

VILLAGE OF BARRINGTON HILLS

Barrington Hills, Illinois

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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VILLAGE OF BARRINGTON HILLS

TABLE OF CONTENTS December 31, 2010

Independent Auditors' Report	i – ii
Management's Discussion and Analysis	iii – xi
Basic Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of the Total Governmental Fund Balances to the Statement of Net Assets of Governmental Activities	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Assets – Fiduciary Fund	7
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund	8
Index to Notes to Financial Statements	9
Notes to Financial Statements	10 – 33
Required Supplementary Information	
Schedule of Employer's Contributions and Funding Progress – IMRF	34
Schedule of Employer's Contributions and Funding Progress – Police Pension Fund	35
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Forecast, Appropriation and Actual – General Fund	36
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance – Forecast, Appropriation and Actual – Public Safety – Special Revenue Fund	37
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance – Forecast, Appropriation and Actual – Roads and Bridges – Special Revenue Fund	38
Notes to Required Supplementary Information	39

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VILLAGE OF BARRINGTON HILLS

TABLE OF CONTENTS (CONT.) December 31, 2010

Supplementary Information

Detailed Schedule of Revenues – Forecast and Actual – General Fund	40
Schedule of Expenditures – Appropriation and Actual – General Fund	41
Detailed Schedule of Expenditures – Appropriation and Actual – General Fund	42 – 45
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Forecast, Appropriation and Actual – Debt Service Fund	46

Other Information

Property Tax, Assessed Valuations, Rate, Tax Extensions and Collections	47
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INDEPENDENT AUDITORS' REPORT

To the Village Board of Trustees
Village of Barrington Hills
Barrington Hills, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Barrington Hills, Illinois, as of and for the year ended December 31, 2010, which collectively comprise the Village of Barrington Hills' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Barrington Hills' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Barrington Hills, Illinois, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, historical pension information, and budgetary comparison information on pages iii through xi and pages 34 through 39 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information as listed in the table of contents. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Barrington Hills' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Village Board of Trustees
Village of Barrington Hills

The other information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Barrington Hills. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

Baker Tilly) Nichow Krause LLP

Oak Brook, Illinois
April 20, 2011

VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

The management of the Village of Barrington Hills offers all persons interested in the financial position of the village this narrative overview and analysis of the village's financial performance during the year ending December 31, 2010. You are invited to read this narrative in conjunction with the village's financial statements. The village presents several tables and graphs in the management's discussion and analysis that display comparative information.

FINANCIAL HIGHLIGHTS

- > The assets of the Village of Barrington Hills exceeded its liabilities by \$2,973,316 (net assets). Of this amount, \$311,153 is considered to be an unrestricted net assets, \$552,391 is restricted for specific purposes (restricted net assets), and \$2,109,772 is invested in capital assets. There is no capital asset-related debt outstanding as of December 31, 2010.
 - > Total governmental net assets increased by \$1,083,737 due to the village effectively controlling expenses during the year.
 - > On December 31, 2010, the village's governmental funds reported combined fund balances of \$2,121,448, an increase of \$570,050 from December 31, 2009.
 - > During the year, revenues totaled \$8,452,106, while expenses totaled \$7,368,369 on the Statement of Activities.
 - > The General Fund reported total ending fund balance of \$1,370,883, an increase of \$188,067 from the prior year due to a decrease in buildings and grounds and zoning department expenditures and an increase in property taxes collected.
-

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the village's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the village:

- > The first two statements are government-wide financial statements that provide both long-term and short-term information about the village's overall financial status.
- > The fund financial statements focus on individual parts of the village government and report the village's operations in more detail than the government-wide statements.
- > The remaining statements provide financial information about activities for which the village acts solely as a trustee or agent for the benefit of those outside of the government.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the village as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the village's net assets and how they have changed. Net assets – the difference between the village's assets and liabilities – is one way to measure the village's financial health, or position. Over time, increases or decreases in the village's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the village you need to consider additional non-financial factors such as changes in the village's property tax base and the condition of the village's roads.

The statement of activities presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the village can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The village maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety Fund, Roads and Bridges Fund, and Debt Service Fund, each of which are considered to be major funds. There are no non-major funds.

VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The village adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents certain budgetary comparisons. The debt service fund budget comparison and property tax information schedules are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

An analysis of the village's financial position begins with a review of the Statement of Net Assets and the Statement of Activities. These two statements report the village's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

A summary of the village's Statement of Net Assets is presented below in Table 1.

Table 1
Condensed Statements of Net Assets

	Governmental Activities	
	December 31, 2009	December 31, 2010
Current and other assets	\$ 9,011,193	\$ 9,803,436
Capital assets	2,116,704	2,109,772
Total Assets	<u>11,127,897</u>	<u>11,913,208</u>
Current liabilities	6,920,874	6,949,778
Noncurrent liabilities	2,317,444	1,990,114
Total Liabilities	<u>9,238,318</u>	<u>8,939,892</u>
Invested in capital assets, net of related debt	2,116,704	2,109,772
Restricted	434,924	552,391
Unrestricted (Deficit)	<u>(662,049)</u>	<u>311,153</u>
Total Net Assets	<u>\$ 1,889,579</u>	<u>\$ 2,973,316</u>

VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

One portion of the village's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. All such debt was retired in 2006 and there was none outstanding as of December 31, 2010. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the village's net assets represents sources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets can be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the village reported positive balances in all three categories of net assets for the village as a whole.

**Table 2
Condensed Statement of Activities**

	Governmental Activities	
	December 31, 2009	December 31, 2010
Revenues:		
Program revenues		
Charges for services	\$ 579,205	\$ 298,713
Operating grants and contributions	134,965	136,790
Capital grants and contributions	-	75,000
General revenues		
Property taxes	6,194,183	6,800,010
Utility taxes	599,655	574,688
Income taxes	307,293	314,272
Sales taxes	88,043	98,658
Other taxes	35,261	36,830
Investment income	15,637	4,047
Miscellaneous revenues	155,820	113,098
Total Revenues	8,110,062	7,941,603
Expenses:		
General government	2,797,040	2,825,799
Public safety	3,149,519	3,266,282
Roads and bridges	1,285,521	1,198,551
Health	7,489	6,237
Interest on long-term debt	76,360	71,500
Total Expenses	7,315,929	7,368,369
Changes in Net Assets	794,133	1,083,737
Beginning Net Assets	1,095,446	1,889,579
Ending Net Assets	\$ 1,889,579	\$ 2,973,316

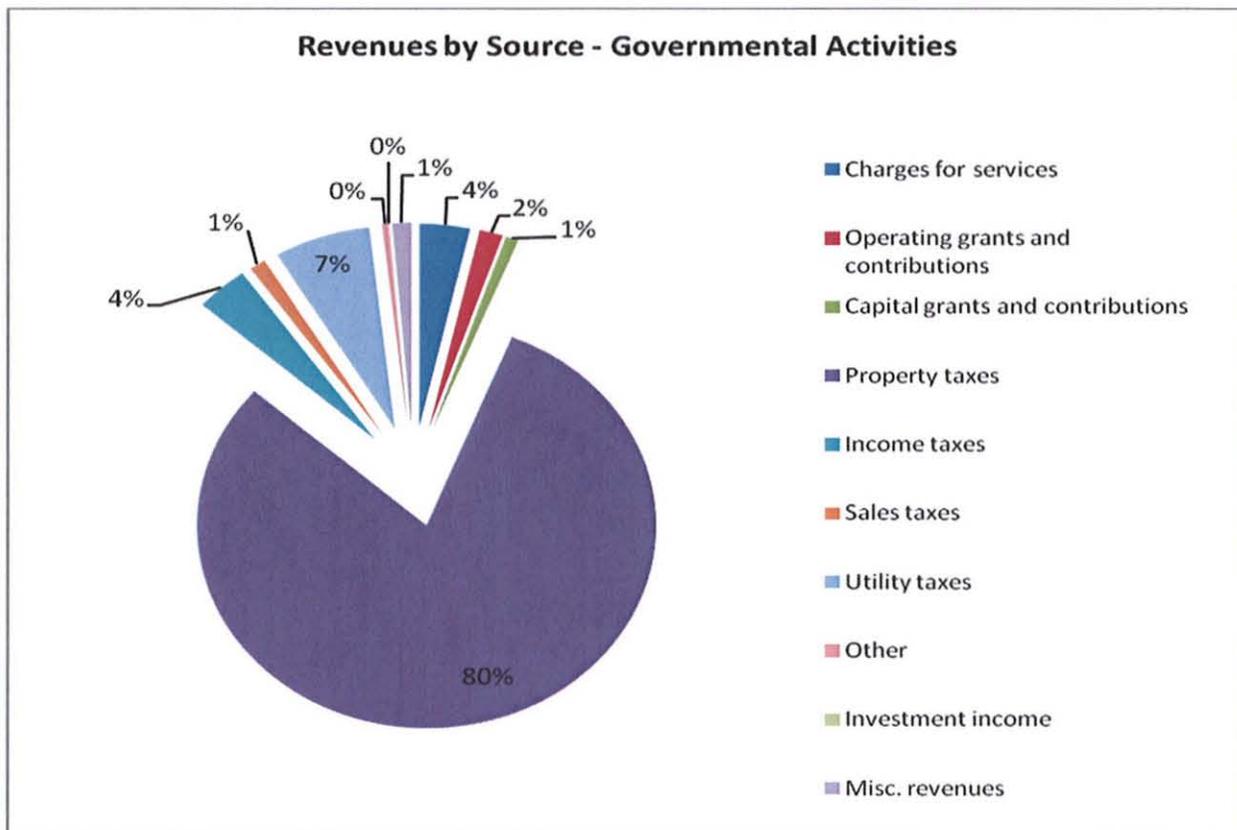
VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

As previously noted, the Statement of Net Assets shows the change in financial position of net assets. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.

Chart 1

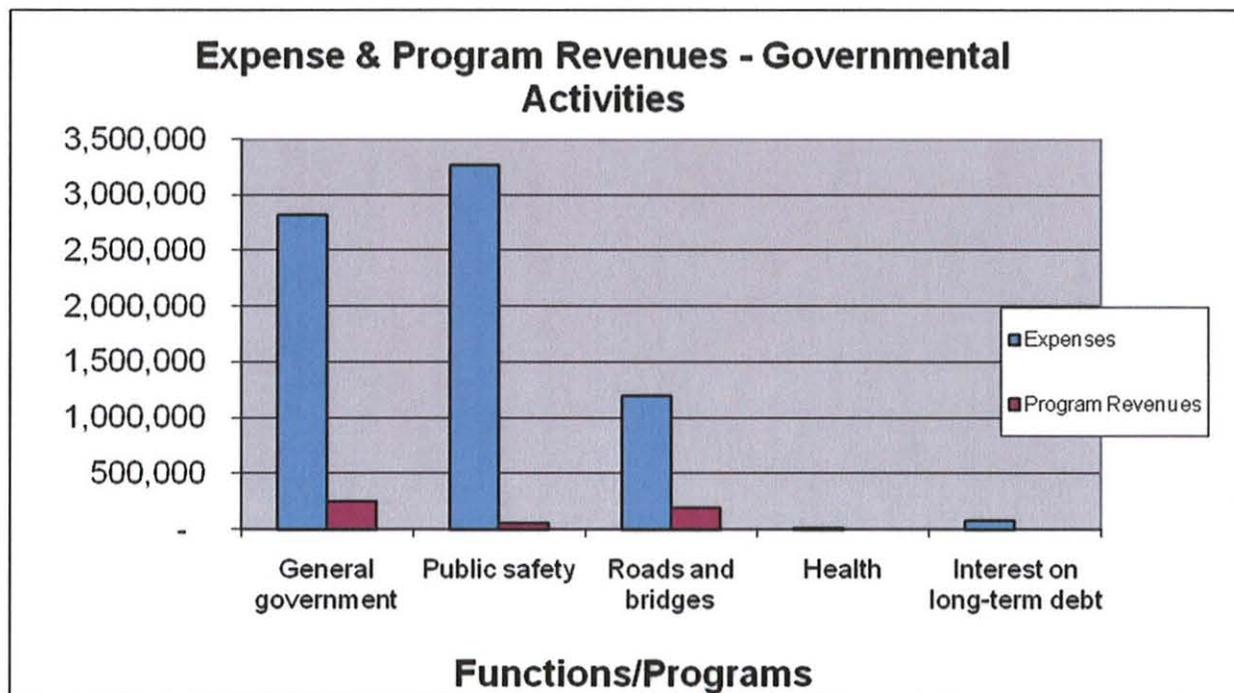


VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Chart 2



GOVERNMENTAL ACTIVITIES

Governmental activities increased the village's net assets by \$1,083,737. This increase is primarily a result of the increased revenue from franchise fees, electricity utility taxes, and also from prior year property tax adjustments.

The preceding revenues graph (Chart 1) depicts the major revenue sources of the village. It depicts very clearly the village's reliance on property taxes to fund governmental activities. It also clearly identifies the minor percentage the village receives from sales taxes.

The preceding expense and program revenues graph (Chart 2) identifies those governmental functions where program expenses greatly exceed program revenues.

VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

GOVERNMENTAL FUNDS

The focus of the Village of Barrington Hills' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At December 31, 2010, the village's governmental funds reported combined fund balances of \$2,121,448. Of this amount, \$916,121 constitutes unreserved and undesignated fund balance, which is available to meet the village's current and future needs. The remaining \$1,205,327 is reserved for special revenues (\$428,063), noncurrent interfunds (\$517,157), debt service (\$49,328), capital projects (\$75,000), and prepaid items (\$135,779). The combined fund balance increased from last year's total of \$1,551,398.

General Fund

The village's General Fund is the chief operating fund of the village. Total fund balance in the General Fund increased \$188,067 or 16%. The undesignated fund balance increased \$312,332 primarily due to less reservations on the current year's fund balance from noncurrent interfunds than in the prior year and an operating surplus within the fund for fiscal year 2010.

GENERAL FUND APPROPRIATION HIGHLIGHTS

The General Fund actual revenues for the current year were \$4,212,094, compared to the revenue forecast of \$3,986,921. This variance is primarily due to an increase in property tax revenues as a result of prior year adjustments.

The General Fund appropriation for the year ended December 31, 2010 had total expenditures of approximately \$6,943,000. The General Fund actual expenditures were lower than the expenditure appropriation. Actual expenditures totaled \$4,024,027. The variance reflects the village's longstanding practice (and the statutory requirement pursuant to 65 ILCS 64 5/8-2-9) of appropriating more than it plans to expend, thereby ensuring the availability of adequate revenues to support essential village functions.

VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

CAPITAL ASSETS

At the end of 2010, the village had invested a total of \$2,109,772 in capital assets. This investment in capital assets includes land, buildings and improvements, equipment, furniture, and vehicles. This investment does not include infrastructure acquired prior to 2004, which the village is not required to record.

Capital assets remained comparable to the prior year. The total decrease in the village's investment in capital assets for the current fiscal year was \$6,932.

**Table 3
Capital Assets**

	Governmental Activities	
	December 31, 2009	December 31, 2010
Capital assets not being depreciated		
Land	\$ 350,349	\$ 350,349
Capital assets being depreciated		
Buildings and improvements	2,131,642	2,131,642
Equipment, furniture and vehicles	<u>896,273</u>	<u>918,359</u>
 Total Capital Assets	 3,378,264	 3,400,350
 Less: Accumulated Depreciation	 <u>(1,261,560)</u>	 <u>(1,290,578)</u>
 Capital Assets, Net of Depreciation	 <u>\$ 2,116,704</u>	 <u>\$ 2,109,772</u>

Additional information on the village's capital assets can be found in Note III C.

VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

LONG-TERM LIABILITIES

At December 31, 2010, the village had \$1,990,114 of governmental debt and compensated absences outstanding as compared to \$2,317,444 the previous year.

In accordance with Illinois Statutes, total general obligation indebtedness of the village is not limited. Total general obligation debt outstanding at year end was \$1,955,000.

Table 4
Long-term Liabilities

	Governmental Activities	
	December 31, 2009	December 31, 2010
General obligation debt	\$ 2,140,000	\$ 1,955,000
Compensated absences	<u>177,444</u>	<u>35,114</u>
Total	<u>\$ 2,317,444</u>	<u>\$ 1,990,114</u>

Additional information on the village's long-term liabilities can be found in Note III E.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The village's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The village is faced with a similar economic environment as many of the other local municipalities, including inflation rates and economic trends, particularly as they pertain to building activity. None of these conditions are anticipated to significantly change the overall financial position of the village.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the village's finances. If you have questions about this report, or need additional financial information, contact Rosemary Ryba, Village Treasurer.

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VILLAGE OF BARRINGTON HILLS

STATEMENT OF NET ASSETS

December 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and investments	\$ 1,489,230
Taxes receivable	7,215,240
Other receivables	66,342
Due from other governments	236,211
Net pension asset	660,634
Prepaid items	135,779
Total Current Assets	<u>9,803,436</u>
Noncurrent Assets	
Capital assets	
Land	350,349
Other capital assets, net of depreciation	1,759,423
Total Noncurrent Assets	<u>2,109,772</u>
Total Assets	<u>11,913,208</u>
LIABILITIES	
Current Liabilities	
Accounts payable	316,211
Accrued liabilities	6,020
Deposit payable	11,678
Due to component unit	50,601
Unearned revenues	6,565,268
Total Current Liabilities	<u>6,949,778</u>
Noncurrent Liabilities	
Due within one year	200,598
Due in more than one year	1,789,516
Total Noncurrent Liabilities	<u>1,990,114</u>
Total Liabilities	<u>8,939,892</u>
NET ASSETS	
Invested in capital assets	2,109,772
Restricted for:	
Special revenues	428,063
Debt service	49,328
Capital projects	75,000
Unrestricted	311,153
TOTAL NET ASSETS	<u>\$ 2,973,316</u>

See accompanying notes to financial statements.

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VILLAGE OF BARRINGTON HILLS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 2,825,799	\$ 257,020	\$ -	\$ -	\$ (2,568,779)
Public safety	3,266,282	41,693	19,933	-	(3,204,656)
Roads and bridges	1,198,551	-	116,857	75,000	(1,006,694)
Health	6,237	-	-	-	(6,237)
Interest on long-term debt	71,500	-	-	-	(71,500)
Total Governmental Activities	<u>7,368,369</u>	<u>298,713</u>	<u>136,790</u>	<u>75,000</u>	<u>(6,857,866)</u>
General Revenues					
Taxes					
Property					6,800,010
Utility					574,688
Income					314,272
Sales					98,658
Other taxes					36,830
Investment income					4,047
Miscellaneous					113,098
Total General Revenues					<u>7,941,603</u>
Change in Net Assets					1,083,737
NET ASSETS - Beginning of Year					<u>1,889,579</u>
NET ASSETS - END OF YEAR					<u>\$ 2,973,316</u>

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General Fund	Public Safety	Roads and Bridges	Debt Service	Totals
ASSETS					
Cash and investments	\$ 1,362,597	\$ 53,334	\$ 73,299	\$ -	\$ 1,489,230
Receivables					
Taxes	3,112,609	2,709,997	1,110,289	282,345	7,215,240
Other	58,843	7,299	-	-	66,142
Accrued interest	200	-	-	-	200
Due from other funds	517,157	876,149	-	60,018	1,453,324
Due from other governments	227,747	-	8,464	-	236,211
Prepaid items	135,779	-	-	-	135,779
TOTAL ASSETS	<u>\$ 5,414,932</u>	<u>\$ 3,646,779</u>	<u>\$ 1,192,052</u>	<u>\$ 342,363</u>	<u>\$ 10,596,126</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 132,878	\$ -	\$ 146,798	\$ 36,535	\$ 316,211
Accrued liabilities	6,020	-	-	-	6,020
Deposits payable	11,678	-	-	-	11,678
Compensated absences	5,280	5,318	-	-	10,598
Due to other funds	936,167	-	517,157	-	1,453,324
Due to component unit	50,601	-	-	-	50,601
Deferred revenues	2,901,425	2,468,321	1,000,000	256,500	6,626,246
Total Liabilities	<u>4,044,049</u>	<u>2,473,639</u>	<u>1,663,955</u>	<u>293,035</u>	<u>8,474,678</u>
Fund Balances					
Reserved - prepaid items	135,779	-	-	-	135,779
Reserved - special revenues	252,194	62,852	113,017	-	428,063
Reserved - debt service	-	-	-	49,328	49,328
Reserved - capital projects	-	-	75,000	-	75,000
Reserved - noncurrent interfunds	517,157	-	-	-	517,157
Unreserved, reported in:					
General fund undesignated	465,753	-	-	-	465,753
Special revenue funds undesignated (deficit)	-	1,110,288	(659,920)	-	450,368
Total Fund Balances (Deficit)	<u>1,370,883</u>	<u>1,173,140</u>	<u>(471,903)</u>	<u>49,328</u>	<u>2,121,448</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,414,932</u>	<u>\$ 3,646,779</u>	<u>\$ 1,192,052</u>	<u>\$ 342,363</u>	<u>\$ 10,596,126</u>

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS OF GOVERNMENTAL ACTIVITIES December 31, 2010

Total fund balances - governmental funds	\$ 2,121,448
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,109,772
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	60,978
Non-current assets are not receivable in the current period and therefore, are not reported in the funds. Net pension asset	660,634
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. Compensated absences payable General obligation bonds payable	(24,516) <u>(1,955,000)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>2,973,316</u>

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	General Fund	Public Safety	Roads and Bridges	Debt Service	Total Governmental Funds
REVENUES					
Taxes	\$ 3,846,745	\$ 2,501,863	\$ 1,215,367	\$ 262,910	\$ 7,826,885
Intergovernmental	-	-	116,857	-	116,857
Fees, licenses and permits	135,236	-	-	-	135,236
Charges for services	1,446	39,538	-	-	40,984
Fines and forfeitures	137,188	2,155	-	-	139,343
Investment income	3,802	50	195	-	4,047
Miscellaneous	87,677	51,117	75,000	-	213,794
Total Revenues	4,212,094	2,594,723	1,407,419	262,910	8,477,146
EXPENDITURES					
Current					
General government	2,736,185	-	-	-	2,736,185
Public safety	1,107,641	2,428,018	-	-	3,535,659
Roads and bridges	-	-	1,198,551	-	1,198,551
Health services	6,237	-	-	-	6,237
Capital Outlay	173,964	-	-	-	173,964
Debt Service					
Principal retirement	-	-	-	185,000	185,000
Interest and fiscal charges	-	-	-	71,500	71,500
Total Expenditures	4,024,027	2,428,018	1,198,551	256,500	7,907,096
Net change in fund balance	188,067	166,705	208,868	6,410	570,050
FUND BALANCES (DEFICIT) - Beginning of					
Year	1,182,816	1,006,435	(680,771)	42,918	1,551,398
FUND BALANCES (DEFICIT)					
- END OF YEAR	\$ 1,370,883	\$ 1,173,140	\$ (471,903)	\$ 49,328	\$ 2,121,448

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Net change in fund balances - total governmental funds	\$ 570,050
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 net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	95,103
Depreciation is reported in the government-wide statements	(144,482)
The net effect of various miscellaneous transactions involving capital assets is to increase net assets	42,447
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.	
Principal repaid	185,000
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	
Deferred fines, forfeitures, and penalties	(16,850)
Deferred due from other governments	(1,230)
Deferred miscellaneous revenue	(6,960)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in compensated absences	142,330
Change in net pension asset	<u>218,329</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,083,737</u>

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS

STATEMENT OF NET ASSETS FIDUCIARY FUND December 31, 2010

	<u>Police Pension</u>
ASSETS	
Cash	\$ 330
Accrued interest receivable	8,287
Prepaid items	2,707
Due from primary government	50,601
Investments, at fair value:	
Illinois Funds	181,407
Money market funds	122,777
Mutual funds	1,282,694
U.S. agencies	<u>2,567,399</u>
 Total Assets	 <u>4,216,202</u>
LIABILITIES	
Accounts payable	<u>6,296</u>
 Total Liabilities	 <u>6,296</u>
NET ASSETS	
Net Plan Assets Held In Trust For Pension Benefits	<u>\$ 4,209,906</u>

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUND

For the Year Ended December 31, 2010

	<u>Police Pension</u>
ADDITIONS	
Contributions - employer	
Property taxes	\$ 727,534
Contributions - plan members	<u>167,677</u>
Total Contributions	<u>895,211</u>
Investment Income	
Interest earned and change in fair value	<u>233,240</u>
Total Investment Income	233,240
Less investment expenses	<u>(11,063)</u>
Net Investment Income	<u>222,177</u>
Total Additions	<u>1,117,388</u>
DEDUCTIONS	
Administration	18,648
Payments to beneficiaries	219,792
Refunds and transfers of contributions	<u>69,819</u>
Total Deductions	<u>308,259</u>
Change in Net Assets	809,129
NET ASSETS - Beginning of Year	<u>3,400,777</u>
NET ASSETS - END OF YEAR	<u>\$ 4,209,906</u>

See accompanying notes to financial statements.

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VILLAGE OF BARRINGTON HILLS

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	10
A. Reporting Entity	10
B. Government-Wide and Fund Financial Statements	11
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	13
D. Assets, Liabilities, and Net Assets or Equity	14
1. Deposits and Investments	14
2. Receivables	16
3. Prepaid Items	16
4. Capital Assets	16
5. Compensated Absences	17
6. Long-Term Obligations	17
7. Equity Classifications	18
II. Stewardship, Compliance, and Accountability	19
A. Appropriation Information	19
B. Deficit Fund Balance	19
III. Detailed Notes on All Funds	20
A. Deposits and Investments	20
B. Receivables	23
C. Capital Assets	23
D. Interfund Receivables, Payables and Transfers	24
E. Long-Term Debt	25
F. Net Assets/Fund Balances	26
IV. Other Information	27
A. Risk Management	27
B. Post-employment Benefits	27
C. Commitments and Contingencies	27
D. Employees' Retirement Systems	28
E. Effect of New Accounting Standards on Current-Period Financial Statements	33

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Barrington Hills, Illinois (the "village") is a home-rule municipality, under the 1970 Illinois Constitution. The village operates under a President-Trustee form of government and provides the following services as authorized by its charter: public safety, highways and streets, health services, planning and zoning, and general administrative services.

The accounting policies of the Village of Barrington Hills, Illinois conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Village of Barrington Hills. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government.

The village's financial reporting entity comprises the following: Primary government – Village of Barrington Hills, Blended Component Unit – Police Pension Employees Retirement System.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Blended Component Unit

Police Pension Employees Retirement System (Police Pension or Police Pension Fund)

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 and elsewhere referred to as the Police Pension or the Police Pension Fund. The PPERS does not issue a separate report.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or non-major funds within the governmental financial statements. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. In addition, any other governmental fund that the village believes is particularly important to financial statement users may be reported as a major fund.

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

The Village of Barrington Hills reports the following major governmental funds:

General Fund – Accounts for the village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Public Safety Fund – Accounts for the village's public safety operations, including police protection, the school crossing guard program, expenditures related to the installation and maintenance of the emergency 911 telephone system, and expenditures related to drug, DUI, and gang awareness and prevention programs.

Roads and Bridges Fund – Accounts for the repair and maintenance of the village's roads and bridges.

Debt Service Fund – Accounts for the accumulation of funds for the periodic payment of principal and interest on general long-term debt – as designated by management.

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 assets and changes in net assets and is reported using accounting principles similar to proprietary funds, which operate under accounting principles similar to a business in the private sector.

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 be used for disability and retirement annuity payments to employees covered by the plan. The village's pension trust fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the village, these funds are not incorporated into the government-wide statements.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Under the accrual method deferred revenue is recognized as revenue in the period earned. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for state income taxes which have a 180 day availability period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include property taxes, sales and income taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for the subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

Illinois Statutes authorize the village to make deposits/investments 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 agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

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 the Illinois insurance company general and separate accounts, mutual funds and equity securities. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The village has adopted an investment policy. The police pension has not adopted an investment policy. The village's policy contains the following guidelines for investments:

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk

The village will minimize interest rate risk by structuring the investment portfolio for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The village will also invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Credit Risk

The village will minimize credit risk by limiting investments to the safest type of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the village will do business, and diversifying the investment portfolio.

Custodial Credit Risk

The village will not maintain funds in any financial institution not willing to post, or not capable of posting, required collateral for funds in excess of the FDIC insurable limits. Pledged collateral will be held in safekeeping by a third party depository.

Concentration of credit risk is not addressed by the village's investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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

See Note III. A. for further information.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2010 attach as an enforceable lien on January 1, 2010, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). Tax bills are prepared by the counties and are payable in installments from February to September of 2011. The counties collect such taxes and remit them periodically. The 2010 property tax levy is recognized as a receivable and deferral in fiscal 2010, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2010, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2010 levy.

An allowance for uncollectible amounts is not considered necessary for any of the village's receivables as it is believed to be immaterial.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. Capital Assets (cont.)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	10-45 Years
Equipment and furniture	3-20 Years
Land improvements	15-20 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. 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 Statements, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick and vacation leave that is estimated to be taken as "terminal leave" prior to retirement.

The liability for these compensated absences is recorded as an obligation in the government-wide statements. The current portion of this debt is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability which has matured and is payable from expendable available financial resources. A portion to be paid with current financial resources has been accrued within the General Fund and Public Safety Fund.

6. Long-term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term obligations consist primarily of bonds payable, and accrued compensated absences.

For the government-wide statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

6. Long-term Obligations (cont.)

Long term obligations for governmental funds are not reported as liabilities in the fund financial statements. 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 issuance 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.

7. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their 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 legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the village’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year’s budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated.” The balance of unreserved fund balance is labeled “undesignated,” which indicates it is available for appropriation.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. APPROPRIATION INFORMATION

Appropriation information is derived from the annual operating appropriation and is presented using the same basis of accounting for each fund as described in Note I. C. Annual appropriations are adopted for the general, special revenue, and debt service funds. All annual appropriations lapse at year end.

All departments of the village submit requests for appropriation to the Chairman of the Finance Committee so that an appropriation may be prepared. The appropriation is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed appropriation is presented to the governing body for review. The governing body holds a meeting and may add to, or change appropriations, but may not change the form of the appropriation. The administrator is not authorized to transfer appropriated amounts between departments within any fund. The governing body must approve any revisions that alter the total expenditures of the village. Expenditures may not legally exceed appropriations at the fund level.

B. DEFICIT FUND BALANCE

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2010, the Roads and Bridges Fund had a deficit fund balance of \$471,903. The deficit is expected to be funded through future tax revenue and allotments.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at December 31, 2010, were comprised of the following:

	Primary Government		Fiduciary Fund		Associated Risks
	Carrying Value	Statement Balance	Carrying Value	Statement Balance	
Deposits	\$ 596,783	\$ 893,644	\$ 330	\$ 8,996	Custodial credit
Certificate of deposit	375,474	375,474	-	-	Custodial credit
Mutual funds	-	-	1,282,694	1,282,694	Credit, interest rate
IL funds money market funds	516,523	516,523	181,407	174,730	Credit, interest rate
Schwab money market	-	-	122,777	122,777	Credit, interest rate
U.S. agencies	-	-	2,567,399	2,567,399	Credit, custodial credit, concentration of credit, interest rate
Petty cash	450	-	-	-	Not applicable
Total Cash and Investments	\$ 1,489,230	\$ 1,785,641	\$ 4,154,607	\$ 4,156,596	

	Cash and Investments
Reconciliation to financial statements	
Per statement of net assets	
Unrestricted cash and investments	\$ 1,489,230
Per statement of net assets – Fiduciary Funds	
Pension trust funds	4,154,607
Total Cash and Investments	\$ 5,643,837

Deposits in each local and area banks are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited for noninterest bearing accounts. At December 31, 2010 the village's deposits with financial institutions were fully collateralized or insured.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

Investments – For an investment, custodial credit risk 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.

As of December 31, 2010, the village had no investments that were exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2010, the village's investments were rated as follows:

<u>Investment Type</u>	<u>Composite Ratings</u>
Mutual funds	Not rated
Illinois funds money market funds	AAAm
U.S. Agencies	AAA
Charles Schwab money markets	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the government's investments in a single issuer. The Fiduciary Police Pension Fund is invested in the following U.S. Agencies which exceed 5% of the plan's net assets:

<u>Type</u>	<u>Carrying Value</u>	<u>Percent of Portfolio</u>
FHLB	\$ 2,142,297	83.44%
GNMA	425,102	16.56%
Total	\$ <u>2,567,399</u>	

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2010, the village and pension investments were as follows:

Investment Type	Primary Government	
	Fair Value	< 1 year
Illinois funds money market funds	\$ 516,523	\$ 516,523
Totals	<u>\$ 516,523</u>	<u>\$ 516,523</u>

Investment Type	Fiduciary Fund			
	Fair Value	< 1 year	1-5 years	> 10 years
Illinois funds money market funds	\$ 181,407	\$ 181,407	-	-
Charles Schwab money markets	122,777	122,777	-	-
U.S. Agencies	2,567,399	-	2,142,297	425,102
Mutual funds	<u>1,282,694</u>	<u>1,282,694</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 4,154,277</u>	<u>\$ 1,586,878</u>	<u>\$ 2,142,297</u>	<u>\$ 425,102</u>

See Note I.D.1 for further information on deposit and investment policies.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current period, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes	\$ -	\$ 6,565,268	\$ 6,565,268
Due from other governments	30,606	-	30,606
Interest	200	-	200
Other revenue	30,172	-	30,172
Total	\$ 60,978	\$ 6,565,268	\$ 6,626,246

Under the accrual method deferred revenue is recognized as revenue in the period earned. An exception in Illinois is real estate taxes, whereby the intent of the village is to finance the following year's operations with these monies. Therefore, these amounts will remain deferred revenue or unearned for the government-wide statements.

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 350,349	\$ -	\$ -	\$ -	\$ 350,349
Total Capital Assets Not Being Depreciated	350,349	-	-	-	350,349
Capital assets being depreciated					
Buildings and Improvements	2,131,642	-	-	-	2,131,642
Equipment, Furniture, Vehicles	896,273	95,103	201,841	128,824	918,359
Total Capital Assets Being Depreciated	3,027,915	95,103	201,841	128,824	3,050,001
Less: Accumulated depreciation for					
Buildings and Improvements	(823,302)	(47,862)	-	-	(871,164)
Equipment, Furniture, Vehicles	(438,258)	(96,620)	(135,023)	(19,559)	(419,414)
Total Accumulated Depreciation	(1,261,560)	(144,482)	(135,023)	(19,559)	(1,290,578)
Governmental Activities Capital Assets, Net of Depreciation	\$ 2,116,704	\$ (49,379)	\$ 66,818	\$ 109,265	\$ 2,109,772

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

The adjustments to capital assets resulted from the village obtaining a new appraisal as of December 31, 2010.

Depreciation expense was charged to functions as follows:

Governmental Activities		
General Government	\$	65,017
Public Safety		<u>79,465</u>
Total Governmental Activities Depreciation Expense	\$	<u>144,482</u>

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances

The composition of interfund balances as December 31, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Public Safety	General	\$ 876,149
Debt Service	General	60,018
General	Roads and Bridges	<u>517,157</u>
Total – fund financial statements		<u>\$ 1,453,324</u>

All amounts are due within one year except for the payable from the Roads and Bridges Fund to the General Fund. No repayment schedule has been established for this interfund balance. Fund balance in the General Fund was reserved for the noncurrent interfund in the amount of \$517,157.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of the due to component unit as of December 31, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Police Pension	General	<u>\$ 50,601</u>

The amounts due to the General Fund are tax receipts not yet paid to the police pension fund.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM DEBT

General Obligation Bonds

General Obligation bonds currently outstanding are as follows:

Issue	Beginning Balance	Increases	Decreases	Ending Balance
General Obligation Bond Series of 2003 issued for \$3,155,000 due in annual installments of \$165,000 to \$250,000 plus interest of 2.7% to 3.8% through January 1, 2020	\$ 2,140,000	\$ -	\$ 185,000	\$ 1,955,000

Long-term Liability Activity

Changes in long-term liabilities during the year ended December 31, 2010, were as follows:

Type of Debt	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due within One Year
Compensated absences	\$ 177,444	\$ 177,523	\$ 319,853	\$ 35,114	\$ 10,598
General obligation bonds	2,140,000	-	185,000	1,955,000	190,000
	<u>\$ 2,317,444</u>	<u>\$ 177,523</u>	<u>\$ 504,853</u>	<u>\$ 1,990,114</u>	<u>\$ 200,598</u>

Payments on the general obligation bonds are made by the Debt Service Fund. Compensated absences for the governmental activities are liquidated by the General Fund and Public Safety Fund.

Debt Service Requirements to Maturity

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

Year Ending 12/31	General Obligation Bonds	
	Principal	Interest
2012	190,000	66,505
2013	195,000	61,185
2014	200,000	55,530
2015	210,000	49,230
2016	215,000	42,300
2017 - 2020	945,000	89,777
	<u>\$ 1,955,000</u>	<u>\$ 364,527</u>

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM DEBT (cont.)

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin states: "The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent:... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts." To date the Illinois General Assembly sets no limits for home rule municipalities. The village is a home rule municipality.

There are a number of limitations and restrictions contained in the bond indenture. The village is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

F. NET ASSETS/FUND BALANCES

Fund Balance - Reserved for Special Revenues

	Beginning Balance	Increases	Decreases	Ending Balance
General Fund				
FICA/Unemployment	\$ 16,946	\$ 209,935	\$ 204,028	\$ 22,853
Illinois Municipal Retirement	14,023	78,862	58,872	34,013
Audit	(10,606)	30,635	33,412	(13,383)
Liability Insurance	168,997	102,312	75,981	195,328
	<u>\$ 189,360</u>	<u>\$ 421,744</u>	<u>\$ 372,293</u>	<u>\$ 238,811</u>
Negative Reserves allocated to unreserved fund balance				13,383
Total Amount of Reserves				<u>\$ 252,194</u>
Public Safety Fund				
Crossing Guard	\$ 1,745	\$ 2,509	\$ 2,400	\$ 1,854
Emergency 911	23,196	65,926	41,413	47,709
Drug/DUI/Gang	11,134	2,155	-	13,289
	<u>\$ 36,075</u>	<u>\$ 70,590</u>	<u>\$ 43,813</u>	<u>\$ 62,852</u>
Total Amount of Reserves Roads and Bridges Motor Fuel Tax	<u>\$ 155,965</u>	<u>\$ 117,052</u>	<u>\$ 160,000</u>	<u>\$ 113,017</u>
Total Reserved for Special Revenues				<u>\$ 425,688</u>

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. NET ASSETS/FUND BALANCES (cont.)

Net assets reported on the government-wide statement of net assets at December 31, 2010, include the following:

Net Assets

Invested in capital assets	
Land	\$ 350,349
Other capital assets, net of accumulated depreciation	1,759,423
Total Invested in Capital Assets	<u>2,109,772</u>
Restricted	
Special revenues	428,063
Capital projects	75,000
Debt service	49,328
Unrestricted	<u>311,153</u>
Total Governmental Activities Net Assets	<u>\$ 2,973,316</u>

NOTE IV – OTHER INFORMATION

A. RISK MANAGEMENT

The village is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the village's employees. The village is commercially insured for medical, dental, life, and disability insurance.

B. POST-EMPLOYMENT BENEFITS

The village provides COBRA health benefits to all prior employees as required by federal law. All prior employees pay 100 percent of the premiums.

C. COMMITMENTS AND CONTINGENCIES

From time to time, the village is party to various pending claims and legal proceedings. For all claims and legal proceedings that the village is involved with, the outcome of such matters cannot be forecasted with certainty, but it is the opinion of the management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (CONT.)

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.

D. EMPLOYEES' RETIREMENT SYSTEMS

The village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan.

Illinois Municipal Retirement Fund

Plan Description. IMRF provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 0.84% of annual covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For the fiscal years ending December 31, 2009, 2008, and 2007, the employer's annual pension cost of \$7,236, \$7,190, and \$8,645, respectively, was equal to the employer's required and actual contributions. The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% per year attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The employer's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 23 years.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (CONT.)

D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)

Illinois Municipal Retirement Fund (cont.)

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 120.81 percent funded. The actuarial liability for benefits was \$2,338,838 and the actuarial value of assets was \$2,825,585, resulting in an overfunded actuarial accrued liability (UAAL) of \$486,747. The covered payroll (annual payroll of active employees covered by the plan) was \$861,477 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. In 2010, the overfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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

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.

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	4
Current employees	
Vested and nonvested	<u>19</u>
Total	<u><u>23</u></u>

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (CONT.)

D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)

Police Pension Plan (cont.)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The 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. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

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 2045 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

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 in the period in which employee services are performed. 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.

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (CONT.)

D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)

Net Pension Asset

The pension asset for the Police Pension Plan is as follows:

	December 31, 2010	December 31, 2009
Annual Required Contribution	\$ 435,946	\$ 435,946
Interest on the Net Pension Asset	(14,393)	(14,393)
Adjustment to annual required contribution	<u>7,337</u>	<u>7,337</u>
Annual Pension Cost	428,890	428,890
Actual Contribution	<u>(647,219)</u>	<u>(665,578)</u>
Increase in the Net Pension Asset	(218,329)	(236,688)
Net Pension Asset-Beginning of Year	<u>(442,305)</u>	<u>(205,617)</u>
Net Pension Asset-End of Year	<u>\$ (660,634)</u>	<u>\$ (442,305)</u>

As of December 31, 2009, the most recent actuarial valuation date, the Police Pension plan was 35.7 percent funded. The actuarial liability for benefits was \$9,566,899 and the actuarial value of assets was \$3,419,133, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,147,766. The covered payroll (annual payroll of active employees covered by the plan) was \$1,579,973 and the ratio of the UAAL to the covered payroll is 389.1%.

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

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (CONT.)

D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)

Annual pension cost

The village's annual pension cost for the current period and related information for the plans are as follows:

	Illinois Municipal Retirement	Police Pension
Contribution rates – employer	0.84%	42.13%
Contribution rates – employee	4.50%	9.91%
Annual pension cost	\$7,236	\$428,890
Contributions made	\$7,236	\$647,219
Actuarial valuation date	12/31/2009	12/31/2009
Actuarial cost method	Entry age normal	Entry age
Amortization method	Level % of projected payroll closed basis	Level % of pay, closed
Remaining amortization period	23 years	35 years
Asset valuation method	5 year smoothed market	Market
Actuarial assumptions		
Investment rate	7.5%	7.0%
Projected salary increases	0.4 to 10%	5.5%
Inflated rate included	4.0%	3.0%
Cost-of-living adjustments	3.0%	3.0% per year

VILLAGE OF BARRINGTON HILLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (cont.)

D. EMPLOYEES' RETIREMENT SYSTEMS (cont.)

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	Illinois Municipal Retirement	Police Pension
Annual Pension Cost (APC)	12/31/2010	\$ N/A	\$ 428,890
	12/31/2009	7,236	428,890
	12/31/2008	7,190	405,265
	12/31/2007	8,645	
Actual Contributions	12/31/2010	\$ N/A	\$ 647,219
	12/31/2009	7,236	665,578
	12/31/2008	7,190	753,829
	12/31/2007	8,645	
Percentage of APC Contributed	12/31/2010	N/A	151%
	12/31/2009	100%	155%
	12/31/2008	100%	186%
	12/31/2007	100%	
Net Pension Obligation (Asset)	12/31/2010	\$ N/A	\$ (660,634)
	12/31/2009	-	(442,305)
	12/31/2008	-	(205,617)
	12/31/2007	-	

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Future application of this standard may restate portions of these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BARRINGTON HILLS
IMRF

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDING PROGRESS
December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 2,825,585	\$ 2,338,838	\$ (486,747)	120.81%	\$ 861,477	-
12/31/08	2,516,982	2,157,493	(359,489)	116.66%	836,103	-
12/31/07	3,356,386	1,852,610	(1,503,776)	181.17%	807,990	-
12/31/06	3,212,878	1,728,102	(1,484,776)	185.92%	688,439	-
12/31/05	3,168,471	1,770,600	(1,397,871)	178.95%	682,359	-
12/31/04	3,070,723	1,752,810	(1,317,913)	175.19%	633,535	-

Actuarial Valuation Date	Annual Required Contribution	Percent Contributed
12/31/09	\$ 7,236	100.00%
12/31/08	7,190	100.00%
12/31/07	8,645	100.00%
12/31/06	7,091	100.00%
12/31/05	67,895	100.00%
12/31/04	94,320	100.00%

The information presented in the above supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2009
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of projected payroll closed basis
Remaining amortization period	23 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Inflation factor	4.00%
Projected salary increases	0.4% - 10.0%
Inflation factor	4.00%
Cost of living adjustments	3.00% per year

VILLAGE OF BARRINGTON HILLS
POLICE PENSION FUND

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDING PROGRESS
December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	N/A	N/A	N/A	N/A	N/A	N/A
12/31/09	\$ 3,419,133	\$ 9,566,899	\$ 6,147,766	35.70%	\$ 1,579,973	389.10%
12/31/08	N/A	N/A	N/A	N/A	N/A	N/A
12/31/07	2,025,432	7,893,695	5,868,263	25.70%	1,369,386	428.50%
12/31/06	N/A	N/A	N/A	N/A	N/A	N/A
4/30/06	986,565	6,941,537	5,954,972	14.20%	1,174,694	506.90%

Fiscal Year End	Annual Required Contribution	Percent Contributed	Net Pension Obligation (Asset)
12/31/10	\$ 435,946	150.91%	\$ (660,634)
12/31/09	435,946	152.67%	(442,305)
12/31/08	405,265	186.00%	(205,617)
12/31/07	405,265	107.82%	138,012
12/31/06	243,696	86.99%	169,707
4/30/06	378,752	120.37%	138,012

The information presented in the above supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2009
Actuarial cost method	Entry Age
Amortization method	Level percentage of pay, closed
Remaining amortization period	35 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Inflation factor	3.00%
Projected salary increases	5.50%
Cost of living adjustments	3.00% per year

VILLAGE OF BARRINGTON HILLS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - FORECAST, APPROPRIATION AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2010

	Final Forecast and <u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 3,539,121	\$ 3,846,745	\$ 307,624
Fees, permits and licenses	164,500	135,236	(29,264)
Charges for services	2,000	1,446	(554)
Fines and forfeitures	152,000	137,188	(14,812)
Investment income	21,500	3,802	(17,698)
Miscellaneous	<u>107,800</u>	<u>87,677</u>	<u>(20,123)</u>
Total Revenues	<u>3,986,921</u>	<u>4,212,094</u>	<u>225,173</u>
EXPENDITURES			
General government	5,121,500	2,769,322	2,352,178
Public safety	1,803,500	1,248,468	555,032
Health services	<u>18,000</u>	<u>6,237</u>	<u>11,763</u>
Total Expenditures	<u>6,943,000</u>	<u>4,024,027</u>	<u>2,918,973</u>
Excess (deficiency) of revenues over expenditures	<u>(2,956,079)</u>	<u>188,067</u>	<u>3,144,146</u>
Net Change in Fund Balance	<u>\$ (2,956,079)</u>	<u>188,067</u>	<u>\$ 3,144,146</u>
FUND BALANCE - Beginning of Year -		<u>1,182,816</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,370,883</u>	

See accompanying notes to required supplementary information.
See independent auditors' report.

VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FORECAST, APPROPRIATION AND ACTUAL - PUBLIC SAFETY - SPECIAL REVENUE FUND
For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance
PUBLIC SAFETY			
REVENUE			
Property taxes	\$ 2,457,750	\$ 2,501,863	\$ 44,113
Grant revenues	30,000	19,933	(10,067)
Special detail	1,000	4,563	3,563
Interest income	-	50	50
Wireless surcharges	-	34,975	34,975
Other surcharges	-	11,850	11,850
Insurance reimbursements	1,000	283	(717)
Drug/DUI/Gang Fund	-	2,155	2,155
Other	-	19,051	19,051
Total Revenues	<u>2,489,750</u>	<u>2,594,723</u>	<u>104,973</u>
EXPENDITURES			
Crossing guard			
Regular salaries	<u>3,000</u>	<u>2,400</u>	<u>600</u>
Police Protection			
Regular salaries	2,575,000	2,270,977	304,023
Overtime	190,000	83,847	106,153
Longevity awards	25,000	23,250	1,750
Vacation Compensation	6,000	5,318	682
Educational benefits	<u>25,000</u>	<u>813</u>	<u>24,187</u>
Total Police Protection	<u>2,821,000</u>	<u>2,384,205</u>	<u>436,795</u>
Emergency 911			
Ameritech line charges	-	12,378	(12,378)
Equipment maintenance	-	12,200	(12,200)
Miscellaneous	-	16,835	(16,835)
Total Emergency 911	<u>-</u>	<u>41,413</u>	<u>(41,413)</u>
Drug/Gang/DUI			
Drug/Gang/DUI Expenses	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Expenditures	<u>2,827,000</u>	<u>2,428,018</u>	<u>398,982</u>
Net Change in Fund Balance	<u>\$ (337,250)</u>	166,705	<u>\$ 503,955</u>
FUND BALANCE - Beginning of Year		<u>1,006,435</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,173,140</u>	

See accompanying notes to required supplementary information.
See independent auditors' report.

VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 FORECAST, APPROPRIATION AND ACTUAL - ROADS AND BRIDGES - SPECIAL REVENUE FUND
 For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance
ROADS AND BRIDGES			
REVENUE			
Property taxes	\$ 1,290,000	\$ 1,146,881	\$ (143,119)
Property taxes-Town	70,000	68,486	(1,514)
Motor Fuel Tax interest	-	195	195
Motor Fuel Tax allotments	-	116,857	116,857
Other Revenue	-	75,000	75,000
	<u>1,360,000</u>	<u>1,407,419</u>	<u>47,419</u>
EXPENDITURES			
Road maintenance	1,000,000	535,968	464,032
Snow plowing	320,000	199,444	120,556
Mowing	85,000	58,891	26,109
Sign purchase and installation	20,000	35,015	(15,015)
Drainage management	270,000	170,383	99,617
Engineering fees	275,000	124,987	150,013
Road striping	60,000	25,219	34,781
Equipment maintenance	10,000	7,497	2,503
Road patching	45,000	36,154	8,846
Equipment purchases	10,000	-	10,000
Bridge inspections	10,000	4,993	5,007
	<u>2,105,000</u>	<u>1,198,551</u>	<u>906,449</u>
Net change in fund balance	<u>\$ (745,000)</u>	208,868	<u>\$ 953,868</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(680,771)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ (471,903)</u>	

See accompanying notes to required supplementary information.
 See independent auditors' report.

VILLAGE OF BARRINGTON HILLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2010

APPROPRIATION INFORMATION

Appropriation information is derived from the annual operating appropriation and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

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SUPPLEMENTARY INFORMATION

VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF REVENUES - FORECAST AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance with Forecast
TAXES			
Property taxes	\$ 2,337,941	\$ 2,819,870	\$ 481,929
Sales taxes	95,000	98,364	3,364
Income taxes	355,000	314,272	(40,728)
Replacement taxes	35,000	36,830	1,830
Utility taxes	716,180	577,409	(138,771)
TOTAL TAXES	3,539,121	3,846,745	307,624
FEES, PERMITS AND LICENSES			
Building permits	98,000	78,893	(19,107)
Liquor and scavenger licenses	1,500	1,070	(430)
Vehicle stickers	37,000	34,727	(2,273)
Overweight permit fees	28,000	20,546	(7,454)
TOTAL FEES, PERMITS AND LICENSES	164,500	135,236	(29,264)
CHARGES FOR SERVICES			
Police accident reports	1,300	1,155	(145)
Copy fees	700	291	(409)
TOTAL CHARGES FOR SERVICES	2,000	1,446	(554)
FINES AND FORFEITURES			
Traffic fines - Cook County	110,000	101,621	(8,379)
Police "C" tickets	31,000	23,212	(7,788)
Supervision fees	11,000	12,355	1,355
TOTAL FINES AND FORFEITURES	152,000	137,188	(14,812)
INVESTMENT INCOME			
Investment income	21,500	3,802	(17,698)
MISCELLANEOUS REVENUES			
Franchise fees	45,000	55,271	10,271
Seized drug income	1,000	-	(1,000)
Rental income	1,300	1,107	(193)
Security link system fees	10,000	9,939	(61)
Zoning and petition fees	2,000	800	(1,200)
Forfeited drug revenue	1,000	-	(1,000)
Animal services reimbursements	1,500	1,674	174
Subdivision reimbursements	-	450	450
Surplus property	20,000	16,794	(3,206)
Other	26,000	1,642	(24,358)
TOTAL MISCELLANEOUS REVENUES	107,800	87,677	(20,123)
TOTAL GENERAL FUND REVENUES	\$ 3,986,921	\$ 4,212,094	\$ 225,173

VILLAGE OF BARRINGTON HILLS

SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2010

	Original and Final Forecast And Appropriation	Actual	Variance with Appropriation
GENERAL GOVERNMENT			
Administration	\$ 1,065,000	\$ 588,545	\$ 476,455
Building department	313,500	335,062	(21,562)
Insurance and risk	1,106,000	761,843	344,157
Legal	1,652,000	742,159	909,841
Municipal building and grounds	738,000	195,238	542,762
Zoning and planning department	<u>247,000</u>	<u>146,475</u>	<u>100,525</u>
	<u>5,121,500</u>	<u>2,769,322</u>	<u>2,352,178</u>
PUBLIC SAFETY			
Police department	<u>1,803,500</u>	<u>1,248,468</u>	<u>555,032</u>
HEALTH SERVICES	<u>18,000</u>	<u>6,237</u>	<u>11,763</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 6,943,000</u>	<u>\$ 4,024,027</u>	<u>\$ 2,918,973</u>

VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance with Appropriation
GENERAL GOVERNMENT			
Administration			
Regular salaries	\$ 303,000	\$ 107,456	\$ 195,544
Social security	215,000	198,657	16,343
IMRF	100,000	58,872	41,128
Unemployment taxes	12,000	5,371	6,629
Office/computer supplies	35,000	7,579	27,421
Purchase of office equipment	20,000	8,657	11,343
Rental of office equipment	7,000	3,682	3,318
Telephones and fees	60,000	12,214	47,786
Vehicle stickers	8,000	2,692	5,308
Barrington Area Council of Governments	45,000	33,714	11,286
Audit	35,000	22,800	12,200
Hardware/software	5,000	2,630	2,370
Finance consulting	8,000	-	8,000
Records management	8,000	7,982	18
Dues and contributions	9,000	9,736	(736)
Tuition and travel	7,000	9,004	(2,004)
Newsletter and website	30,000	22,334	7,666
Computer supplies	5,000	-	5,000
Vehicle	5,000	1,491	3,509
Vacation compensation	10,000	5,280	4,720
Postage	8,000	4,309	3,691
Clerical services	30,000	21,606	8,394
Communications committee	5,000	7,102	(2,102)
Messenger service	4,000	754	3,246
Payroll	8,000	4,567	3,433
Broadband data	25,000	13,381	11,619
Merchant fees	1,000	285	715
Transfer to E911 Fund	35,000	-	35,000
Other/meetings expenditures	22,000	16,390	5,610
Total Administration	<u>1,065,000</u>	<u>588,545</u>	<u>476,455</u>
Building Department			
Regular salaries	125,000	129,296	(4,296)
Outside services	110,000	141,235	(31,235)
Printing and offices supplies	2,500	368	2,132
Field/office equipment	1,000	1,368	(368)
Automobile expenditures	1,000	-	1,000
Building/zoning coordinator	30,000	21,421	8,579
Plumbing inspections	20,000	18,132	1,868

VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance with Appropriation
GENERAL GOVERNMENT (cont.)			
Drainage	\$ 1,000	\$ -	\$ 1,000
Surveying services	20,000	21,471	(1,471)
Office expenditures	3,000	1,771	1,229
Total Building Department	<u>313,500</u>	<u>335,062</u>	<u>(21,562)</u>
Insurance and Risk			
Worker's compensation insurance	90,000	65,060	24,940
Employee medical and life	700,000	530,467	169,533
Wellness program	4,000	240	3,760
Employee dental plan	60,000	49,287	10,713
Vehicle/physical damage	25,000	-	25,000
Surety bonds	8,000	4,598	3,402
Long-term disability	30,000	19,743	10,257
Property/inland marine	13,000	4,409	8,591
Asset inventory	18,000	12,058	5,942
Property-Fire Station	2,000	-	2,000
General liability insurance	20,000	9,093	10,907
Vehicle liability insurance	35,000	15,564	19,436
Employment practice liability	8,000	3,117	4,883
Law enforcement insurance	24,000	9,660	14,340
Public officials insurance	5,000	1,712	3,288
Excess liability insurance	60,000	36,835	23,165
Crime insurance	2,000	-	2,000
Employee benefits liability	2,000	-	2,000
Total Insurance and Risk	<u>1,106,000</u>	<u>761,843</u>	<u>344,157</u>
Legal			
Village attorney	750,000	520,833	229,167
Court attorney	80,000	67,235	12,765
Police attorney	20,000	24,888	(4,888)
Other legal fees	310,000	59,718	250,282
Publications	4,000	1,247	2,753
Expert witnesses	100,000	18,289	81,711
Court reporters	18,000	7,143	10,857
Labor relations	300,000	9,750	290,250
FOIA records management	-	4,316	(4,316)
Planning/zoning	70,000	28,740	41,260
Total Legal	<u>1,652,000</u>	<u>742,159</u>	<u>909,841</u>

VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance with Appropriation
GENERAL GOVERNMENT (cont.)			
Municipal Building and Grounds			
Building improvements	\$ 150,000	\$ 19,170	\$ 130,830
Furniture and equipment	20,000	949	19,051
Interior building maintenance	50,000	37,298	12,702
Exterior building maintenance	50,000	17,741	32,259
Grounds maintenance	20,000	39,004	(19,004)
Contractual services	60,000	2,500	57,500
Parking lot maintenance	5,000	4,831	169
Taxes	9,000	3,283	5,717
Landscape restoration work	50,000	32,887	17,113
Landscape irrigation	15,000	-	15,000
Snow removal	30,000	1,396	28,604
Safety/security equipment	25,000	4,361	20,639
Fire station maintenance	250,000	28,752	221,248
Street lighting	4,000	3,066	934
Total Municipal Building and Grounds	<u>738,000</u>	<u>195,238</u>	<u>542,762</u>
Zoning and Planning Department			
Regular salaries	-	21,421	(21,421)
Overtime	8,000	1,591	6,409
Minutes and transcripts	30,000	30,433	(433)
Supplies/maps/printing	100,000	65,428	34,572
Engineering services	25,000	11,185	13,815
Subdivision review costs	10,000	6,240	3,760
Equestrian Commission	2,000	-	2,000
Development Commission	2,000	-	2,000
Professional services	70,000	10,177	59,823
Total Zoning and Planning Department	<u>247,000</u>	<u>146,475</u>	<u>100,525</u>
Total General Government	<u>5,121,500</u>	<u>2,769,322</u>	<u>2,352,178</u>
PUBLIC SAFETY			
Police Department			
Purchase of police cars	100,000	79,784	20,216
Gasoline	90,000	79,525	10,475
Squad car repairs	30,000	24,880	5,120
Tires	5,000	3,397	1,603
Telephone	50,000	18,150	31,850
UHF network	40,000	18,277	21,723

VILLAGE OF BARRINGTON HILLS

DETAILED SCHEDULE OF EXPENDITURES - APPROPRIATION AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance with Appropriation
<i>PUBLIC SAFETY (cont.)</i>			
Radio maintenance	\$ 25,000	\$ 14,254	\$ 10,746
Re-install radios	20,000	14,956	5,044
Nextel contract	25,000	10,525	14,475
Radar repairs	3,000	614	2,386
Security maintenance	20,000	14,111	5,889
Jail service contract	2,000	556	1,444
Memberships and dues	20,000	13,615	6,385
Uniforms	30,000	22,816	7,184
I.T. consultant	60,000	34,389	25,611
Marking vehicles	5,000	2,345	2,655
Training and travel	40,000	23,216	16,784
Shooting program and armory	20,000	9,426	10,574
Purchase of vehicular accessories	13,000	5,473	7,527
Employee recognition awards	4,000	1,414	2,586
Equipment replacement	50,000	21,907	28,093
Office expenditures	15,000	8,813	6,187
Office supplies	20,000	9,407	10,593
IPSAN/PIPS	20,000	9,756	10,244
Towing	3,000	285	2,715
Recruitment	10,000	1,644	8,356
Professional service/consulting	6,500	1,065	5,435
Drug education	17,000	6,493	10,507
Computer system	40,000	25,229	14,771
Disaster and emergency services	55,000	5,719	49,281
Furniture and equipment	20,000	10,608	9,392
Calea expenditures	20,000	8,326	11,674
Computer-aided dispatch	40,000	-	40,000
Live-scan monthly fees	8,000	4,748	3,252
Public safety equipment	7,000	3,299	3,701
Other	20,000	11,912	8,088
Pension contribution	850,000	727,534	122,466
Total Public Safety	<u>1,803,500</u>	<u>1,248,468</u>	<u>555,032</u>
<i>HEALTH SERVICES</i>	<u>18,000</u>	<u>6,237</u>	<u>11,763</u>
 TOTAL GENERAL FUND EXPENDITURES	 <u>\$ 6,943,000</u>	 <u>\$ 4,024,027</u>	 <u>\$ 2,918,973</u>

VILLAGE OF BARRINGTON HILLS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - FORECAST, APPROPRIATION AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2010

	Original and Final Forecast and Appropriation	Actual	Variance
REVENUES			
Taxes			
Property taxes	\$ 256,500	\$ 262,910	\$ 6,410
Total Revenues	<u>256,500</u>	<u>262,910</u>	<u>6,410</u>
EXPENDITURES			
Debt service			
Principal	225,000	185,000	(40,000)
Interest and fiscal charges	<u>40,000</u>	<u>71,500</u>	<u>31,500</u>
Total Expenditures	<u>265,000</u>	<u>256,500</u>	<u>8,500</u>
Net change in fund balance	<u>\$ (8,500)</u>	6,410	<u>\$ 14,910</u>
FUND BALANCE - Beginning of Year		<u>42,918</u>	
FUND BALANCE - End of Year		<u>\$ 49,328</u>	

VILLAGE OF BARRINGTON HILLS

PROPERTY TAX, ASSESSED VALUATIONS, RATE, TAX EXTENSIONS AND COLLECTIONS

December 31, 2010

County	Tax Levy Year 2009									
	Cook		McHenry		Lake		Kane		Total	
Assessed Valuations	\$ 298,810,409		\$ 155,979,936		\$ 95,384,390		\$ 13,292,767		\$ 563,467,502	
	Rate	Extension	Rate	Extension	Rate	Extension	Rate	Extension	Rate	Extension
FUNDS										
General	0.2978	\$ 889,919	0.2579	\$ 402,226	0.2870	\$ 273,753	0.2592	\$ 34,459	1.1019	\$ 1,600,357
Police Protection	0.4577	1,367,629	0.3963	618,141	0.4400	419,691	0.3984	52,956	1.6924	2,458,417
Police Pension	0.1407	420,317	0.1218	189,976	0.1360	129,723	0.1224	16,275	0.5209	756,291
Social Security	0.0373	111,524	0.0323	50,407	0.0370	35,292	0.0325	4,318	0.1391	201,541
Audit	0.0056	16,813	0.0049	7,599	0.0060	5,723	0.0049	651	0.0214	30,786
Streets and Bridge	0.2091	624,872	0.1811	282,430	0.2010	191,723	0.1820	24,196	0.7732	1,123,221
Street Lighting	0.0006	1,793	0.0005	811	0.0010	954	0.0005	69	0.0026	3,627
Crossing Guard	0.0005	1,345	0.0004	608	0.0010	954	0.0004	52	0.0023	2,959
Unemployment Insurance	0.0011	3,306	0.0010	1,495	0.0000	-	0.0010	128	0.0030	4,929
Liability Insurance	0.0188	56,042	0.0162	25,330	0.0190	18,123	0.0163	2,170	0.0704	101,665
IMRF	0.0141	42,032	0.0122	18,997	0.0140	13,354	0.0122	1,627	0.0525	76,010
Prior Year Adjustment	0.0000	-	0.0575	89,734	-	-	0.0084	1,122	0.0660	90,856
Bond and interest	0.0490	146,540	0.0417	64,971	0.0490	46,738	0.0423	5,622	0.1819	263,871
	1.2323	\$ 3,682,132	1.1237	\$ 1,752,725	1.1910	\$ 1,136,028	1.0806	\$ 143,645	4.6276	\$ 6,714,530
Total Collections - Tax Levy Year 2009										\$ 5,894,561
Percentage Collected										87.8%

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