fund basis, all Fiscal Year 2013 expenditures were within Fiscal Year 2013 appropriations. The amount of the supplemental appropriation is the same as the original appropriation for all funds except the Bond Construction Fund and Chicago Botanic Garden Agency Fund. Variance in these funds is expected due to the variance in starting and finishing time of the projects from time to time. Certain appropriated items were transferred to areas needing increased spending authority.

Capital Assets

At the end of Fiscal Year 2013, the Village's Governmental Activities had invested \$75,197,437 (see Notes to Financial Statement No. 3 on pages 35-36) in a variety of capital assets and infrastructure, as reflected in the following schedule.

Table VI
Governmental Activities
Change in Capital Assets

	Balance	Balance	Net	Balance
	February 28 ,2011	February 29 ,2012	Additions/ Deletions	February 28 ,2013
Non-Depreciable Assets				
Land & Land Right of Way	\$ 44,747,974	\$ 44,747,974	\$ -	\$ 44,747,974
Construction In Progress	-	277,936	(277,936)	-
Sub-Total	44,747,974	45,025,910	(277,936)	44,747,974
Other Capital Assets				
Buildings & Improvements	6,029,996	6,371,275		6,371,275
Vehicles	4,609,741	5,052,943	191,317	5,244,260
Machinery & Equipment	698,272	732,272	69,963	802,235
Infrastructure	42,100,290	42,056,535	35,000	42,091,535
Sub-Total	53,438,299	54,213,025	296,280	54,509,305
Accumulated Depreciation on other Capital Assets	(21,900,697)	(23,041,080)	(1,018,762)	(24,059,842)
Totals	76,285,576	76,197,855	(1,000,418)	75,197,437
\$ Change from prior year	1,635,642	(87,721)		
% Change from prior year	2.19%	-0.11%	-1.31%	

Capital assets (net of depreciation) decreased \$1,000,418 or 1.31% from Fiscal Year 2012 to Fiscal Year 2013.

VILLAGE OF GLENCOE
MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Debt Outstanding

As of February 28, 2013, the Village had \$15,635,000 in outstanding debt service. The existing schedule extends through Fiscal Year 2027. (For more information see Statement Note No. 7 on pages 31 through 34).

The Village has a legal debt limit of \$93,696,775, which is 10.00% of assessed valuation. The Village has used \$15,635,000 of this limit leaving a legal debt margin of \$78,061,775. As last rated during Fiscal Year 2013, the Village maintained an "AAA" bond rating by Standard & Poor's Corporation. As stated by Standard & Poor, the rating reflects:

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

Economic Factors

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

The equalized assessed valuation (EAV) decreased 10.5% from Tax Year 2010 level to total an EAV of \$936,967,754. The 2011 Tax Levy (including debt service) decreased 5.29% from the 2010 Tax Extension. The 2011 Tax Extension was 1.06% of the total EAV as compared to a 10-year average of 1.13% of the total EAV.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds

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

VILLAGE OF GLENCOE, ILLINOIS

Statement of Net Assets
February 28, 2013

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

Statement of Net Position
February 28, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Glencoe Public Library
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 14,442,964	2,451,107	16,894,071	1,889,920
Receivables - net of allowances				
Property taxes	8,826,525	-	8,826,525	1,826,921
Other taxes	844,042	-	844,042	-
Accounts	281,855	177,015	458,870	-
Other	50,970	363,066	414,036	-
Internal balances	1,563,200	(1,563,200)	-	-
Prepays/Inventory	388,162	102,380	490,542	16,088
Total current assets	26,397,718	1,530,368	27,928,086	3,732,929
NONCURRENT ASSETS				
Capital assets				
Nondepreciable	44,747,974	933,090	45,681,064	107,877
Depreciable	54,509,305	10,735,633	65,244,938	2,820,583
Accumulated depreciation	(24,059,843)	(5,018,344)	(29,078,187)	(1,270,142)
	75,197,436	6,650,379	81,847,815	1,658,318
Other Assets				
Net pension asset	1,810,460	-	1,810,460	-
Total noncurrent assets	77,007,896	6,650,379	83,658,275	1,658,318
Total assets	103,405,614	8,180,747	111,586,361	5,391,247

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

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Glencoe Public Library
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	1,145,218	459,422	1,604,640	2,680
Accrued interest payable	71,524	-	71,524	-
Unearned/deferred revenue	26,995	145,293	172,288	-
Compensated absences payable	304,745	57,218	361,963	-
Notes payable	-	-	-	32,524
General obligation bonds payable	1,185,000	-	1,185,000	-
Total current liabilities	2,733,482	661,933	3,395,415	35,204
NONCURRENT LIABILITIES				
Net pension obligation payable	98,968	-	98,968	-
Net other post-employment benefit payable	178,786	-	178,786	-
Compensated absences payable	1,218,982	228,873	1,447,855	-
Notes payable	-	-	-	280,818
General obligation bonds payable	14,450,000	-	14,450,000	-
IEPA Loan Payable	-	3,014,143	3,014,143	-
Total noncurrent liabilities	15,946,736	3,243,016	19,189,752	280,818
Total liabilities	18,680,218	3,904,949	22,585,167	316,022
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	10,378,453	-	10,378,453	2,136,080
Total liabilities and deferred inflows of resources	29,058,671	3,904,949	32,963,620	2,452,102
NET POSITION				
Net investment in capital assets	68,335,649	3,636,236	71,971,885	1,344,976
Restricted for fire benevolent fund	305	-	305	-
Restricted for public safety	1,027	-	1,027	-
Restricted for drug abuse prevention	2,870	-	2,870	-
Restricted for IRMA claim deductibles	81,867	-	81,867	-
Restricted for special revenues	197,634	-	197,634	-
Restricted for debt service	121,106	-	121,106	-
Restricted for roadway maintenance	213,856	-	213,856	-
Restricted for E911 specific purposes	409,271	-	409,271	-
Restricted for donor specified purposes	-	-	-	43,708
Restricted for employee retirement	-	-	-	9,387
Unrestricted	4,983,358	639,562	5,622,920	1,541,074
TOTAL NET ASSETS	74,346,943	4,275,798	78,622,741	2,939,145

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

VILLAGE OF GLENCOE, ILLINOIS

Statement of Activities
Year Ended February 28, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT				
Governmental activities				
Administration and finance	2,165,875	69,963	-	-
Public safety	7,293,431	411,007	-	-
Public works	7,187,119	2,585,227	-	247,568
Interest on long-term debt	6,014	-	-	-
Total governmental activities	16,652,439	3,066,197	-	247,568
Business-type activities				
Water	1,938,933	2,451,344	-	-
Glencoe golf club	1,366,415	1,665,073	-	-
Total business-type activities	3,305,348	4,116,417	-	-
TOTAL PRIMARY GOVERNMENT	19,957,787	7,182,614	-	247,568
COMPONENT UNIT				
Glencoe Public Library	2,098,353	37,717	61,603	-

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

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

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

Net Expense/Revenue			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Total	Glencoe Public Library
(2,095,912)	-	(2,095,912)	-
(6,882,424)	-	(6,882,424)	-
(4,354,324)	-	(4,354,324)	-
(6,014)	-	(6,014)	-
(13,338,674)	-	(13,338,674)	-
-	512,411	512,411	-
-	298,658	298,658	-
-	811,069	811,069	-
(13,338,674)	811,069	(12,527,605)	-
-	-	-	(1,999,033)
9,886,338	-	9,886,338	2,010,794
1,056,834	-	1,056,834	-
631,926	-	631,926	-
1,790,991	-	1,790,991	-
783,247	-	783,247	-
27,133	5,073	32,206	7,762
709,677	-	709,677	3,445
14,886,146	5,073	14,891,219	2,022,001
1,547,472	816,142	2,363,614	22,968
72,799,471	3,459,656	76,259,127	2,916,177
74,346,943	4,275,798	78,622,741	2,939,145

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

VILLAGE OF GLENCOE, ILLINOIS

Balance Sheet - Governmental Funds
February 28, 2013

	<u>General</u>
ASSETS	
Cash and investments	\$ 4,515,768
Receivables - net of allowances	
Property taxes	7,518,749
Other taxes	824,910
Accounts	165,469
Other	50,073
Due from other funds	1,725,157
Prepays	316,055
Inventory	<u>15,173</u>
 TOTAL ASSETS	 <u><u>15,131,354</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	1,220,669
Other payables	<u>26,995</u>
Total liabilities	1,247,664
DEFERRED INFLOWS OF RESOURCES	
Property taxes	<u>8,847,551</u>
Total liabilities and deferred inflows of resources	<u>10,095,215</u>
FUND BALANCES	
Nonspendable	1,894,428
Restricted	86,069
Assigned	-
Unassigned	<u>3,055,642</u>
Total fund balances	<u>5,036,139</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>15,131,354</u></u>

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

<u>Special Revenue</u> Garbage	<u>Debt Service</u> General Obligation Bonds	Capital Projects	Nonmajor	Totals
133,551	415,756	8,756,590	621,299	14,442,964
-	1,307,776	-	-	8,826,525
-	-	-	19,132	844,042
116,386	-	-	-	281,855
897	-	-	-	50,970
-	-	-	-	1,725,157
56,934	-	-	-	372,989
-	-	-	-	15,173
<u>307,768</u>	<u>1,723,532</u>	<u>8,756,590</u>	<u>640,431</u>	<u>26,559,675</u>
53,200	-	16,002	17,304	1,307,175
-	-	-	-	26,995
<u>53,200</u>	<u>-</u>	<u>16,002</u>	<u>17,304</u>	<u>1,334,170</u>
-	1,530,902	-	-	10,378,453
<u>53,200</u>	<u>1,530,902</u>	<u>16,002</u>	<u>17,304</u>	<u>11,712,623</u>
56,934	-	-	-	1,951,362
197,634	192,630	-	623,127	1,099,460
-	-	8,740,588	-	8,740,588
-	-	-	-	3,055,642
<u>254,568</u>	<u>192,630</u>	<u>8,740,588</u>	<u>623,127</u>	<u>14,847,052</u>
<u>307,768</u>	<u>1,723,532</u>	<u>8,756,590</u>	<u>640,431</u>	<u>26,559,675</u>

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

VILLAGE OF GLENCOE, ILLINOIS

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

February 28, 2013

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS \$ 14,847,052

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

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 75,197,436

A net pension asset is not considered to represent a financial resource and
therefore, is not reported in the funds. 1,810,460

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

Net pension obligation payable	(98,968)
Net other post-employment benefit obligation payable	(178,786)
Compensated absences payable	(1,523,727)
General obligation bonds payable	(15,635,000)
Accrued interest payable	<u>(71,524)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES 74,346,943

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
February 28, 2013**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Year Ended February 28, 2013

	<u>General</u>
REVENUES	
Property taxes	\$ 8,389,975
Other taxes	3,942,375
Intergovernmental	-
Licenses, permits and fees	1,408,675
Charges for services	763,596
Fines and forfeitures	185,730
Interest	18,108
Miscellaneous	676,593
Total revenues	<u>15,385,052</u>
EXPENDITURES	
Current	
Administration and finance	2,062,403
Public safety	7,483,283
Public works	4,137,300
Capital outlay	522,302
Debt service	
Principal retirement	-
Interest and fiscal charges	-
Total expenditures	<u>14,205,288</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,179,764</u>
OTHER FINANCING SOURCES (USES)	
Debt issuance	-
Premium on debt issuance	-
Disposal of capital assets	60,588
Transfers in	-
Transfers out	(450,000)
	<u>(389,412)</u>
NET CHANGE IN FUND BALANCES	790,352
FUND BALANCES - BEGINNING	<u>4,245,787</u>
FUND BALANCES - ENDING	<u>5,036,139</u>

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

Special Revenue Garbage	Debt Service General Obligation Bonds	Capital Projects	Nonmajor	Totals
-	1,388,845	-	-	9,778,820
7,000	-	-	153,931	4,103,306
-	-	-	247,568	247,568
-	-	-	-	1,408,675
975,406	-	-	-	1,739,002
-	-	-	-	185,730
382	2,019	5,075	1,549	27,133
28,584	-	-	4,500	709,677
1,011,372	1,390,864	5,075	407,548	18,199,911
-	-	-	-	2,062,403
-	-	-	153,510	7,636,793
1,299,575	-	-	72,736	5,509,611
37,643	-	34,026	393,738	987,709
-	1,140,000	-	-	1,140,000
-	195,317	137,811	-	333,128
1,337,218	1,335,317	171,837	619,984	17,669,644
(325,846)	55,547	(166,762)	(212,436)	530,267
-	-	8,550,000	-	8,550,000
-	-	357,350	-	357,350
-	-	-	-	60,588
450,000	-	-	-	450,000
-	-	-	-	(450,000)
450,000	-	8,907,350	-	8,967,938
124,154	55,547	8,740,588	(212,436)	9,498,205
130,414	137,083	-	835,563	5,348,847
254,568	192,630	8,740,588	623,127	14,847,052

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

VILLAGE OF GLENCOE, ILLINOIS

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

Year Ended February 28, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 9,498,205

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

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

Capital outlays	472,436
Depreciation expense	(1,439,256)

The net effect of various miscellaneous transactions involving capital assets
is to decrease net position.

Disposals - cost	(454,092)
Disposals - accumulated depreciation	420,494

An increase in a net pension asset is not considered to be an increase in
financial assets in the governmental funds.

507,612

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

Decrease in net pension obligation payable	13,466
Increase in net other post-employment benefit obligation payable	(28,329)
Increase in compensated absences payable	(2,828)
Issuance of debt	(8,550,000)
Retirement of debt	1,140,000

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

(30,236)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

1,547,472

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

VILLAGE OF GLENCOE, ILLINOIS

Statement of Net Position - Proprietary Funds
February 28, 2013

	Water	Glencoe Golf Club	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 1,554,277	896,830	2,451,107
Receivables - net of allowances			
Customer accounts	177,015	-	177,015
Other	363,066	-	363,066
Prepays	38,397	30,453	68,850
Inventory	22,522	11,008	33,530
Total current assets	<u>2,155,277</u>	<u>938,291</u>	<u>3,093,568</u>
NONCURRENT ASSETS			
Capital Assets			
Nondepreciable	933,090	-	933,090
Depreciable	8,448,800	2,286,833	10,735,633
Accumulated depreciation	(4,283,073)	(735,271)	(5,018,344)
Total noncurrent assets	<u>5,098,817</u>	<u>1,551,562</u>	<u>6,650,379</u>
Total assets	<u>7,254,094</u>	<u>2,489,853</u>	<u>9,743,947</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	445,751	13,671	459,422
Due to other funds	-	1,563,200	1,563,200
Other payables	-	145,293	145,293
Compensated absences payable	48,441	8,777	57,218
Total current liabilities	<u>494,192</u>	<u>1,730,941</u>	<u>2,225,133</u>
NONCURRENT LIABILITIES			
Compensated absences payable	193,766	35,107	228,873
IEPA loan payable	3,014,143	-	3,014,143
Total noncurrent liabilities	<u>3,207,909</u>	<u>35,107</u>	<u>3,243,016</u>
Total liabilities	<u>3,702,101</u>	<u>1,766,048</u>	<u>5,468,149</u>
NET POSITION			
Net investment in capital assets	2,084,674	1,551,562	3,636,236
Unrestricted	1,467,319	(827,757)	639,562
TOTAL NET POSITION	<u><u>3,551,993</u></u>	<u><u>723,805</u></u>	<u><u>4,275,798</u></u>

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

VILLAGE OF GLENCOE, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended February 28, 2013

	Water	Glencoe Golf Club	Totals
OPERATING REVENUES			
Charges for services	\$ 2,375,993	1,649,640	4,025,633
Miscellaneous	75,351	15,433	90,784
Total operating revenues	<u>2,451,344</u>	<u>1,665,073</u>	<u>4,116,417</u>
OPERATING EXPENSES			
Water production	918,077	-	918,077
Water distribution	912,055	-	912,055
Golf	-	1,284,705	1,284,705
Depreciation	88,145	89,060	177,205
Total operating expenses	<u>1,918,277</u>	<u>1,373,765</u>	<u>3,292,042</u>
OPERATING INCOME	<u>533,067</u>	<u>291,308</u>	<u>824,375</u>
NONOPERATING REVENUES (EXPENSES)			
Disposal of capital assets	-	7,350	7,350
Interest income	2,869	2,204	5,073
Interest expense	(20,656)	-	(20,656)
	<u>(17,787)</u>	<u>9,554</u>	<u>(8,233)</u>
CHANGE IN NET POSITION	515,280	300,862	816,142
NET POSITION - BEGINNING	<u>3,036,713</u>	<u>422,943</u>	<u>3,459,656</u>
NET POSITION - ENDING	<u>3,551,993</u>	<u>723,805</u>	<u>4,275,798</u>

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

VILLAGE OF GLENCOE, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
Year Ended February 28, 2013**

	Water	Glencoe Golf Club	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,077,656	1,661,191	3,738,847
Payments to employees	(806,977)	(618,696)	(1,425,673)
Payments to suppliers	(803,710)	(611,241)	(1,414,951)
	<u>466,969</u>	<u>431,254</u>	<u>898,223</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(2,269,334)	(312,297)	(2,581,631)
Disposal of capital assets	-	12,503	12,503
Issuance of capital debt	2,452,468	-	2,452,468
Interest expense	(20,656)	-	(20,656)
	<u>162,478</u>	<u>(299,794)</u>	<u>(137,316)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,869	2,204	5,073
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>632,316</u>	<u>133,664</u>	<u>765,980</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>921,961</u>	<u>763,166</u>	<u>1,685,127</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>1,554,277</u></u>	<u><u>896,830</u></u>	<u><u>2,451,107</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	533,067	291,308	824,375
Adjustments to reconcile operating income to net income to net cash provided by (used in) operating activities:			
Depreciation expense	88,145	89,060	177,205
(Increase) decrease in current assets	(373,688)	(3,882)	(377,570)
Increase (decrease) in current liabilities	219,445	54,768	274,213
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>466,969</u></u>	<u><u>431,254</u></u>	<u><u>898,223</u></u>

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

VILLAGE OF GLENCOE, ILLINOIS

Statement of Net Position - Fiduciary Funds
February 28, 2013

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 1,020,719
Investments	
U.S. government and agency obligations	6,083,182
Local government obligations	123,169
Corporate bonds	6,424,978
Mutual funds	13,207,401
Receivables - net of allowances	
Accrued interest	121,300
Other	<u>11,968</u>
Total assets	<u>26,992,717</u>
LIABILITIES	
Accounts payable	15,278
Due to other funds	<u>161,957</u>
Total liabilities	<u>177,235</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>26,815,482</u></u>

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

VILLAGE OF GLENCOE, ILLINOIS

Statement of Changes in Net Position - Fiduciary Funds
Year Ended February 28, 2013

	<u>Pension Trust</u>
ADDITIONS	
Contributions - employer	
Taxes	\$ 1,532,919
Contributions - plan members	<u>315,384</u>
Total contributions	<u>1,848,303</u>
Investment income	
Interest earned	664,801
Net change in fair value	<u>1,169,799</u>
	1,834,600
Less investment expenses	<u>(54,755)</u>
Net investment income	<u>1,779,845</u>
Total additions	<u>3,628,148</u>
DEDUCTIONS	
Pensions and refunds	1,663,343
Miscellaneous	
Contractual professional services	<u>12,600</u>
Total deductions	<u>1,675,943</u>
CHANGE IN NET POSITION	1,952,205
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
BEGINNING	<u>24,863,277</u>
ENDING	<u><u>26,815,482</u></u>

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

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

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village.

Police Pension Employees Retirement System

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

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

Discretely Presented Component Unit

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

Village of Glencoe Public Library

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

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

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

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

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

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

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

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

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

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

Governmental Funds

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

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

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

Proprietary Funds

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

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

Basis of Accounting

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

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

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

Cash and Investments

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

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

Interfund Receivables, Payables and Activity

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Receivables

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

Prepays/Inventories

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

Capital Assets

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

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

Compensated Absences

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

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

Long-Term Obligations

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Long-Term Obligations – Continued

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

Fund Equity

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

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue, Debt Service and Capital Projects Funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation-is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported in the applicable category of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no material encumbrances outstanding at year-end.

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

- The budget process and review by the Finance Committee begins in November. The Village Board reviews the budget in preliminary form in advance of the tax levy.
- By no later than the Village Board Finance Committee meeting in February, the Village Manager submits to the Board of Trustees a proposed operating budget for the fiscal year commencing on March 1. The operating budget includes proposed expenditures and the means of financing them. The operating budget can be amended by the Village board as long as the amended budget remains within the legal expenditures ceiling set forth by the appropriations ordinance.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to April 15 the budget is legally enacted, and prior to May 15 the appropriation ordinance is legally enacted.
- The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the fund level. Expenditures in excess of the budgeted amounts at the fund level must be approved by the Board of Trustees. The Board of Trustees may amend the budget of a fund.
- Supplemental appropriations were passed for the General, Garbage, Capital Projects and Water Funds during the year.

Although the legal level of budgetary control is the appropriations, the Village utilizes a working budget as its management tool to monitor its day to day operations. Due to the high degree of reliance on the budget, both the appropriations and the budget are displayed in the required supplementary information and on the budget and actual schedules throughout this report. The original appropriations was passed as 110% of the working budget for all categories except debt service. The debt service appropriations are passed at 101% of the working budget.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

Fund	Excess
Garbage	\$ 7,556
General Obligation Bonds	1,761
Capital Projects	16,001

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Both the Village and Library investment policies authorize them to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds. 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.

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

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$6,470,924 and the bank balances totaled \$7,853,204.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
Illinois Funds	\$ 12,196	12,196
IMET	10,410,951	10,410,951
Total	10,423,147	10,423,147

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, and in the Illinois Funds and IMET, which invest in U.S. government securities, fully collateralized time deposits in financial institutions, collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. treasury obligations and collateralized repurchase agreements, the Village's investment policy does not further limit its exposure to credit risk.

At year-end, the Village's investment in the Illinois Funds was rated AAAM by Standard & Poor's. IMET's 1-3 year government bond fund receives Standard & Poor's AAAs rating for credit quality and Standard & Poor's S1 rating for volatility, or interest rate risk.

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy requires that the investment portfolio be diversified to the extent practicable. Investments shall be diversified in order to reduce the risk of loss resulting in over-concentration in a specific maturity, issuer, institution, or class of securities. Diversification strategies shall be determined and revised periodically by the Finance Director. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Metropolitan Investment Fund.

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$1,012,859 and the bank balances totaled \$1,012,859.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Federal Home Loan Bank	\$ 1,006,739	280,264	726,475	-	-
Federal Home Loan Mortgage Corp.	1,399,806	202,173	-	150,186	1,047,447
Federal Farmers Credit Bank	1,009,430	332,342	677,088	-	-
Federal National Mortgage Assoc.	2,151,025	253,972	470,353	134,694	1,292,006
Small Business Administration	451,018	-	-	-	451,018
Government National Mortgage Assoc.	65,164	-	-	-	65,164
Local Government Obligations	123,169	-	-	-	123,169
Corporate Bonds	6,424,978	612,604	2,186,781	2,907,975	717,618
Total	12,631,329	1,681,355	4,060,697	3,192,855	3,696,422

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Credit Risk. The Fund's investment policy helps limit its exposure to credit risk by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. Agency Obligations are rated AAA by Standard & Poor's.

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

Concentration Risk. At year-end the Fund also has \$13,207,401 invested in mutual funds. Per the investment policy, the Fund's investment portfolio shall not exceed the following diversification limits:

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$7,860 and the bank balances totaled \$7,860.

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

Credit Risk. The Fund's investment policy helps limit its exposure to credit risk by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

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

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

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 4,579,375	-	-	4,579,375
Land Right of Way	40,168,599	-	-	40,168,599
Construction in Progress	277,936	-	277,936	-
	<u>45,025,910</u>	<u>-</u>	<u>277,936</u>	<u>44,747,974</u>
Depreciable Capital Assets				
Buildings and Improvements	6,371,275	-	-	6,371,275
Vehicles	5,052,944	645,409	454,092	5,244,261
Machinery and Equipment	732,272	69,963	-	802,235
Infrastructure	42,056,534	35,000	-	42,091,534
	<u>54,213,025</u>	<u>750,372</u>	<u>454,092</u>	<u>54,509,305</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,987,039	124,752	-	2,111,791
Vehicles	2,786,095	400,639	420,494	2,766,240
Machinery and Equipment	403,893	48,376	-	452,269
Infrastructure	17,864,054	865,489	-	18,729,543
	<u>23,041,081</u>	<u>1,439,256</u>	<u>420,494</u>	<u>24,059,843</u>
Total Net Depreciable Capital Assets	<u>31,171,944</u>	<u>(688,884)</u>	<u>33,598</u>	<u>30,449,462</u>
Total Net Capital Assets	<u>76,197,854</u>	<u>(688,884)</u>	<u>311,534</u>	<u>75,197,436</u>

Depreciation expense was charged to governmental activities as follows:

Administration and Finance	\$ 72,315
Public Safety	177,716
Public Works	<u>1,189,225</u>
Total	<u>1,439,256</u>

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 933,090	-	-	933,090
Depreciable Capital Assets				
Buildings and Improvements	1,000,342	41,387	-	1,041,729
Machinery and Equipment	1,502,754	104,705	133,697	1,473,762
Water Transmission System	4,876,891	2,269,334	-	7,146,225
Golf Course Improvements	907,712	166,205	-	1,073,917
	<u>8,287,699</u>	<u>2,581,631</u>	<u>133,697</u>	<u>10,735,633</u>
Less Accumulated Depreciation				
Buildings and Improvements	454,326	15,961	-	470,287
Machinery and Equipment	1,003,196	90,951	128,544	965,603
Water Transmission System	3,253,159	35,365	-	3,288,524
Golf Course Improvements	259,002	34,928	-	293,930
	<u>4,969,683</u>	<u>177,205</u>	<u>128,544</u>	<u>5,018,344</u>
Total Net Depreciable Capital Assets	<u>3,318,016</u>	<u>2,404,426</u>	<u>5,153</u>	<u>5,717,289</u>
Total Net Capital Assets	<u>4,251,106</u>	<u>2,404,426</u>	<u>5,153</u>	<u>6,650,379</u>

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

Water	\$ 88,145
Glencoe Golf Club	<u>89,060</u>
Total	<u><u>177,205</u></u>

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES AND PAYABLES

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Glencoe Golf Club	\$ 1,563,200
General	Police Pension	160,539
General	Firefighters' Pension	<u>1,418</u>
		<u><u>1,725,157</u></u>

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

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Garbage	General	<u>\$ 450,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

Component Unit – Public Library Promissory Note Payable

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Promissory Note Payable of 1999 due in monthly installments of \$3,884 including interest at 4.40% through May 31, 2021.	Component Unit	\$ 344,450	-	31,108	<u><u>313,342</u></u>

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Limited Tax Bonds of 2005 due in annual installments of \$125,000 to \$215,000 plus interest at 3.20% to 3.25% through December 1, 2015.	General Obligation Bonds	\$ 825,000	-	195,000	630,000
General Obligation Bonds of 2009 due in annual installments of \$945,000 to \$1,185,000 plus interest at 2.00% to 2.70% through December 15, 2018.	General Obligation Bonds	7,400,000	-	945,000	6,455,000
General Obligation Bonds of 2012A due in annual installments of \$860,000 to \$1,055,000 plus interest at 2.00% to 2.50% through December 15, 2027.	General Obligation Bonds	-	8,550,000	-	8,550,000
		<u>8,225,000</u>	<u>8,550,000</u>	<u>1,140,000</u>	<u>15,635,000</u>

Illinois Environmental Protection Agency (IEPA) Loans Payable

The Village has entered into loan agreements with the IEPA to provide low interest financing for water improvements. As of the date of this report the total amount owed to the IEPA is \$3,041,143 including interest during construction. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan of 2011 due in semi-annual installments including interest at 1.25% through August 17, 2032.	Water	\$ 561,675	2,452,468	-	3,014,143

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,520,899	26,058	23,230	1,523,727	304,745
Net Pension Obligation	112,434	-	13,466	98,968	-
Net Other Post-Employment Benefit Obligation	150,457	28,329	-	178,786	-
General Obligation Bonds	8,225,000	8,550,000	1,140,000	15,635,000	1,185,000
	<u>10,008,790</u>	<u>8,604,387</u>	<u>1,176,696</u>	<u>17,436,481</u>	<u>1,489,745</u>
Business-Type Activities					
Compensated Absences	331,884	1,010	46,803	286,091	57,218
IEPA Loan Payable	561,675	2,452,468	-	3,014,143	-
	<u>893,559</u>	<u>2,453,478</u>	<u>46,803</u>	<u>3,300,234</u>	<u>57,218</u>
Component Unit - Public Library					
Promissory Note	344,450	-	31,108	313,342	32,524

For governmental activities, compensated absences are generally liquidated by the General Fund and the Garbage Fund. Payments on the net pension obligation and the net other post-employment benefit obligation are generally made by the General Fund. Additionally, the General Obligation Bonds Fund makes payments on the general obligation bonds. Compensated absences for business-type activities are made by the Water Fund and the Glencoe Golf Club Fund. The IEPA loan payable is being liquidated by the Water Fund, but a final repayment schedule is currently not available.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Component Unit	
	General Obligation Bonds		Promissory Note	
	Principal	Interest	Principal	Interest
2014	\$ 1,185,000	345,901	32,524	13,325
2015	1,225,000	326,320	34,005	11,844
2016	1,265,000	299,196	35,527	10,322
2017	1,090,000	269,894	37,171	8,678
2018	1,135,000	245,370	38,864	6,985
2019	1,185,000	216,994	40,634	5,215
2020	860,000	185,000	42,477	3,372
2021	880,000	167,800	44,418	1,431
2022	900,000	150,200	7,722	42
2022	920,000	132,200	-	-
2022	945,000	113,800	-	-
2022	970,000	93,718	-	-
2022	995,000	73,106	-	-
2022	1,025,000	50,719	-	-
2022	1,055,000	26,376	-	-
Total	15,635,000	2,696,594	313,342	61,214

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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

Assessed Valuation - 2011	<u>\$ 936,967,754</u>
Legal Debt Limit - 10.00% of Assessed Value	<u>93,696,775</u>
Amount of Debt Applicable to Limit	
General Obligation Limited Tax Bonds of 2005	630,000
General Obligation Bonds of 2009	6,455,000
General Obligation Bonds of 2012A	<u>8,550,000</u>
	<u>15,635,000</u>
Legal Debt Margin	<u><u>78,061,775</u></u>

FUND BALANCE/NET POSITION

Fund Balance Classifications

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

Assigned Fund Balance. The Village reports assigned fund balance in the Capital Projects Fund, a major fund. The Village's management has assigned these for future Village improvement projects and equipment and vehicle purchases based on approved Board/management expenditures as determined through the annual budget process.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance Classifications – Continued

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

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

	General	Special Revenue Garbage	Debt Service General Obligation Bonds	Capital Projects	Nonmajor	Totals
Fund Balances						
Nonspendable						
Due from Golf Club	\$ 1,563,200	-	-	-	-	1,563,200
Prepays	316,055	56,934	-	-	-	372,989
Inventory	15,173	-	-	-	-	15,173
	<u>1,894,428</u>	<u>56,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,951,362</u>
Restricted						
Fire Benevolent Fund	305	-	-	-	-	305
Public Safety	1,027	-	-	-	-	1,027
Drug Abuse Prevention	2,870	-	-	-	-	2,870
IRMA Claim Deductibles	81,867	-	-	-	-	81,867
Special Revenue	-	197,634	-	-	-	197,634
Debt Service	-	-	192,630	-	-	192,630
Roadway Maintenance	-	-	-	-	213,856	213,856
E911 Specific Purposes	-	-	-	-	409,271	409,271
	<u>86,069</u>	<u>197,634</u>	<u>192,630</u>	<u>-</u>	<u>623,127</u>	<u>1,099,460</u>
Assigned	-	-	-	8,740,588	-	8,740,588
Unassigned	<u>3,055,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,055,642</u>
Total Fund Balances	<u>5,036,139</u>	<u>254,568</u>	<u>192,630</u>	<u>8,740,588</u>	<u>623,127</u>	<u>14,847,052</u>

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of February 28, 2013:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 75,197,436
Plus Unspent Bond Proceeds	8,756,590
Less Capital Related Debt:	
General Obligation Limited Tax Bonds of 2005	(630,000)
General Obligation Bonds of 2009	(6,455,000)
General Obligation Bonds of 2012A	<u>(8,550,000)</u>
Net Investment in Capital Assets	<u>68,319,026</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	6,650,379
Less Capital Related Debt:	
IEPA Loan Payable of 2011	<u>(3,014,143)</u>
Net Investment in Capital Assets	<u>3,636,236</u>
Component Unit - Public Library	
Capital Assets - Net of Accumulated Depreciation	1,694,364
Less Capital Related Debt:	
Promissory Note Payable of 1999	<u>(313,342)</u>
Net Investment in Capital Assets	<u>1,381,022</u>

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Risk Management Agency (IRMA)

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

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

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

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

CONTINGENT LIABILITIES

Litigation

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

Grants

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

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Solid Waste Agency of Northern Cook County (SWANCC)

Annual payments to SWANCC are based on estimated tonnage of waste transported to SWANCC. It is assumed that there will be no material changes in deliveries to SWANCC. For 2013 through 2023, the Village estimates it will pay \$176,504 annually.

Women’s Library Club

The Women’s Library Club and Writer’s Theatre, Inc., a nationally-acclaimed theatre company entered into an agreement to lease the Club’s facility located at 325 Tudor Court. The lease was subject to securing a loan for the purpose of making repairs to and performing maintenance on the facility. The Village Board considered whether the facility could serve as a cultural center for the Village and its residents if the Writer’s Theatre, Inc. were to use it as a venue for dramatic productions. In 2004, as consideration for the establishment of a cultural center, the Village guaranteed a loan to the Club by Harris Bank Glencoe-Northbrook, N.A. in the amount of \$357,153.46. The loan is due to be fully repaid by September 12, 2013. As part of the terms of the guarantee, the Village has the rights to enforce the lease, as well as the right to have the facility available for certain additional cultural activities for at least the duration of the lease. To the extent that the Club fails to repay the Loan pursuant to its terms and the Village is required to expend funds as a result of its guarantee, the Village shall have an option to acquire the facility and land at 325 Tudor Court.

Chicago Botanic Garden Children’s Learning Campus

The Village entered into an agreement with the Chicago Horticultural Society (the “Society”), having a mailing address at 1000 Lake Cook Road, Glencoe, Illinois 60028, to serve as the local agency for the construction of a paved and landscaped entryway to the new children’s Learning Center Campus at the Chicago Botanic Garden in unincorporated Glencoe. Per the agreement financial resources will flow from the society through the Village to reimburse project costs. Grant reimbursements will flow from the Illinois Department of Commerce and Economic Opportunity through the Village and to the Society. The Village does not budget for the activities of the Society. During 2013, the Village received \$145,369 in grant proceeds that were disbursed to the Society and \$9,633 from the Society itself that was disbursed to vendors.

JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of twenty-three municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution Act of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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

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

SWANCC's bonds are revenue obligations. They are limited obligations of SWANCC, with a claim for payment solely from and secured by a pledge of the revenues of the system, and amounts in various funds and accounts established by SWANCC resolutions. SWANCC has no power to levy taxes.

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

SWANCC has entered into Solid Waste Disposal Contracts with the member municipalities. The Contracts are irrevocable, and may not be terminated or amended, except as provided in the Contract. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual cost of the system.

The obligation of the Village to make all payments as required by this Contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under this Contract.

The payments required to be made by the Village under this Contract are required to be made solely from revenues to be derived by the Village from the operation of the Municipal Waste System Fund. The Village is not prohibited by the Contract from using any other funds to make the payments required by the Contract. The Contract shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$167,827 to SWANCC for the year ended February 28, 2013, which is recorded in the Village's Garbage Fund.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System (IMRF)

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2012 was 12.10 percent.

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

At fiscal year end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	30
Current Employees	
Vested	24
Nonvested	<u>8</u>
Total	<u>62</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements
February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Firefighters' Pension Plan

The Firefighters' Pension Plan is a single-employer defined pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At fiscal year end the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	3
Current Employees	
Vested	-
Nonvested	-
	<hr/>
Total	<u>3</u>

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions, and Funding Policies – Continued

Firefighters' Pension Plan – Continued

Covered employees, if any, are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded. There are no active covered employees.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

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

Significant Investments

There are no investments (other than U.S. Government and U.S. Government - guaranteed obligations) in any one organization that represents 5 percent or more of net assets available for benefits for the Firefighters' Pension Plan. However, the Police Pension Plan had \$1,546,376 invested in T. Rowe Price Growth Stock Fund and \$2,201,780 invested in Vanguard 500 Index Fund that represent 5 percent or more of net assets available for benefits. Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation

The Village’s actuarial assumptions and related information for each plan are as follows:

	IMRF	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	12.10%	53.31%	0.00%
Employee	4.50%	9.91%	0.00%
Actuarial Valuation Date	12/31/2012	2/29/2012	2/29/2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	29 Years	29 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	6.75% Compounded Annually	6.50% Compounded Annually
Projected Salary Increases	.4 to 10.0%	5.50%	None
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

There was no net pension obligation for the IMRF plan. The pension liability (asset) for the Police and Firefighters' Pension Plans are as follows:

	Police Pension	Firefighters' Pension	Totals
Annual Required Contributions	\$ 998,140	49,567	1,047,707
Interest on Net Pension Obligation (Asset)	(87,537)	7,463	(80,074)
Adjustment to Annual Required Contribution	53,103	(8,895)	44,208
Annual Pension Cost	963,706	48,135	1,011,841
Actual Contribution	1,471,318	61,601	1,532,919
Change in NPO/(NPA)	(507,612)	(13,466)	(521,078)
NPO/(NPA) - Beginning of Year	(1,302,848)	112,434	(1,190,414)
NPO/(NPA) - End of Year	(1,810,460)	98,968	(1,711,492)

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

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

	Year	IMRF	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2011	\$ 760,052	\$ 1,306,325	\$ 27,904
	2012	744,133	1,191,291	48,354
	2013	737,087	963,706	48,135
Actual Contributions	2011	760,052	1,740,339	2,375
	2012	744,133	1,632,363	77,645
	2013	737,087	1,471,318	61,601
Percentage of APC Contributed	2011	100.00%	133.22%	8.51%
	2012	100.00%	137.02%	160.58%
	2013	100.00%	152.67%	127.98%
Net Pension Obligation/ (Asset)	2011	None	(861,776)	141,725
	2012	None	(1,302,848)	112,434
	2013	None	(1,810,460)	98,968

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The Village's funded status for the current year and related information for each plan is as follows:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial Valuation Date	12/31/12	02/29/12	02/29/12
Percent Funded	82.34%	64.00%	6.00%
Accuarial Accrued Liability for Benefits	\$22,687,605	\$38,811,771	\$618,150
Actuarial Value of Assets	\$18,680,241	\$24,826,359	\$36,919
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$4,007,364)	(\$13,985,412)	(\$581,231)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$6,091,627	\$3,061,879	-
Ratio of UAAL to Covered Payroll	70.58%	456.80%	-

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

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

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending February 28, 2013, retirees contributed \$141,226. Active employees do not contribute to the plan until retirement.

At February 28, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	12
Active Employees	<u>104</u>
Total	<u>116</u>
Participating Employers	1

The Village does not currently have a funding policy.

VILLAGE OF GLENCOE, ILLINOIS

**Notes to the Financial Statements
February 28, 2013**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of February 28, 2013, was calculated as follows:

Annual Required Contribution	\$ 91,534
Interest on the NOPEBO	7,523
Adjustment to the ARC	<u>(5,015)</u>
Annual OPEB Cost	94,042
Actual Contribution	<u>65,713</u>
Increase in the NOPEBO	28,329
NOPEBO - Beginning of Year	<u>150,457</u>
NOPEBO - End of Year	<u><u>178,786</u></u>

Trend Information

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

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 90,534	\$ 49,090	54.22%	\$ 113,947
2012	85,600	49,090	57.35%	150,457
2013	94,042	65,713	69.88%	178,786

VILLAGE OF GLENCOE, ILLINOIS

Notes to the Financial Statements

February 28, 2013

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of February 29, 2012, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,070,270
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	2,070,270
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	9,400,510
UAAL as a Percentage of Covered Payroll	22.02%

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

Actuarial Methods and Assumptions

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

In the February 29, 2012 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0% and an ultimate rate of 6.0%. The investment rate of return includes a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at February 28, 2013, was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefit Plan
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Garbage – Special Revenue Fund

Notes to the Required Supplementary Information

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

VILLAGE OF GLENCOE, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

February 28, 2013

Funding Progress

Actuarial Valuation Date Dec. 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)
2007	\$ 15,594,372	\$ 16,101,810	96.85%	\$ 507,438	\$ 5,364,682	9.46%
2008	13,726,377	18,214,028	75.36%	4,487,651	5,681,904	78.98%
2009	14,861,555	19,182,375	77.48%	4,320,820	5,805,807	74.42%
2010	16,491,939	20,742,901	79.51%	4,250,962	6,022,600	70.58%
2011	17,400,683	22,004,841	79.08%	4,604,158	6,025,367	76.41%
2012	18,680,241	22,687,605	82.34%	4,007,364	6,091,627	65.78%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 503,744	\$ 503,744	100.00%
2009	501,712	501,712	100.00%
2010	516,717	516,717	100.00%
2011	760,052	760,052	100.00%
2012	744,133	744,133	100.00%
2013	737,087	737,087	100.00%

VILLAGE OF GLENCOE, ILLINOIS

Police Pension Fund

Required Supplementary Information
 Schedule of Funding Progress and Employer Contributions
 February 28, 2013

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
Feb. 28						
2007	\$ 18,943,232	\$ 29,386,240	64.46%	\$ 10,443,008	\$ 2,825,193	369.64%
2008	19,973,593	32,817,197	60.86%	12,843,604	2,890,955	444.27%
2009	16,356,899	34,321,892	47.66%	17,964,993	3,011,670	596.51%
2010	20,658,001	35,633,310	57.97%	14,975,309	2,998,929	499.36%
2011	23,700,436	36,720,564	64.54%	13,020,128	3,036,145	428.84%
2012	24,826,359	38,811,771	63.97%	13,985,412	3,061,879	456.76%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 1,230,798	\$ 911,136	135.08%
2009	1,279,790	910,453	140.57%
2010	1,407,637	1,037,562	135.67%
2011	1,740,339	1,342,900	129.60%
2012	1,632,363	1,216,128	134.23%
2013	1,471,318	998,140	147.41%

VILLAGE OF GLENCOE, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
February 28, 2013**

Funding Progress

Actuarial Valuation Date Feb. 28	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 447,433	\$ 772,662	57.91%	\$ 325,229	\$ -	*
2008	361,665	756,671	47.80%	395,006	-	*
2009	277,382	745,982	37.18%	468,600	-	*
2010	173,249	714,531	24.25%	541,282	-	*
2011	65,479	712,768	9.19%	647,289	-	*
2012	36,919	618,150	5.97%	581,231	-	*

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 2,375	\$ 26,245	9.05%
2009	19,511	32,383	60.25%
2010	18,954	39,080	48.50%
2011	2,375	45,988	5.16%
2012	77,645	50,149	154.83%
2013	61,601	49,567	124.28%

* Not Applicable

VILLAGE OF GLENCOE, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
February 28, 2013**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
Feb. 28						
2008	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2009	-	1,691,343	-	1,691,343	9,038,874	18.71%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	2,070,270	-	2,070,270	9,400,510	22.02%
2013	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2008	\$ N/A	\$ N/A	N/A
2009	49,090	85,179	57.63%
2010	49,090	83,700	58.65%
2011	49,090	88,722	55.33%
2012	49,090	83,701	58.65%
2013	65,713	91,534	71.79%

The Village implemented GASB Statement No. 45 for the fiscal year ended February 28, 2009 and had a subsequent actuarial valuation performed for the fiscal year ended February 29, 2012. Information for prior years is not available. The Village is required to have an actuarial valuation performed triennially.

VILLAGE OF GLENCOE, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2013

	Appropriations		Original and Final	Actual	Budget Variance Over (Under)
	Original	Final	Budget		
REVENUES					
Property taxes	\$ -	-	8,444,347	8,389,975	(54,372)
Other taxes	-	-	3,864,521	3,942,375	77,854
Licenses, permits and fees	-	-	1,176,673	1,408,675	232,002
Charges for services	-	-	686,997	763,596	76,599
Fines and forfeitures	-	-	143,800	185,730	41,930
Interest	-	-	75,735	18,108	(57,627)
Miscellaneous	-	-	579,603	676,593	96,990
Total revenues	-	-	14,971,676	15,385,052	413,376
EXPENDITURES					
Administration and finance	2,744,495	2,744,495	2,044,995	2,062,403	17,408
Public safety	8,234,226	8,234,226	7,485,660	7,483,283	(2,377)
Public works	4,781,865	4,779,777	4,347,150	4,137,300	(209,850)
Capital outlay	636,900	638,988	579,000	522,302	(56,698)
Total expenditures	16,397,486	16,397,486	14,456,805	14,205,288	(251,517)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(16,397,486)	(16,397,486)	514,871	1,179,764	664,893
OTHER FINANCING SOURCES (USES)					
Disposal of capital assets	-	-	-	60,588	60,588
Transfers out	(450,000)	(450,000)	(450,000)	(450,000)	-
	(450,000)	(450,000)	(450,000)	(389,412)	60,588
NET CHANGE IN FUND BALANCE					
	(16,847,486)	(16,847,486)	64,871	790,352	725,481
FUND BALANCE - BEGINNING					
				4,245,787	
FUND BALANCE - ENDING					
				5,036,139	

VILLAGE OF GLENCOE, ILLINOIS

Garbage - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2013**

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
REVENUES					
Other taxes	\$ -	-	7,000	7,000	-
Charges for services	-	-	998,165	975,406	(22,759)
Interest	-	-	600	382	(218)
Miscellaneous					
Recycling	-	-	19,834	14,756	(5,078)
Other	-	-	8,000	13,828	5,828
Total revenues	-	-	1,033,599	1,011,372	(22,227)
EXPENDITURES					
Public works	1,423,028	1,423,028	1,293,662	1,299,575	5,913
Capital outlay	39,600	39,600	36,000	37,643	1,643
Total expenditures	1,462,628	1,462,628	1,329,662	1,337,218	7,556
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(1,462,628)	(1,462,628)	(296,063)	(325,846)	(29,783)
OTHER FINANCING SOURCES					
Transfers in	-	-	450,000	450,000	35,696
NET CHANGE IN FUND BALANCE					
	(1,462,628)	(1,462,628)	153,937	124,154	5,913
FUND BALANCE - BEGINNING					
				130,414	
FUND BALANCE - ENDING					
				254,568	

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Garbage Fund

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

Motor Fuel Tax Fund

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

Enhanced 911 System Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

DEBT SERVICE FUND

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

General Obligation Bonds Fund

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

CAPITAL PROJECTS FUND

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

ENTERPRISE FUNDS

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

Water Fund

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

Glencoe Golf Club Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

PENSION TRUST FUNDS

Police Pension Fund

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

Firefighters' Pension Fund

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

VILLAGE OF GLENCOE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
Year Ended February 28, 2013**

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
PROPERTY TAXES	\$ -	-	8,444,347	8,389,975	(54,372)
OTHER TAXES					
Utility tax	-	-	1,175,932	1,056,834	(119,098)
Sales tax	-	-	1,737,180	1,790,991	53,811
State income tax	-	-	690,800	783,247	92,447
Personal property replacement tax	-	-	77,609	72,617	(4,992)
Cable television	-	-	183,000	203,785	20,785
Foreign fire insurance tax	-	-	-	34,901	34,901
Total other taxes	-	-	3,864,521	3,942,375	77,854
LICENSES, PERMITS AND FEES					
Vehicle licenses	-	-	276,000	267,210	(8,790)
Business licenses	-	-	24,750	38,035	13,285
Animal licenses	-	-	7,390	7,148	(242)
Liquor licenses	-	-	22,400	24,780	2,380
Building and electrical permits	-	-	662,327	885,333	223,006
Burglar-fire alarm permits	-	-	80,000	82,082	2,082
Impounding fees	-	-	1,950	650	(1,300)
Parking lot fees and permits	-	-	99,000	100,798	1,798
Coin box and meter fees	-	-	2,856	2,639	(217)
Total licenses, permits and fees	-	-	1,176,673	1,408,675	232,002
CHARGES FOR SERVICES					
Sewer service charge	-	-	535,819	621,051	85,232
Ambulance fees	-	-	151,178	142,545	(8,633)
Total charges for services	-	-	686,997	763,596	76,599

VILLAGE OF GLENCOE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
Year Ended February 28, 2013**

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
FINES AND FORFEITURES					
Court fines	\$ -	-	23,800	22,710	(1,090)
Other fines	-	-	120,000	163,020	43,020
Total fines and forfeitures	-	-	143,800	185,730	41,930
INTEREST	-	-	75,735	18,108	(57,627)
MISCELLANEOUS					
Golf club management fees	-	-	40,000	40,000	-
Water management fees	-	-	41,047	41,047	-
Garbage management fees	-	-	41,047	41,047	-
Sundry	-	-	17,000	24,047	7,047
Other	-	-	440,509	530,452	89,943
Total miscellaneous	-	-	579,603	676,593	96,990
TOTAL REVENUES	-	-	14,971,676	15,385,052	413,376

VILLAGE OF GLENCOE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
Year Ended February 28, 2013**

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
ADMINISTRATION AND FINANCE					
General government	\$ 800,374	827,007	727,613	878,406	150,793
Legal	170,650	176,137	155,136	153,967	(1,169)
Health and community service	93,325	87,838	84,841	85,182	341
Special boards service	39,270	25,270	35,700	21,100	(14,600)
Finance	794,130	781,497	721,936	678,549	(43,387)
Support service	321,940	321,940	292,673	231,938	(60,735)
Risk management	524,806	524,806	27,096	13,261	(13,835)
Total administration and finance	2,744,495	2,744,495	2,044,995	2,062,403	17,408
PUBLIC SAFETY					
Fire protection	1,706,037	1,706,037	1,550,943	1,508,609	(42,334)
Police protection	5,676,457	5,676,457	5,160,415	5,146,759	(13,656)
Paramedic service	851,732	851,732	774,302	747,456	(26,846)
Foreign fire	-	-	-	80,459	80,459
Total public safety	8,234,226	8,234,226	7,485,660	7,483,283	(2,377)
PUBLIC WORKS					
Administration	945,443	945,443	859,495	878,180	18,685
Streets	1,144,667	1,142,579	1,040,606	892,817	(147,789)
Sewers	1,098,352	1,098,352	998,502	974,792	(23,710)
Forestry	814,732	814,732	740,665	759,678	19,013
Buildings	208,335	208,335	189,395	173,941	(15,454)
Street lighting	101,750	101,750	92,500	83,679	(8,821)
Parking and traffic control	68,915	68,915	62,650	58,833	(3,817)
Municipal garage	321,371	321,371	292,155	255,295	(36,860)
Community development	78,300	78,300	71,182	60,085	(11,097)
Total public works	4,781,865	4,779,777	4,347,150	4,137,300	(209,850)
CAPITAL OUTLAY					
Administration and finance	174,900	174,900	159,000	150,301	(8,699)
Public safety/capital reserve	132,000	132,000	120,000	57,941	(62,059)
Public works	330,000	332,088	300,000	314,060	14,060
Total capital outlay	636,900	638,988	579,000	522,302	(56,698)
TOTAL EXPENDITURES	16,397,486	16,397,486	14,456,805	14,205,288	(251,517)

VILLAGE OF GLENCOE, ILLINOIS

General Obligation Bonds - Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2013**

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
REVENUES					
Property taxes	\$ -	-	1,399,462	1,388,845	(10,617)
Interest	-	-	1,140	2,019	879
Total revenues	-	-	1,400,602	1,390,864	(9,738)
EXPENDITURES					
Debt service					
Principal retirement	1,346,892	1,346,892	1,140,000	1,140,000	-
Interest and fiscal charges	-	-	193,556	195,317	1,761
Total expenditures	1,346,892	1,346,892	1,333,556	1,335,317	1,761
NET CHANGE IN FUND BALANCE	<u>(1,346,892)</u>	<u>(1,346,892)</u>	<u>67,046</u>	55,547	<u>(11,499)</u>
FUND BALANCE - BEGINNING				<u>137,083</u>	
FUND BALANCE - ENDING				<u>192,630</u>	

VILLAGE OF GLENCOE, ILLINOIS

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2013

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
REVENUES					
Interest	\$ -	-	-	5,075	5,075
EXPENDITURES					
Capital outlay	-	18,025	18,025	34,026	16,001
Debt service					
Interest and fiscal charges	-	137,811	137,811	137,811	-
Total expenditures	-	155,836	155,836	171,837	16,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	-	(155,836)	(155,836)	(166,762)	(10,926)
OTHER FINANCING SOURCES					
Debt issuance	-	-	-	8,550,000	8,550,000
Premium on debt issuance	-	-	-	357,350	357,350
	-	-	-	8,907,350	8,907,350
NET CHANGE IN FUND BALANCE					
	-	(155,836)	(155,836)	8,740,588	8,896,424
FUND BALANCE - BEGINNING					
				-	
FUND BALANCE - ENDING					
				8,740,588	

VILLAGE OF GLENCOE, ILLINOIS

Combining Balance Sheet

**Nonmajor Governmental Funds
February 28, 2013**

	<u>Special Revenue</u>		
	<u>Motor Fuel</u>	<u>Enhanced</u>	
	<u>Tax</u>	<u>911</u>	
		<u>System</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 215,465	405,834	621,299
Receivables - net of allowances			
Other	14,891	4,241	19,132
TOTAL ASSETS	230,356	410,075	640,431
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	16,500	804	17,304
FUND BALANCES			
Restricted	213,856	409,271	623,127
TOTAL LIABILITIES AND FUND BALANCES	230,356	410,075	640,431

VILLAGE OF GLENCOE, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

**Nonmajor Governmental Funds
Year Ended February 28, 2013**

	Special Revenue		Totals
	Motor Fuel Tax	Enhanced 911 System	
REVENUES			
Other taxes	\$ -	153,931	153,931
Intergovernmental	247,568	-	247,568
Interest	593	956	1,549
Miscellaneous	4,500	-	4,500
Total revenues	<u>252,661</u>	<u>154,887</u>	<u>407,548</u>
EXPENDITURES			
Public safety	-	153,510	153,510
Public works	72,736	-	72,736
Capital outlay	393,016	722	393,738
Total expenditures	<u>465,752</u>	<u>154,232</u>	<u>619,984</u>
NET CHANGE IN FUND BALANCES	(213,091)	655	(212,436)
FUND BALANCES - BEGINNING	<u>426,947</u>	<u>408,616</u>	<u>835,563</u>
FUND BALANCES - ENDING	<u><u>213,856</u></u>	<u><u>409,271</u></u>	<u><u>623,127</u></u>

VILLAGE OF GLENCOE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2013**

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
REVENUES					
Intergovernmental					
Allotments	\$ -	-	217,200	247,568	30,368
Interest	-	-	1,000	593	(407)
Miscellaneous	-	-	-	4,500	4,500
Total revenues	-	-	218,200	252,661	34,461
EXPENDITURES					
Public works					
Street maintenance	83,933	83,933	76,303	72,736	(3,567)
Capital outlay	440,000	440,000	400,000	393,016	(6,984)
Total expenditures	523,933	523,933	476,303	465,752	(10,551)
NET CHANGE IN FUND BALANCE	<u>(523,933)</u>	<u>(523,933)</u>	<u>(258,103)</u>	(213,091)	<u>45,012</u>
FUND BALANCE - BEGINNING				<u>426,947</u>	
FUND BALANCE - ENDING				<u>213,856</u>	

VILLAGE OF GLENCOE, ILLINOIS

Enhanced 911 System - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2013**

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
REVENUES					
Other taxes					
Telephone surcharge	\$ -	-	140,100	153,931	13,831
Interest	-	-	1,000	956	(44)
Total revenues	-	-	141,100	154,887	13,787
EXPENDITURES					
Public safety	202,471	202,471	184,065	153,510	(30,555)
Capital outlay	28,050	28,050	25,500	722	(24,778)
Total expenditures	230,521	230,521	209,565	154,232	(55,333)
NET CHANGE IN FUND BALANCE	<u>(230,521)</u>	<u>(230,521)</u>	<u>(68,465)</u>	655	<u>69,120</u>
FUND BALANCE - BEGINNING				<u>408,616</u>	
FUND BALANCE - ENDING				<u>409,271</u>	

VILLAGE OF GLENCOE, ILLINOIS

Water - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended February 28, 2013

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
OPERATING REVENUES					
Charges for services	\$ -	-	1,965,834	2,375,993	410,159
Miscellaneous	-	-	72,733	75,351	2,618
Total operating revenues	-	-	2,038,567	2,451,344	412,777
OPERATING EXPENSES					
Operations					
Water production	1,242,089	1,242,089	1,060,172	918,077	(142,095)
Water distribution	4,030,819	4,030,819	3,664,381	3,181,389	(482,992)
Total operations	5,272,908	5,272,908	4,724,553	4,099,466	(625,087)
Less: capital assets capitalized	(3,267,000)	(3,267,000)	(2,970,000)	(2,269,334)	700,666
	2,005,908	2,005,908	1,754,553	1,830,132	75,579
Depreciation	-	-	69,000	88,145	19,145
Total operating expenses	2,005,908	2,005,908	1,823,553	1,918,277	94,724
OPERATING INCOME (LOSS)	(2,005,908)	(2,005,908)	215,014	533,067	318,053
NONOPERATING REVENUES (EXPENSES)					
Other income	-	-	2,800,000	-	(2,800,000)
Interest income	-	-	1,015	2,869	1,854
Interest expense	-	-	-	(20,656)	(20,656)
	-	-	2,801,015	(17,787)	(2,818,802)
CHANGE IN NET POSITION	(2,005,908)	(2,005,908)	3,016,029	515,280	(2,500,749)
NET POSITION - BEGINNING				3,036,713	
NET POSITION - ENDING				3,551,993	

VILLAGE OF GLENCOE, ILLINOIS

Glencoe Golf Club - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended February 28, 2013

	Appropriations		Original and Final Budget	Actual	Budget Variance Over (Under)
	Original	Final			
OPERATING REVENUES					
Charges for services	\$ -	-	1,513,967	1,649,640	135,673
Miscellaneous	-	-	-	15,433	15,433
Total operating revenues	-	-	1,513,967	1,665,073	151,106
OPERATING EXPENSES					
Operations	-	-	1,718,909	1,597,002	(121,907)
Less: capital assets capitalized	-	-	-	(312,297)	(312,297)
Total operations	-	-	1,718,909	1,284,705	(434,204)
Depreciation	-	-	52,000	89,060	37,060
Total operating expenses	-	-	1,770,909	1,373,765	(397,144)
OPERATING INCOME (LOSS)	-	-	(256,942)	291,308	548,250
NONOPERATING REVENUES					
Disposal of capital assets	-	-	-	7,350	7,350
Interest income	-	-	2,825	2,204	(621)
	-	-	2,825	9,554	6,729
CHANGE IN NET POSITION	-	-	(254,117)	300,862	554,979
NET POSITION - BEGINNING				422,943	
NET POSITION - ENDING				723,805	

VILLAGE OF GLENCOE, ILLINOIS

Pension Trust Funds

**Combining Statement of Net Position
February 28, 2013**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 1,012,859	7,860	1,020,719
Investments			
U.S. government and agency obligations	6,083,182	-	6,083,182
Local government obligations	123,169	-	123,169
Corporate bonds	6,424,978	-	6,424,978
Mutual funds	13,207,401	-	13,207,401
Receivables - net of allowances			
Accrued interest	121,300	-	121,300
Other	11,968	-	11,968
Total assets	<u>26,984,857</u>	<u>7,860</u>	<u>26,992,717</u>
LIABILITIES			
Accounts payable	15,278	-	15,278
Due to other funds	160,539	1,418	161,957
Total liabilities	<u>175,817</u>	<u>1,418</u>	<u>177,235</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>26,809,040</u></u>	<u><u>6,442</u></u>	<u><u>26,815,482</u></u>

VILLAGE OF GLENCOE, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Net Position
Year Ended February 28, 2013**

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions - employer			
Taxes	\$ 1,471,318	61,601	1,532,919
Contributions - plan members	315,384	-	315,384
Total contributions	<u>1,786,702</u>	<u>61,601</u>	<u>1,848,303</u>
Investment income			
Interest earned	664,733	68	664,801
Net change in fair value	1,169,799	-	1,169,799
	<u>1,834,532</u>	<u>68</u>	<u>1,834,600</u>
Less investment expenses	(54,755)	-	(54,755)
Net investment income	<u>1,779,777</u>	<u>68</u>	<u>1,779,845</u>
Total additions	<u>3,566,479</u>	<u>61,669</u>	<u>3,628,148</u>
DEDUCTIONS			
Pensions and refunds	1,571,264	92,079	1,663,343
Miscellaneous			
Contractual professional services	12,534	66	12,600
Total deductions	<u>1,583,798</u>	<u>92,145</u>	<u>1,675,943</u>
CHANGE IN NET POSITION	1,982,681	(30,476)	1,952,205
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
BEGINNING	<u>24,826,359</u>	<u>36,918</u>	<u>24,863,277</u>
ENDING	<u>26,809,040</u>	<u>6,442</u>	<u>26,815,482</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

**Promissory Note Payable of 1999 - Library Discretely Presented Component Unit
February 28, 2013**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2014	\$ 32,524	13,325	45,849
2015	34,005	11,844	45,849
2016	35,527	10,322	45,849
2017	37,171	8,678	45,849
2018	38,864	6,985	45,849
2019	40,634	5,215	45,849
2020	42,477	3,372	45,849
2021	44,418	1,431	45,849
2022	7,722	42	7,764
Total	313,342	61,214	374,556

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

**General Obligation Limited Tax Bonds of 2005
February 28, 2013**

Date of Issue	March 15, 2005
Date of Maturity	December 1, 2015
Authorized Issue	\$1,850,000
Denomination of Bonds	\$5,000
Interest Rates	3.20% - 3.25%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Bank of New York Mellon

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	\$ 205,000	20,474	225,474	2013	10,237	2013	10,237
2013	210,000	13,812	223,812	2014	6,906	2014	6,906
2014	215,000	6,988	221,988	2015	<u>3,494</u>	2015	<u>3,494</u>
Total	<u>630,000</u>	<u>41,274</u>	<u>671,274</u>		<u>20,637</u>		<u>20,637</u>

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2009
February 28, 2013**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 15	Amount
2012	\$ 980,000	147,108	1,127,108	2013	73,554	2013	73,554
2013	1,015,000	127,508	1,142,508	2014	63,754	2014	63,754
2014	1,050,000	107,208	1,157,208	2015	53,604	2015	53,604
2015	1,090,000	84,894	1,174,894	2016	42,447	2016	42,447
2016	1,135,000	60,370	1,195,370	2017	30,185	2017	30,185
2017	1,185,000	31,994	1,216,994	2018	15,997	2018	15,997
Total	6,455,000	559,082	7,014,082		279,541		279,541

VILLAGE OF GLENCOE, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2012A
February 28, 2013**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 15	Amount
2012	\$ -	178,319	178,319	2013	85,819	2013	92,500
2013	-	185,000	185,000	2014	92,500	2014	92,500
2014	-	185,000	185,000	2015	92,500	2015	92,500
2015	-	185,000	185,000	2016	92,500	2016	92,500
2016	-	185,000	185,000	2017	92,500	2017	92,500
2017	-	185,000	185,000	2018	92,500	2018	92,500
2018	860,000	185,000	1,045,000	2019	92,500	2019	92,500
2019	880,000	167,800	1,047,800	2020	83,900	2020	83,900
2020	900,000	150,200	1,050,200	2021	75,100	2021	75,100
2021	920,000	132,200	1,052,200	2022	66,100	2022	66,100
2022	945,000	113,800	1,058,800	2023	56,900	2023	56,900
2023	970,000	93,718	1,063,718	2024	46,859	2024	46,859
2024	995,000	73,106	1,068,106	2025	36,553	2025	36,553
2025	1,025,000	50,719	1,075,719	2026	25,360	2026	25,359
2026	1,055,000	26,376	1,081,376	2027	13,188	2027	13,188
Total	8,550,000	2,096,238	10,646,238		1,044,779		1,051,459

STATISTICAL SECTION

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

VILLAGE OF GLENCOE, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

	2004	2005	2006
GOVERNMENTAL ACTIVITIES			
Net invested in capital assets	\$ 57,407,371	58,245,710	59,064,321
Restricted	731,125	770,752	2,154,179
Unrestricted	1,956,108	1,600,820	756,591
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	60,094,604	60,617,282	61,975,091
BUSINESS-TYPE ACTIVITIES			
Net invested in capital assets	4,677,612	4,784,283	4,789,017
Unrestricted	(601,866)	(900,226)	(735,329)
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	4,075,746	3,884,057	4,053,688
PRIMARY GOVERNMENT			
Net invested in capital assets	62,084,983	63,029,993	63,853,338
Restricted	731,125	770,752	2,154,179
Unrestricted	1,354,242	700,594	21,262
TOTAL PRIMARY GOVERNMENT NET POSITION	64,170,350	64,501,339	66,028,779

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

2007	2008	2009	2010	2011	2012	2013
60,467,319	66,372,675	68,481,254	66,567,750	66,206,059	67,972,854	68,335,649
1,893,544	503,862	518,814	654,916	1,316,599	1,205,651	1,027,936
1,712,589	2,041,779	2,423,358	3,225,221	3,766,260	3,620,966	4,983,358
64,073,452	68,918,316	71,423,426	70,447,887	71,288,918	72,799,471	74,346,943
4,831,297	2,692,694	2,996,915	3,206,293	3,430,650	3,689,431	3,636,236
(915,159)	(1,096,968)	(1,160,828)	(1,119,059)	(459,698)	(229,775)	639,562
3,916,138	1,595,726	1,836,087	2,087,234	2,970,952	3,459,656	4,275,798
65,298,616	69,065,369	71,478,169	69,774,043	69,636,709	71,662,285	71,971,885
1,893,544	503,862	518,814	654,916	1,316,599	1,205,651	1,027,936
797,430	944,811	1,262,530	2,106,162	3,306,562	3,391,191	5,622,920
67,989,590	70,514,042	73,259,513	72,535,121	74,259,870	76,259,127	78,622,741

VILLAGE OF GLENCOE, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years
February 28, 2013 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental activities										
Administration and finance	\$ 2,409,069	2,405,068	2,344,865	2,527,874	3,330,243	3,546,692	2,161,110	2,210,625	2,228,867	2,165,875
Public safety	5,850,900	6,151,278	6,751,092	6,775,465	6,668,913	6,745,762	7,022,845	7,308,147	7,345,809	7,293,431
Public works	5,439,224	5,751,672	5,902,698	6,218,328	6,888,667	5,460,694	9,118,339	8,492,940	7,219,444	7,187,119
Interest on long-term debt	566,226	604,943	610,169	528,793	457,828	401,833	408,322	254,387	188,549	6,014
Total governmental activities expenses	14,265,419	14,912,961	15,608,824	16,050,460	17,345,651	16,154,981	18,710,616	18,266,099	16,982,669	16,652,439
Business-type activities										
Water	1,342,428	1,502,012	1,630,146	1,623,620	1,708,594	1,786,861	1,784,162	1,589,552	1,767,803	1,938,933
Glencoe golf club	1,544,323	1,357,076	1,533,215	1,525,447	1,400,874	1,349,099	1,312,568	1,412,498	1,335,309	1,366,415
Total business-type activities net position	2,886,751	2,859,088	3,163,361	3,149,067	3,109,468	3,135,960	3,096,730	3,002,050	3,103,112	3,305,348
TOTAL PRIMARY GOVERNMENT EXPENSES	17,152,170	17,772,049	18,772,185	19,199,527	20,455,119	19,290,941	21,807,346	21,268,149	20,085,781	19,957,787
PROGRAM REVENUES										
Governmental activities										
Charges for services										
Administration and finance	271,154	279,602	296,215	363,441	47,456	47,881	51,286	62,559	62,044	69,963
Public safety	694,222	602,813	646,965	634,342	314,919	402,149	344,396	381,330	362,258	411,007
Public works	2,113,601	2,704,597	2,896,803	2,714,606	2,841,840	2,234,229	1,662,405	2,344,329	2,329,511	2,585,227
Operating grants/contributions	276,813	251,158	254,722	252,464	-	-	-	-	-	-
Capital grants/contributions	141,592	1,100	26,100	148,624	247,856	230,888	220,432	259,938	255,882	247,568
Total governmental activities program revenues	3,497,382	3,839,270	4,120,805	4,113,477	3,452,071	2,915,147	2,278,519	3,048,156	3,009,695	3,313,765
Business-type activities										
Charges for services										
Water	1,526,427	1,410,903	1,890,416	1,510,576	1,689,359	1,799,604	1,721,484	2,208,600	2,096,998	2,451,344
Glencoe golf club	1,252,252	1,155,251	1,419,755	1,463,804	1,581,936	1,555,899	1,617,380	1,669,949	1,490,998	1,665,073
Total business-type activities program revenues	2,778,679	2,566,154	3,310,171	2,974,380	3,271,295	3,355,503	3,338,864	3,878,549	3,587,996	4,116,417
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	6,276,061	6,405,424	7,430,976	7,087,857	6,723,366	6,270,650	5,617,383	6,926,705	6,597,691	7,430,182

NET (EXPENSE) REVENUE										
Governmental activities	\$ (10,768,037)	(11,073,691)	(11,488,019)	(11,936,983)	(13,893,580)	(13,239,834)	(16,432,097)	(15,217,943)	(13,972,974)	(13,338,674)
Business-type activities	(108,072)	(292,934)	146,810	(174,687)	161,827	219,543	242,134	876,499	484,884	811,069
TOTAL PRIMARY GOVERNMENT										
NET (EXPENSE) REVENUE	(10,876,109)	(11,366,625)	(11,341,209)	(12,111,670)	(13,731,753)	(13,020,291)	(16,189,963)	(14,341,444)	(13,488,090)	(12,527,605)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property and replacement	8,070,995	8,312,438	8,688,541	9,372,165	9,378,310	10,091,906	10,591,945	10,782,099	10,525,553	9,886,338
Sales	1,198,586	1,345,758	1,558,775	1,879,556	1,955,323	1,668,937	1,576,372	1,748,726	1,694,456	1,790,991
Utility	1,259,825	1,254,067	1,403,087	1,340,479	1,435,857	1,487,638	1,296,223	1,338,875	1,130,667	1,056,834
Income	535,039	571,557	666,731	727,609	797,387	810,043	699,419	690,864	687,752	783,247
Other	307,334	40,665	34,593	34,879	481,603	446,897	584,016	586,188	614,200	631,926
Interest	96,558	76,904	305,010	541,030	490,280	208,112	183,375	106,902	19,354	27,133
Miscellaneous	308,333	86,573	189,091	139,626	943,857	1,031,411	525,208	805,320	811,545	709,677
Transfers - internal activity	(69,504)	(91,593)	-	-	-	-	-	-	-	-
Total governmental activities	11,707,166	11,596,369	12,845,828	14,035,344	15,482,617	15,744,944	15,456,558	16,058,974	15,483,527	14,886,146
Business-type activities										
Interest	5,985	9,652	22,821	37,137	35,867	20,818	9,013	7,219	3,820	5,073
Contributions	60,000	-	-	-	-	-	-	-	-	-
Transfers - internal activity	69,504	91,593	-	-	-	-	-	-	-	-
Total business-type activities	135,489	101,245	22,821	37,137	35,867	20,818	9,013	7,219	3,820	5,073
TOTAL PRIMARY GOVERNMENT										
	11,842,655	11,697,614	12,868,649	14,072,481	15,518,484	15,765,762	15,465,571	16,066,193	15,487,347	14,891,219
CHANGES IN NET POSITION										
Governmental activities	939,129	522,678	1,357,809	2,098,361	1,589,037	2,505,110	(975,539)	841,031	1,510,553	1,547,472
Business-type activities	27,417	(191,689)	169,631	(137,550)	197,694	240,361	251,147	883,718	488,704	816,142
TOTAL PRIMARY GOVERNMENT										
CHANGES IN NET POSITION	966,546	330,989	1,527,440	1,960,811	1,786,731	2,745,471	(724,392)	1,724,749	1,999,257	2,363,614

Data Source: Village Records
The Village implemented GASB 34 in Fiscal Year 2004.

VILLAGE OF GLENCOE, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

	2004	2005	2006
GENERAL FUND			
Reserved	\$ 966,646	1,423,180	1,419,786
Unreserved	2,327,178	1,592,212	2,180,462
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
TOTAL GENERAL FUND	3,293,824	3,015,392	3,600,248
ALL OTHER GOVERNMENTAL FUNDS			
Reserved	777,941	820,237	2,204,904
Unreserved, reported in			
Special revenue - garbage fund	184,847	64,072	118,379
Capital projects fund	-	-	-
Nonmajor governmental funds	-	(152,471)	-
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	962,788	731,838	2,323,283

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

2007	2008	2009	2010	2011	2012	2013
1,387,696	1,697,345	1,777,706	1,855,477	1,779,760	-	-
2,864,292	2,142,474	2,080,214	2,099,722	2,550,922	-	-
-	-	-	-	-	1,837,960	1,894,428
-	-	-	-	-	193,917	86,069
-	-	-	-	-	2,213,910	3,055,642
4,251,988	3,839,819	3,857,920	3,955,199	4,330,682	4,245,787	5,036,139
1,933,353	640,460	7,990,698	5,340,310	1,413,807	-	-
152,420	278,342	174,296	184,847	229,865	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	50,038	56,934
-	-	-	-	-	1,053,022	1,013,391
-	-	-	-	-	-	8,740,588
2,085,773	918,802	8,164,994	5,525,157	1,643,672	1,103,060	9,810,913

VILLAGE OF GLENCOE, ILLINOIS

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years
February 28, 2013 (Unaudited)

	2004	2005	2006
REVENUES			
Property taxes	\$ 8,012,846	8,247,208	8,594,668
Other taxes	3,358,933	3,561,205	4,072,998
Intergovernmental	284,153	251,158	254,722
Licenses, permits and fees	1,475,667	2,078,579	2,097,259
Charges for services	683,737	667,683	921,206
Fines and forfeitures	117,514	109,425	94,655
Interest	96,558	76,904	305,010
Miscellaneous	1,244,644	535,070	626,115
Total revenues	15,274,052	15,527,232	16,966,633
EXPENDITURES			
Administration and finance	2,328,162	2,284,502	2,340,785
Public safety	5,398,707	5,713,119	6,208,800
Public works	4,581,598	4,954,437	4,818,429
Pension cost	-	-	-
Capital outlay	569,014	628,011	911,724
Debt service			
Principal retirement	1,736,000	1,816,300	1,821,600
Interest and fiscal charges	698,041	548,652	524,206
Total expenditures	15,311,522	15,945,021	16,625,544
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(37,470)	(417,789)	341,089
OTHER FINANCING SOURCES (USES)			
Debt issuance	4,975,000	-	1,850,000
Discount on debt issuance	-	-	(14,788)
Premium on debt issuance	-	-	-
Payment to escrow agent	(4,945,922)	-	-
Disposal of Capital Assets	-	-	-
Transfers in	353,755	60,301	-
Transfers out	(423,259)	(151,894)	-
	(40,426)	(91,593)	1,835,212
NET CHANGE IN FUND BALANCES	(77,896)	(509,382)	2,176,301
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	16.68%	15.92%	14.62%

Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
9,278,894	9,280,168	9,967,799	10,479,497	10,665,204	10,418,008	9,778,820
4,388,782	4,768,312	4,537,622	4,009,429	4,227,284	3,962,482	4,103,306
252,464	247,856	230,888	220,432	259,938	255,882	247,568
1,810,162	2,125,768	1,491,828	1,205,211	1,304,857	1,243,485	1,408,675
999,781	946,155	989,595	960,919	1,599,683	1,652,127	1,739,002
105,824	132,292	202,836	151,006	137,942	130,339	185,730
541,030	490,280	208,112	183,376	106,902	19,354	27,133
771,884	943,857	1,031,411	525,208	805,320	811,545	709,677
18,148,821	18,934,688	18,660,091	17,735,078	19,107,130	18,493,222	18,199,911
2,504,428	3,067,285	3,493,435	2,121,416	2,057,316	2,049,311	2,062,403
6,459,216	6,945,078	7,149,458	7,306,828	7,593,311	7,638,931	7,636,793
5,196,688	5,826,135	4,567,300	5,065,840	5,470,308	5,667,860	5,509,611
-	-	-	-	-	-	-
1,058,519	2,086,233	1,015,403	3,078,301	4,848,415	1,707,923	987,709
2,042,000	2,187,400	2,235,000	2,230,000	2,325,000	1,805,000	1,140,000
473,740	401,697	335,202	313,061	318,782	249,704	333,128
17,734,591	20,513,828	18,795,798	20,115,446	22,613,132	19,118,729	17,669,644
414,230	(1,579,140)	(135,707)	(2,380,368)	(3,506,002)	(625,507)	530,267
-	-	7,400,000	3,890,000	-	-	8,550,000
-	-	-	-	-	-	-
-	-	-	148,551	-	-	357,350
-	-	-	(4,200,741)	-	-	-
-	-	-	-	-	-	60,588
-	106,719	-	-	345,998	343,267	450,000
-	(106,719)	-	-	(345,998)	(343,267)	(450,000)
-	-	7,400,000	(162,190)	-	-	8,967,938
414,230	(1,579,140)	7,264,293	(2,542,558)	(3,506,002)	(625,507)	9,498,205
15.08%	14.06%	14.63%	13.23%	13.44%	11.57%	8.57%

VILLAGE OF GLENCOE, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years (in Thousands)
February 28, 2013 (Unaudited)**

Tax Levy Year	Real Property	Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2002	\$ 553,078	\$ 191	\$ 553,269	1.4623	\$ 1,659,807	33.333%
2003	554,225	206	554,431	1.5178	1,663,293	33.333%
2004	743,395	232	743,627	1.1771	2,230,881	33.333%
2005	801,783	219	802,002	1.1537	2,406,006	33.333%
2006	805,287	218	805,505	1.1890	2,416,516	33.333%
2007	1,109,035	239	1,109,274	0.9034	3,327,823	33.333%
2008	1,159,463	262	1,159,725	0.9208	3,479,175	33.333%
2009	1,238,758	314	1,239,072	0.8740	3,717,216	33.333%
2010	1,046,149	394	1,046,543	1.0037	3,139,629	33.333%
2011	936,968	418	937,386	1.0621	2,812,158	33.333%

Data Source: Office of the County Clerk

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

VILLAGE OF GLENCOE, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years
February 28, 2013 (Unaudited)**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years
February 28, 2013 (Unaudited)**

	2002	2003	2004
VILLAGE DIRECT RATES			
General	0.7337	0.7558	0.6510
Bonds and interest	0.4124	0.4250	0.3238
Garbage	0.1340	0.1102	0.0947
Police pension	0.1121	0.1396	0.1076
Fire pension	0.0036	-	-
IMRF	0.0163	0.0301	-
Social security	0.0502	0.0571	-
Limited bonds	-	-	-
Total direct rates	1.4623	1.5178	1.1771
OVERLAPPING RATES			
Public Library	0.2540	0.2670	0.2080
High School District #203	1.9350	1.7990	1.6210
Grade School District #35	2.6960	2.8010	2.5630
Cook County	0.7510	0.7180	0.6530
Metro Water Recl. Dist.	0.3710	0.3610	0.3470
Park District	0.4520	0.4880	0.3950
Community College #535	0.1790	0.1860	0.1610
Other	0.0600	0.0610	0.0480
TOTAL DIRECT AND OVERLAPPING TAX RATE	8.1603	8.1988	7.1731
VILLAGE PERCENT OF TOTAL TAX RATE	17.9%	18.5%	16.4%

Data Source: Office of the County Clerk

2005	2006	2007	2008	2009	2010	2011
0.6391	0.6785	0.5279	0.5362	0.5700	0.6991	0.7998
0.2842	0.2700	0.2060	0.2211	0.2050	0.1836	0.1245
0.0927	0.0964	0.0604	0.0592	-	-	-
0.1079	0.1147	0.0855	0.0839	0.0800	0.0984	0.1125
-	-	0.0023	-	-	0.0002	0.0004
-	-	-	-	-	-	-
-	-	-	-	-	-	-
0.0298	0.0294	0.0213	0.0204	0.0190	0.0224	0.0249
1.1537	1.1890	0.9034	0.9208	0.8740	1.0037	1.0621
0.2050	0.2150	0.1640	0.1650	0.1570	0.1900	0.2170
1.5770	1.6620	1.2990	1.2900	1.2370	1.4740	1.6740
2.5100	2.6370	1.9970	1.9970	1.9010	2.3290	2.6590
0.5930	0.5570	0.4990	0.4660	0.4640	0.4740	0.5450
0.3150	0.2840	0.2630	0.2520	0.2610	0.2740	0.3200
0.3870	0.5590	0.4200	0.4170	0.3980	0.4840	0.5500
0.1580	0.1660	0.1410	0.1400	0.1400	0.1600	0.1960
0.0663	0.0560	0.0540	0.0420	0.0410	0.0500	0.0570
6.9650	7.3250	5.7404	5.6898	5.4730	6.4387	7.2801
16.6%	16.2%	15.7%	16.2%	16.0%	15.6%	14.6%

VILLAGE OF GLENCOE, ILLINOIS

**Sales Tax Revenue by Category - Last Ten Calendar Years
February 28, 2013 (Unaudited)**

	2003	2004	2005
Food	\$ 124,683	133,639	142,656
Drinking and eating places	36,453	43,803	44,046
Apparel	83,719	88,180	106,642
Furniture and H.H. and radio	14,246	11,666	11,134
Lumber, building hardware	6,746	9,691	5,603
Automobile and filling stations	504,290	635,175	724,428
Drugs and miscellaneous retail	210,339	220,417	227,409
Agriculture and all others	59,711	81,516	95,153
Manufacturers	-	-	-
TOTAL	1,040,187	1,224,087	1,357,071
NUMBER OF TAXPAYERS	340	335	362

Data Source: Illinois Department of Revenue

2006	2007	2008	2009	2010	2011	2012
143,013	143,256	157,876	140,400	144,455	146,803	151,126
43,008	59,340	49,425	42,347	43,178	60,470	61,310
124,218	116,685	94,592	56,161	59,754	58,790	60,804
7,772	9,762	9,623	5,628	5,032	5,286	3,956
900	-	-	-	-	372	-
1,159,324	1,161,425	1,003,135	910,510	1,063,457	993,269	1,082,378
234,603	242,877	201,428	164,585	178,503	246,018	231,728
95,815	91,866	94,179	128,631	130,586	55,831	47,337
-	667	832	1,280	1,683	1,829	1,591
1,808,653	1,825,878	1,611,090	1,449,542	1,626,648	1,568,668	1,640,230
370	378	334	290	293	320	315

VILLAGE OF GLENCOE, ILLINOIS

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

February 28, 2013 (Unaudited)

	Village Total	Percent of Total	Surrounding Total (1)	Percent of Total
General merchandise	\$ -	0.00%	\$ 27,017,606	9.61%
Food	1,680,847	10.23%	36,959,510	13.14%
Drinking and eating places	550,311	3.35%	21,540,489	7.66%
Apparel	1,018,466	6.20%	21,804,795	7.75%
Furniture and H.H. and radio	116,986	0.71%	20,593,051	7.32%
Lumber, building hardware	34,987	0.21%	10,757,481	3.83%
Automobile and filling stations	9,471,093	57.63%	75,410,389	26.82%
Drugs and miscellaneous retail	2,541,408	15.46%	37,917,985	13.48%
Agriculture and all others	1,011,499	6.16%	25,705,675	9.14%
Manufacturers	7,882	0.05%	3,517,523	1.25%
TOTAL	16,433,479	100.00%	281,224,504	100.00%

Data Source: Illinois Department of Revenue

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

VILLAGE OF GLENCOE, ILLINOIS

**Principal Property Tax Payers - Current Tax Year and Nine Tax Years Ago
February 28, 2013 (Unaudited)**

Taxpayer	Tax Year 2011			Tax Year 2002		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Lakeshore Country Club	\$ 4,204,373	1	0.45%	\$ 3,222,693	2	0.93%
Individual - Real Property	3,465,873	2	0.37%			
United Investors Management	3,253,434	3	0.35%	2,432,834	3	0.70%
Skokie Country Club	3,034,619	4	0.32%	3,500,035	1	1.01%
Glencoe One	2,393,267	5	0.26%			
Individual - Real Property	2,333,647	6	0.25%			
Three Waukegan Rd. LLC	2,289,248	7	0.24%			
Individual - Real Property	2,085,798	8	0.22%			
Individual - Real Property	2,049,714	9	0.22%			
Individual - Real Property	2,008,126	10	0.21%			
Harris N.A.				1,557,903	4	0.45%
Arthur Goldner & Assoc.				1,002,454	5	0.29%
Individual - Commercial				777,956	6	0.22%
Individual - Retail				721,115	7	0.21%
Individual - Residence				689,441	8	0.20%
Individual - Residence				611,231	9	0.18%
Individual - Residence				577,470	10	0.17%
	<u>27,118,099</u>		<u>2.89%</u>	<u>15,093,132</u>		<u>4.36%</u>

Data Source: Office of the County Clerk

Note: Tax Year 2011 is the latest data available.

VILLAGE OF GLENCOE, ILLINOIS

**Property Tax Levies and Collections - Last Ten Tax Levy Years
February 28, 2013 (Unaudited)**

Tax Levy Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 8,094,313	\$ 8,043,516	99.37%	\$ (19,729)	\$ 8,023,787	99.13%
2003	8,415,313	8,240,448	97.92%	117,502	8,357,950	99.32%
2004	8,750,840	8,585,407	98.11%	162,093	8,747,500	99.96%
2005	9,252,813	9,150,094	98.89%	24,276	9,174,370	99.15%
2006	9,577,459	9,266,110	96.75%	57,090	9,323,200	97.35%
2007	10,021,420	9,910,709	98.90%	14,311	9,925,020	99.04%
2008	10,681,063	10,465,186	97.98%	-	10,465,186	97.98%
2009	10,837,522	10,665,203	98.41%	-	10,665,203	98.41%
2010	10,503,080	10,418,008	99.19%	-	10,418,008	99.19%
2011	9,951,373	9,778,819	98.27%	-	9,778,819	98.27%

Data Source: Office of the County Clerk

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

VILLAGE OF GLENCOE, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

See Following Page

VILLAGE OF GLENCOE, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

Fiscal Year	Governmental Activities	
	General Obligation Bonds	Installment Contract Certificates
2004	\$ 15,667,300	\$ -
2005	13,851,000	-
2006	13,879,400	-
2007	11,837,400	-
2008	9,650,000	-
2009	14,815,000	-
2010	12,355,000	-
2011	10,030,000	-
2012	8,225,000	-
2013	15,635,000	-

Data Source: Village Records

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

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

Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
General Obligation Bonds	IEPA Loan Payable			
\$ 130,000	-	\$ 15,797,300	2.05%	\$ 1,802.93
-	-	13,851,000	1.80%	1,580.80
-	-	13,879,400	1.80%	1,584.04
-	-	11,837,400	1.53%	1,350.99
-	-	9,650,000	1.25%	1,101.35
-	-	14,815,000	1.92%	1,690.82
-	-	12,355,000	1.60%	1,410.07
-	-	10,030,000	1.30%	1,149.83
-	561,675	8,225,000	0.91%	942.91
-	3,014,143	15,635,000	1.73%	1,792.39

VILLAGE OF GLENCOE, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

Fiscal Year	General Obligation Bonds	Less Amount Available	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2004	\$ 15,640,000	\$ 216,082	\$ 15,423,918	2.79%	\$ 1,760.32
2005	13,830,000	188,573	13,641,427	2.46%	1,556.89
2006	13,879,400	246,335	13,633,065	1.83%	1,555.93
2007	11,837,400	312,900	11,524,500	1.44%	1,315.28
2008	9,650,000	87,809	9,562,191	1.19%	1,091.33
2009	14,815,000	46,323	14,768,677	1.33%	1,685.54
2010	12,355,000	19,923	12,335,077	1.06%	1,407.79
2011	10,030,000	36,461	9,993,539	0.81%	1,145.65
2012	8,225,000	95,795	8,129,205	0.78%	931.93
2013	15,635,000	121,106	15,513,894	1.66%	1,778.50

Data Source: Village Records

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

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

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

VILLAGE OF GLENCOE, ILLINOIS

**Schedule of Direct and Overlapping Governmental Activities Debt
February 28, 2013 (Unaudited)**

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Glencoe	\$ 15,635,000	100.000%	\$ 15,635,000
Overlapping Units			
County of Cook, including Forest Preserve Dist.	3,804,385,000	0.616%	23,435,012
Metropolitan Water Reclamation District	2,177,297,899	0.629%	13,695,204
High School District #203	16,111,456	17.220%	2,774,393
Glencoe Park District	11,460,000	99.173%	11,365,226
Winnetka Park District	1,760,000	1.689%	29,726
School District #35	17,860,000	100.000%	17,860,000
School District #36	53,507,565	2.019%	1,080,318
Sunset Ridge School District #29	915,850	1.626%	14,892
Oakton Community College #535	25,540,000	4.012%	1,024,665
	6,108,837,770		71,279,435
	6,124,472,770		86,914,435

Data Source: Cook County Tax Extension Department

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

VILLAGE OF GLENCOE, ILLINOIS

**Schedule of Legal Debt Margin - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

	2004	2005	2006
Legal debt limit	\$ 55,326,812	55,443,083	74,339,533
Total net debt applicable to limit	15,640,000	13,830,000	13,865,000
Legal debt margin	39,686,812	41,613,083	60,474,533
Total net debt applicable to the limit as a percentage of debt limit	28.27%	24.94%	18.65%

Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
80,200,173	80,550,540	110,927,434	115,972,458	123,907,246	104,654,262	93,696,775
11,837,400	9,650,000	14,815,000	12,355,000	10,030,000	8,225,000	15,635,000
68,362,773	70,900,540	96,112,434	103,617,458	113,877,246	96,429,262	78,061,775
14.76%	11.98%	13.36%	10.65%	8.09%	7.86%	16.69%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 936,967,754
Legal debt margin	<u>10.00%</u>
Debt limit	93,696,775
Debt applicable to limit	
General obligation bonds	<u>15,635,000</u>
LEGAL DEBT MARGIN	<u><u>78,061,775</u></u>

VILLAGE OF GLENCOE, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years February 28, 2013 (Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2004	8,762	\$ 771,572,958	\$ 88,059	4.30%
2005	8,762	771,572,958	88,059	3.90%
2006	8,762	771,572,958	88,059	3.60%
2007	8,762	771,572,958	88,059	2.70%
2008	8,762	771,572,958	88,059	2.92%
2009	8,762	771,572,958	88,059	4.25%
2010	8,762	771,572,958	88,059	6.50%
2011	8,723	901,609,280	103,360	6.65%
2012	8,723	901,609,280	103,360	5.85%
2013	8,723	901,609,280	103,360	N/A

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

Data Source: Illinois Department of Employment Security (IDES)

VILLAGE OF GLENCOE, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
February 28, 2013 (Unaudited)**

Employer	Business	2013			2004		
		Rank	# of Employees	% of Total Village Employment	Rank	# of Employees	% of Total Village Employment
Glencoe Park District	Park District	1	258	2.96%	1	250	2.85%
Cook County Forest Preserve District	Chicago Botanic Garden	2	254	2.91%	N/A	N/A	N/A
Glencoe School District #35	Elementary School Dist.	3	230	2.64%	2	200	2.28%
Village of Glencoe	Municipal Corporation	4	94	1.08%	3	104	1.19%
Coldwell Banker	Realtor	5	85	0.97%	5	70	0.80%
AutoHaus on Edens	Auto Dealership	6	77	0.88%	N/A	N/A	N/A
Carmax	Auto Dealership	7	60	0.69%	N/A	N/A	N/A
Fields Infinity	Auto Dealership	8	40	0.46%	N/A	N/A	N/A
Grand Foods Center	Food Store	9	40	0.46%	6	45	0.51%
Optima, Inc.	Real Estate Development	10	45	0.52%	N/A	N/A	N/A
Harris Bank - Glencoe	Bank				4	75	0.86%

Note: Not all information to provide the top 10 employers for 2004 is available. All available information has been presented.

VILLAGE OF GLENCOE, ILLINOIS

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years
February 28, 2013 (Unaudited)**

	2004	2005	2006
GENERAL GOVERNMENT			
Village Manager	4	4	3
Finance	5	5	5
PUBLIC SAFETY			
Police			
Officers	35	35	35
Civilians	10	10	10
PUBLIC WORKS			
Administration	11	12	12
Community Development	2	2	2
Engineer	1	1	1
Mechanic	4	4	4
Maintenance Equipment Operator	23	23	23
Water Plant Operator	4	4	4
TOTAL	99	100	99

Data Source: Fiscal Year 2002 Pay Plan and Fiscal Year 2011 Pay Plan

2007	2008	2009	2010	2011	2012	2013
3	3	4	4	4	4	4
5	5	5	5	5	5	5
36	36	36	35	35	33	33
10	10	10	10	9	9	9
12	12	12	11	11	11	11
2	2	2	2	2	2	2
1	1	1	1	1	1	1
4	4	4	4	4	4	4
23	20	20	21	21	21	20
4	4	4	4	4	4	4
100	97	98	97	96	94	93

VILLAGE OF GLENCOE, ILLINOIS

Operating Indicators by Function/Program - Last Ten Calendar Years February 28, 2013 (Unaudited)

	2003	2004	2005
PUBLIC SAFETY			
Police			
Physical arrests	191	205	155
Parking violations	6,630	5,962	6,307
Traffic violations	1,650	1,609	999
Fire			
Emergency responses	2,236	2,052	2,280
Fires extinguished	29	26	34
PUBLIC WORKS			
Street resurfacing/repairs (square feet)	35,574	17,510	22,023
WATER			
New connections	53	54	52
Water main breaks	55	33	44
Average daily consumption	1,629,000	1,935,800	1,935,800

Data Source: Various Village Departments

2006	2007	2008	2009	2010	2011	2012
152	150	202	174	197	324	228
5,215	5,113	6,525	4,235	4,029	3,697	5,113
1,589	1,631	1,453	1,975	1,672	1,286	1,812
2,281	2,280	2,320	2,115	1,931	2,084	1,955
24	11	38	13	11	31	17
52,425	22,324	18,131	12,810	15,334	14,568	15,128
52	33	32	21	12	14	23
32	34	17	29	21	29	40
1,935,800	1,818,000	1,681,000	1,458,000	1,554,000	1,522,000	1,760,000

VILLAGE OF GLENCOE, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Calendar Years
February 28, 2013 (Unaudited)**

	2003	2004	2005
PUBLIC SAFETY			
Police			
Stations	1	1	1
Area patrols	2	2	2
Patrol units	8	8	8
Fire			
Fire stations	1	1	1
Fire engines	2	2	2
PUBLIC WORKS			
Residential streets (miles)	46	46	46
Streetlights	221	221	221
Traffic signals	3	3	3
WATER			
Water mains (miles)	51	51	51
Fire hydrants	460	460	460
Storage capacity (gallons)	3,150,000	3,150,000	3,150,000
WASTEWATER			
Sanitary sewers (miles)	40	40	40
Storm sewers (miles)	70	70	70
Daily treatment capacity (gallons)	8,000,000	8,000,000	8,000,000

Data Source: Various Village Departments

2006	2007	2008	2009	2010	2011	2012
1	1	1	1	1	1	1
2	2	2	2	2	2	2
8	8	8	8	8	8	8
1	1	1	1	1	1	1
2	2	2	2	2	2	2
46	46	46	46	46	46	46
221	221	221	221	221	221	221
3	3	3	3	3	3	3
51	51	51	51	51	51	51
460	460	460	460	460	460	460
3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000
40	40	40	40	40	40	40
70	70	70	70	70	70	70
8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000

VILLAGE OF GLENCOE, ILLINOIS

**Schedule of Insurance in Force
February 28, 2013 (Unaudited)**

<u>Insured</u>	<u>Description of Coverage</u>	<u>Limits</u>	<u>Expiration Date of Policy</u>
Village of Glencoe	General liability	\$ 10,000,000	12/31/13
	Police professionals		
	Employee benefits (fire/paramedic)		
	Professional liability		
	Abuse/molestation		
	Auto liability	10,000,000	12/31/13
	Uninsured/underinsured motorist	500,000	12/31/13
	Public officials' liability	10,000,000	12/31/13
	Workers' compensation	Statutory	12/31/13
	Employer's liability	2,500,000	12/31/13
	First party property - all risk	250,000,000	12/31/13
	Flood zone A	3,500,000	12/31/13
	Flood zone (Non-Zone A/V)	40,000,000	12/31/13
	Contingent business interruption (sales tax)	5,000,000	12/31/13
	Schedules emergency vehicles-agreed value	Scheduled	12/31/13
	Boiler/machinery	50,000,000	12/31/13
	Crime	Blanket per occurrence	
	Employee theft	5,000,000	12/31/13
	Forgery, alteration and counterfeit	5,000,000	12/31/13
	Credit card forgery	5,000,000	12/31/13
	Computer fraud	5,000,000	12/31/13
	Non-faithful performance	2,500,000	12/31/13
	Public officials' bonds		
	Mayor/president, treasurer, clerk	Blanket	12/31/13
	Special district trustees	Statutory limits	12/31/13
	<u>Yearly Aggregates</u>		
	Member aggregate cap (applies to general/ auto liability and public officials' liability loss fund payments only)	6,000,000	12/31/13
	Agency aggregate cap	75,677,979	12/31/13

The above coverages are all provided through membership in IRMA.