Village of Barrington Hills, Illinois

Annual Financial Report

For the year ended
December 31, 2016

KLEIN HALL CPAs
3957 75th Street, Aurora, IL 60504
Phone 630.898.5578 | Fax 630.225.5128
KleinHallcpa.com

Independent Auditor's Report

The Honorable President
Members of the Board of Trustees
Village of Barrington Hill, 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 (the Village), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Barrington Hills, Illinois, as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Klein Hall CPAs

Klein, Hall CPAs
Aurora, Illinois
May 5, 2017

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, 2016. 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 liabilities and deferred inflows of resources of the Village of Barrington Hills exceeded its assets and deferred outflows of resources by $846,092 (net position). Of this amount, $1,823,081 is restricted for specific purposes (restricted net position), and $1,754,775 is invested in capital assets, which leaves unrestricted net position of ($4,423,948).

- Total governmental net position increased by $463,118 primarily due to lower roads and bridges costs.

- On December 31, 2016, the Village's governmental funds reported combined fund balances of $4,091,564, an increase of $480,860 from December 31, 2015.

- During the year, government-wide revenues totaled $7,957,450, while expenses totaled $7,494,332.

- The General Fund reported total ending fund balance of $2,194,496, an increase of $83,393 from the prior year.

- The Village's governmental funds reported total revenues of $7,957,450, compared to $7,852,294, which was forecasted.

- The Village's governmental funds reported total expenditures of $7,488,196, compared to $11,776,029, which was appropriated, and $7,877,229, which was budgeted.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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.

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 position 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 position - the difference between the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the Village's financial health, or position. Over time, increases or decreases in the Village's net position is 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 position changed during the most recent year. All changes in net position 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, except for the nonmajor Debt Service Fund.

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 Position and the Statement of Activities. These two statements report the Village's net position 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 Position is presented below in Table 1.

Table 1
Condensed Statement of Net Position

	Governmental Activities	
	December 31, 2016	December 31, 2015
Current and other assets	$ 10,789,219	$ 11,150,027
Capital assets	1,754,775	1,811,534
Total Assets	12,543,994	12,961,561
Pensions	1,634,885	1,818,484
Total Deferred Outflows of Resources	1,634,885	1,818,484
Current liabilities	182,066	293,260
Noncurrent liablilties	8,918,264	9,221,199
Total liabilities	9,100,330	9,514,459
Property taxes	5,319,862	6,197,304
Pensions	604,779	377,492
Total Deferred Inflows of Resources	5,924,641	6,574,796
Investment in capital assets	1,754,775	1,745,889
Restricted	1,823,081	1,878,612
Unrestricted	(4,423,948)	(4,933,711)
Total Net Position	$ (846,092)	$ (1,309,210)

One portion of the Village's net position 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. 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 position represents sources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position 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 restricted net position and the net investment in capital assets. Unrestricted net position was reported as negative due to the implementation of GASB Statement No. 68 in 2015 and the reporting of the net pension liability.

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

Table 2
Condensed Statement of Activities

	Governmental Activities December 31, 2016	Governmental Activities December 31, 2015
Revenues:		
Program revenues		
Charges for services	$ 203,010	$ 214,105
Operating grants and contributions	125,767	122,335
Capital grants and contributions	114,445	58,843
General Revenues		
Property Taxes	6,273,531	6,610,092
Utlilty Taxes	506,537	541,014
Income Taxes	409,721	447,851
Sales/ Uses/ Replacement Taxes	188,696	182,080
Other Taxes	2,932	48,760
Investment Income	21,105	13,812
Miscellaneous Income	111,706	61,747
Total revenues	7,957,450	8,300,639
Expenses:		
General Government	1,214,036	1,804,174
Public Safety	4,494,230	4,607,738
Road and bridges	1,724,956	1,891,400
Health	7,635	9,244
Interest on long-term debt	53,475	45,199
Total Expenses	7,494,332	8,357,755
Changes in Net Position	463,118	(57,116)
Beginning Net Position	(1,309,210)	5,871,893
Restatement	-	(7,123,987)
Beginning Net Position, as restated	(1,309,210)	(1,252,094)
Ending Net Postion	$ (846,092)	$ (1,309,210)

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

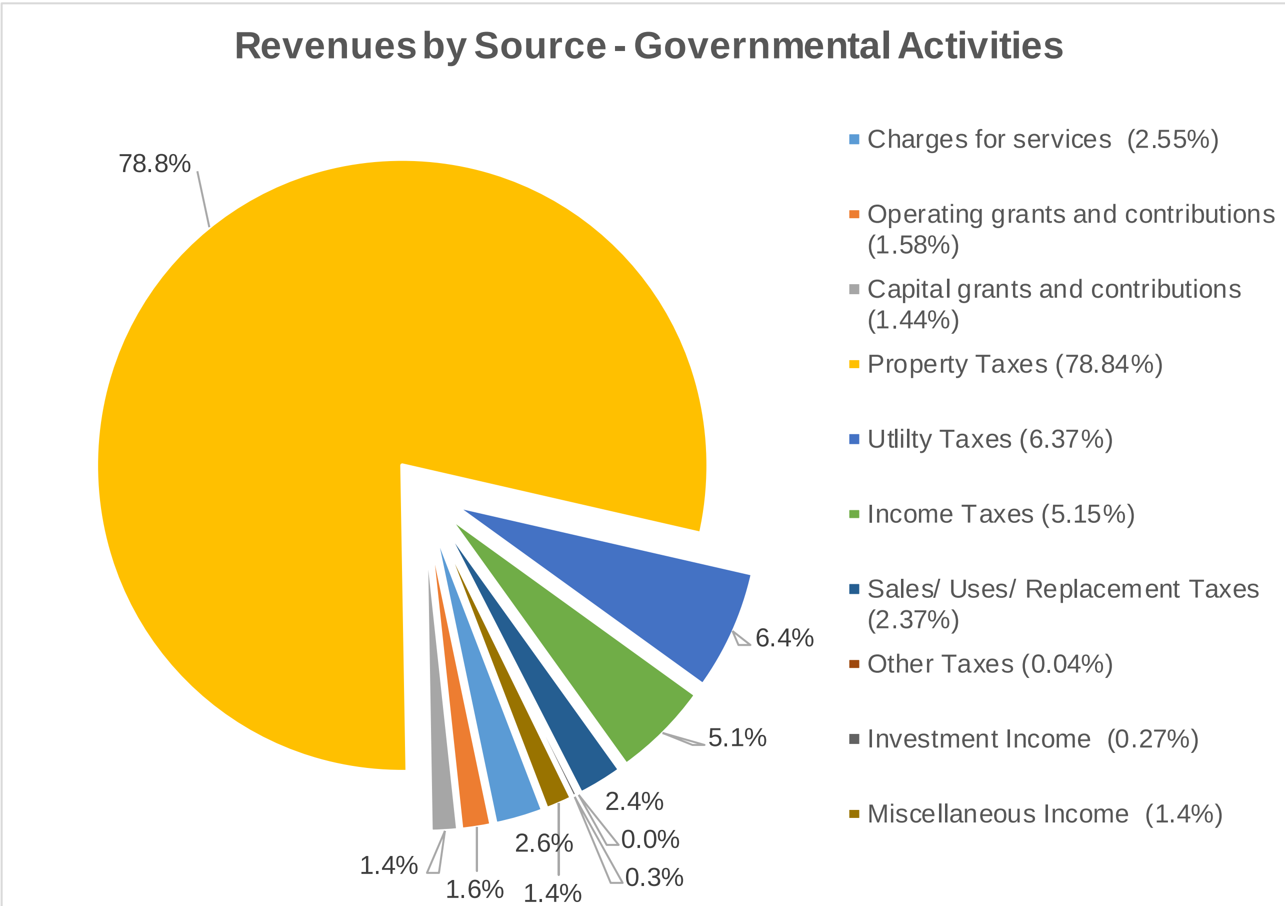
The decrease in General Government expenses is primarily due to reallocation of insurance costs to the public safety function.

The decrease in Public Safety expenses is primarily due to the elimination of most dispatch consolidation expenditures of $332,094 from 2015, mitigated by an increase in the allocation of insurance costs.

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

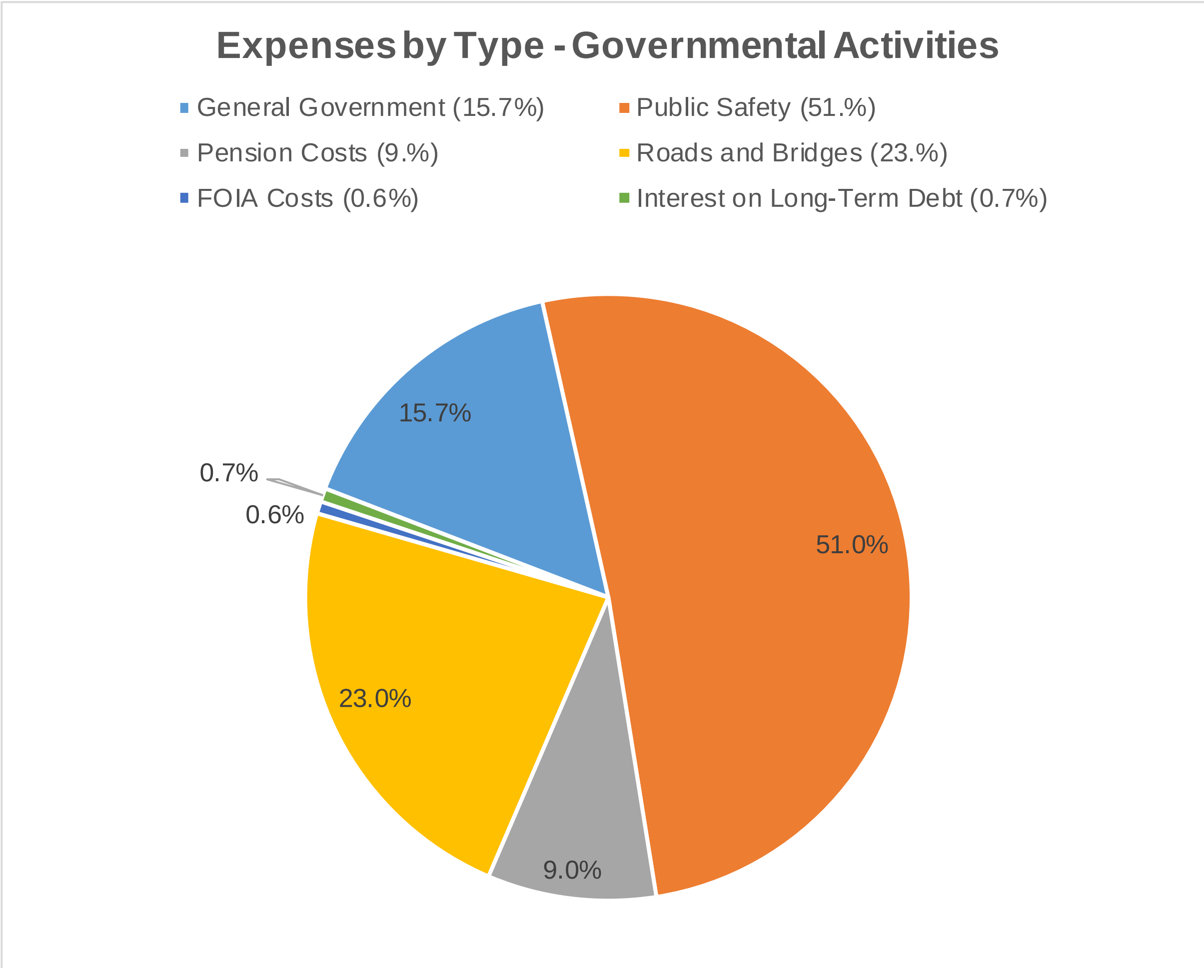
The decrease in Road and Bridges expenses is due to the Village not utilizing any motor fuel tax funds in 2016 and a decrease in drainage management costs.

Chart 1



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

Chart 2



GOVERNMENTAL ACTIVITIES

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.

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, unrestricted 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, 2016, the Village's governmental funds reported combined fund balances of $4,091,564. Of this amount, $2,136,143 constitutes unassigned fund balance, which is available to meet the Village's current and future needs. The remaining $1,955,421 is nonspendable, restricted or assigned. The combined fund balance increased from last year's total of $3,610,704.

General Fund

The Village's General Fund is the chief operating fund of the Village. Total fund balance in the General Fund increased $83,393 or 4%. This was due primarily to the decrease in litigation and other legal expenditures, lower personnel costs, lowered fuel costs, and the disposition of certain capital assets.

GENERAL FUND APPROPRIATION HIGHLIGHTS

The General Fund actual revenues for the current year were $3,445,398 compared to the revenue forecast of $3,690,903. This variance is primarily due to decreases in property taxes and intergovernmental revenues over the course of the year.

The General Fund appropriation for the year ended December 31, 2016 had total expenditures of approximately $5,867,211. The General Fund actual expenditures were lower than the expenditure appropriation. Actual expenditures and transfers totaled $3,373,611. 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.

CAPITAL ASSETS

At the end of 2016, the Village had invested a total of $1,754,775 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 $56,759.

Table 1
Capital Assets

	Governmental Activities	
	December 31, 2016	December 31, 2015
Capital assets not being depreciated		
Land	$ 350,349	$ 350,349
Capital assets being depreciated		
Buildings and improvements	2,199,492	2,199,492
Equipment, furniture and vehicles	1,123,593	1,101,381
Total Capital Assets	3,673,434	3,651,222
Less; Accumulated depreciation	(1,918,659)	(1,839,688)
Capital Assets, Net of Depreciation	$ 1,754,775	$ 1,811,534

Additional information on the Village's capital assets can be found in Note 5.

LONG-TERM LIABILITIES

At December 31, 2016, the Village had $8,918,264 of governmental debt, compensated absences, and net pension liability outstanding as compared to $9,221,199 the previous year. This was primarily a result of a repayment of general obligation debt and capital lease and a net decrease in net pension liability for the Police Pension Fund.

In accordance with Illinois Statutes, total general obligation indebtedness of the Village is not limited. Total general obligation debt outstanding at year end was $945,000.

LONG-TERM LIABILITIES (cont.)

Table 1
Long Term Liabilities

	Governmental Activities	
	December 31, 2016	December 31, 2015
General obligation debt	$ 945,000	$ 1,160,000
Capital lease payable	-	65,645
Compensated absences	21,800	13,735
Net pension liability	7,951,464	7,981,819
Total	$ 8,918,264	$ 9,221,199

Additional information on the Village's long-term liabilities can be found in Note 6.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The Village's elected and appointed officials considered many factors when setting the fiscal year 2016 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 Peggy Hirsch, Village Treasurer.

Basic Financial Statements

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Statement of Net Position
December 31, 2016

	Governmental Activities
Assets	
Cash and investments	$ 3,888,472
Restricted cash - cash with paying agent	242,441
Receivables	
Taxes	5,319,862
Other	52,906
Accrued interest	2,817
Due from other governments	179,654
Prepaid items	132,340
Net pension asset - IMRF	970,727
Capital assets not being depreciated	350,349
Capital assets (net of accumulated depreciation)	1,404,426
Total assets	12,543,994
Deferred Outflows of Resources	
Pension related - Police Pension Plan	1,270,905
Pension related - IMRF	363,980
Total deferred outflows of resources	1,634,885
Liabilities	
Accounts payable	159,933
Accrued interest payable	17,441
Due to fiduciary fund	4,692
Long-term liabilities	
Due within one year	235,788
Due in more than one year	731,012
Net pension liability - Police Pension Plan	7,951,464
Total liabilities	9,100,330
Deferred Inflows of Resources	
Property taxes levied for subsequent year	5,319,862
Pension related - Police Pension Plan	522,043
Pension related - IMRF	82,736
Total deferred inflows of resources	5,924,641
Net Position	
Investment in Capital Assets	1,754,775
Restricted	
Employee retirement	134,790
Liability insurance	199,523
Public safety	1,384,366
Debt service	104,402
Unrestricted	(4,423,948)
Total Net Position	$ (846,092)

See accompanying notes to financial statements

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Statement of Activities
Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Change in Net Position
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	$ 1,214,036	$ 121,551	$ 5,520	$ -	$ (1,086,965)
Public safety	4,494,230	50,566	13,083	-	(4,430,581)
Roads and bridges	1,724,956	30,893	107,164	114,445	(1,472,454)
Health services	7,635	-	-	-	(7,635)
Interest	53,475	-	-	-	(53,475)
Total Governmental Activities	$ 7,494,332	$ 203,010	$ 125,767	$ 114,445	(7,051,110)

General Revenues	
Taxes	
Property	6,273,531
Sales and use	147,962
Replacement	40,734
Utility	506,537
Other	2,932
Intergovernmental	
State income tax	409,721
Investment income	21,105
Miscellaneous	111,706
Total	7,514,228
Change in net position	463,118
Net position, Beginning of Year	(1,309,210)
Net position, End of Year	$ (846,092)

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Balance Sheet
Governmental Funds
December 31, 2016

	General	Public Safety
Assets		
Cash and investments	$ 1,989,998	$ 1,384,366
Restricted cash - cash with paying agent	-	-
Receivables		
Taxes	2,279,052	1,312,915
Other	52,906	-
Accrued interest	2,817	-
Due from other governments	127,274	-
Prepaid items	132,340	-
Total Assets	$ 4,584,387	$ 2,697,281
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	$ 106,147	$ -
Bonds payable	-	-
Accrued interest payable	-	-
Due to fiduciary fund	4,692	-
Total liabilities	110,839	-
Deferred Inflows of Resources		
Property taxes levied for subsequent year	2,279,052	1,312,915
Total liabilities and deferred inflows of resources	2,389,891	1,312,915
Fund Balances		
Nonspendable - prepaid items	132,340	-
Restricted		
Employee retirement	134,790	-
Liability insurance	199,523	-
Public safety	-	1,384,366
Debt service	-	-
Unrestricted		
Unassigned	1,727,843	-
Total Fund Balances	2,194,496	1,384,366
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,584,387	$ 2,697,281

See accompanying notes to financial statements

Roads and Bridges	Nonmajor Debt Service	Total
$ 409,706	$ 104,402	$ 3,888,472
-	242,441	242,441
1,471,000	256,895	5,319,862
-	-	52,906
-	-	2,817
52,380	-	179,654
-	-	132,340
$ 1,933,086	$ 603,738	$ 9,818,492
$ 53,786	$ -	$ 159,933
-	225,000	225,000
-	17,441	17,441
-	-	4,692
53,786	242,441	407,066
1,471,000	256,895	5,319,862
1,524,786	499,336	5,726,928
-	-	132,340
-	-	134,790
-	-	199,523
-	-	1,384,366
-	104,402	104,402
408,300	-	2,136,143
408,300	104,402	4,091,564
$ 1,933,086	$ 603,738	$ 9,818,492

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2016

Total Fund Balances of Governmental Funds	$ 4,091,564
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial and, therefore, are not reported in the governmental funds	1,754,775
Net pension assets are not financial resources and are not reported in governmental funds	970,727
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,634,885
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(604,779)
Some liabilities (excluding those reported in the internal service funds amount above), including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds payable	(720,000)
Compensated absences payable	(21,800)
Net pension liability	(7,951,464)
Net Position of Governmental Activities	$ (846,092)

See accompanying notes to financial statements

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2016

	General	Public Safety
Revenues		
Taxes	$ 2,672,361	$ 2,043,158
Fees, permits and licenses	121,602	-
Charges for services	88,321	10,611
Fines and forfeitures	65,642	2,490
Intergovernmental	420,314	-
Investment income	20,597	33
Miscellaneous	56,561	51,332
Total Revenues	3,445,398	2,107,624
Expenditures		
Current Operating		
General government	1,204,680	-
Public safety	1,982,222	2,045,509
Roads and bridges	-	-
Health services	7,635	-
Capital outlay	179,074	-
Debt Service		
Principal retirement	-	65,645
Interest and fiscal charges	-	18,592
Total Expenditures	3,373,611	2,129,746
Excess (Deficiency) of Revenues over Expenditures	71,787	(22,122)
Other Financing Sources (Uses)		
Sale of capital assets	11,606	-
Total Other Financing Sources (Uses)	11,606	-
Net Change in Fund Balance	83,393	(22,122)
Fund Balance, Beginning of Year	2,111,103	1,406,488
Fund Balance, End of Year	$ 2,194,496	$ 1,384,366

See accompanying notes to financial statements

Roads and Bridges	Nonmajor Debt Service	Total
$ 1,911,309	$ 261,359	$ 6,888,187
-	-	121,602
-	-	98,932
-	-	68,132
221,609	-	641,923
475	-	21,105
9,676	-	117,569
2,143,069	261,359	7,957,450
-	-	1,204,680
-	-	4,027,731
1,724,956	-	1,724,956
-	-	7,635
-	-	179,074
-	225,000	290,645
-	34,883	53,475
1,724,956	259,883	7,488,196
418,113	1,476	469,254
-	-	11,606
-	-	11,606
418,113	1,476	480,860
(9,813)	102,926	3,610,704
$ 408,300	$ 104,402	$ 4,091,564

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities
Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds	$ 480,860
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	101,270
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	290,645
Proceeds from the disposal of capital assets are recognized in governmental funds but the gain (loss) is recognized in the statement of activities	(20,675)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation	(137,354)
Compensated absences	(8,065)
Net pension asset - IMRF	136,968
Net pension liability - police pension	30,355
Deferred outflows and inflows of resources related to pensions	(410,886)
Change in Net Position of Governmental Activities	$ 463,118

See accompanying notes to financial statements

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Statement of Fiduciary Net Position
December 31, 2016

	Pension Trust Police Pension
Assets	
Cash and cash equivalents	$ 418,618
Investments, at fair value	
Fixed income	4,726,339
Equities	3,978,005
Receivables	
Accrued interest	23,136
Due from Village	4,692
Prepaid expenses	2,529
Total assets	9,153,319
Liabilities	
Accounts payable	13,693
Total liabilities	13,693
Net Position Held in Trust for Pension Benefits	$ 9,139,626

See accompanying notes to financial statements

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2016

	Pension Trust Police Pension
Additions	
Contributions	
Employer	$ 671,907
Employee	159,406
Other	50
Total contributions	831,363
Investment income	
Net depreciation in fair value of investments	205,625
Interest and dividends	155,479
Total investment income	361,104
Less investment expense	(25,546)
Net investment income	335,558
Total additions	1,166,921
Deductions	
Benefits	427,630
Administration	37,534
Total deductions	465,164
Net Increase (Decrease)	701,757
Net Position Held in Trust for Pension Benefits	
Beginning of Year	8,437,869
End of Year	$ 9,139,626

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS) governed by an elected President and Board of Trustees. The Village is considered to be a primary government pursuant to GASB Statements No. 14 and No. 61 since it is legally separate and fiscally independent.

b. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental and fiduciary.

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements.

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

Separate financial statements are provided for governmental funds 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those accounted for in another fund.

The Public Safety Fund is used to account for resources that are restricted, committed or assigned to supporting expenditures for the Village's public safety operation, including police protection, the school crossing guard program, expenditures related to the installations and maintenance of the emergency 911 telephone system, and expenditures related to drug, DUI and gang awareness and prevention programs.

The Roads and Bridges Fund is used to account for resources that are restricted, committed or assigned to supporting expenditures for the repair and maintenance of the Village's roads and bridges.

The Village reports the following nonmajor governmental fund:

The Debt Service Fund is used to account for resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt, principal, interest and related costs.

Additionally, the Village reports the following fiduciary fund:

The Police Pension Fund is used to account for the police pension activities.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due unless payment is due shortly after year end.

Property taxes, sales taxes (owed to the state at year end), simplified telecommunication taxes, utility taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Village reports deferred/unearned revenue and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Deferred/unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Deferred/unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, 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 and deferred inflows of resources for deferred/unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

e. Cash and Cash Equivalents

The Village considers liquid deposits or investments with a maturity of three months or less when purchased to be cash equivalents.

f. Investments

Investments in non-negotiable certificates of deposit and other investments with a maturity of less than one year when purchased are stated at cost. Investments with a maturity of one year or greater when purchased are reported at fair value.

g. Prepaid Items/Expenses

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

h. Capital Assets

Capital assets are recorded as expenditures at the time of purchase. Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., storm sewers and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of $2,500 for general capital assets and $15,000 for infrastructure assets, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	10-45
Machinery and furniture	3-20
Land improvements	15-20

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Compensated Absences

Vested or accumulated vacation and sick leave are reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation and sick leave of governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees.

j. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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

k. Net Position/Fund Balance

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or are legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance resulted from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village Board, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village Administrator. Any residual fund balance of the General Fund is reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

l. Interfund Transactions

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

m. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, if any, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

n. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

o. Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

a. Permitted Deposits and Investments

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

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

2. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

The Illinois Funds is investment pool created and regulated by the Illinois General Assembly. The fair value of the Village's investment in Illinois Funds has been determined using the net asset value (NAV) per share (or its equivalent) of the investments. The NAV of Illinois Funds is determined as of the close of business on each Illinois banking day. Illinois Funds invests in high-quality short-term debt instruments (U.S. Treasuries, U.S. agencies, and commercial paper), and shares may be redeemed on demand. There were no known restrictions on redemption of the Village's investments as of December 31, 2016.

b. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all funds on deposit, including checking accounts and certificates of deposit, that are in excess of FDIC. The collateral must be in the name of the Village and held at an independent third party institution and must be evidenced by a written agreement.

c. Village Investments

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of December 31, 2016:

- Negotiable certificates of deposits of $1,069,302 are valued by a pricing service based on recent market transactions (Level 2 inputs)
- Illinois Funds of $718,420 are valued using the net asset value (NAV) per share

Interest Rate Risk

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2016:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
Negotiable certificates of Deposit	$1,069,302	$ 348,857	$ 720,445	$ -	$ -
	$1,069,302	$ 348,857	$ 720,445	$ -	$ -

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

Credit Risk

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in negotiable certificates of deposit. The negotiable certificates of deposit are not rated but are each covered by FDIC insurance up to $250,000.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis (DVP) with the underlying investments held in a custodial account with the trust department of an approved financial institution. Illinois Funds are not subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk but has no set percentage limits.

d. Police Pension Fund Investments

Illinois Compiled Statutes (ILCS) limit the Police Pension Plan's (the Plan) investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Plan 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, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts (not to exceed 45% of the total assets of the Police Pension Plan). The pension fund specifically prohibits the investments in futures, options, derivations and other leveraged investments.

The pension fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

The pension fund has the following recurring fair value measurements as of December 31, 2016:

- Equities and U.S. agency securities of $3,978,005 and $3,551,035, respectively, are valued using quoted market prices (Level 1 inputs)
- Corporate bonds of $1,175,304 are valued using a matrix pricing model (Level 2 inputs).
- Illinois Funds of $718,420 are valued using the net asset value (NAV) per share

Investment Concentrations

There were no investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of plan net position for the Police Pension Plan. Information for IMRF is not available.

Investment Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

The Police Pension Plan's investment policy requires that any funds deposited directly in financial institutions should be made with fully federally insured financial institutions and that any deposits in excess of FDIC insurance should be collateralized at 110% of the fair market value of the deposits. The collateral will be held in a safekeeping by a third party and evidenced by a written agreement.

Interest Rate Risk

The following table presents the investments and maturities of the Police Pension Plan's debt securities as of December 31, 2016:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Agency Securities	$3,551,035	$ -	$2,900,529	$ 650,506	$ -
Corporate Obligations	1,175,304	-	199,525	975,779	-
	$4,726,339	$ -	$3,100,054	$1,626,285	$ -

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio into an equity portion and fixed income portion to allow the fund to maximize current returns while allowing stability of the fund and providing for long-term return on investment.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

Credit Risk

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring quarterly review of the returns of the equity portion of investments to address any standard deviations and by targeting 52% investment in secure fixed income investments, primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. Agency Securities are rated AA+. The Corporate Debt Securities have ratings ranging from AA- to AAA.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The Police Pension Fund's policy requires securities to be held by a third party custodian in a custodial trust account designated by the Treasurer or authorized depository. To additionally limit its exposure, the Police Pension Fund prepares all transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name.

3. RECEIVABLES

The following receivables are included in due from other governments on the statement of net position at December 31, 2016:

Income tax receivable	$ 47,094
Personal property replacement tax receivable	5,596
Sales and use tax receivable	40,856
Telecommunication tax receivable	31,809
Traffic fines receivable	1,919
Grant receivable	42,395
Motor fuel tax allotment receivable	9,985
	$ 179,654

4. PROPERTY TAXES

Property taxes are levied in December of each year on all taxable real property in the Village and attach as an enforceable lien on the property as of the preceding January 1. Property taxes receivable represent the balance due on the 2016 levy. Tax bills are prepared by the County and issued on or about February 1 (Cook County) and May 1 (Kane, Lake and McHenry County) and are payable in two installments on or about April 1 (Cook County) and June 1 (Kane, Lake and McHenry County(ies)) and on or about August or September 1 (Kane, Lake and McHenry County(ies)). (Cook County) and the County Collector collects such taxes and remits them periodically. Since the 2016 levy is intended to finance the 2017 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balances January 1	Increases	Decreases	Balances December 31
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 building improvements	2,199,492	-	-	2,199,492
Machinery and equipment	1,101,381	101,270	79,058	1,123,593
Total capital assets being depreciated	3,300,873	101,270	79,058	3,323,085
Less accumulated depreciation for				
Buildings and building improvements	1,122,411	48,704	-	1,171,115
Machinery and equipment	717,277	88,650	58,383	747,544
Total accumulated depreciation	1,839,688	137,354	58,383	1,918,659
Total capital assets being depreciated, net	1,461,185	(36,084)	20,675	1,404,426
Governmental Activities, Net	$ 1,811,534	$ (36,084)	$ 20,675	$ 1,754,775

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

Governmental Activities	
General Government	$ 71,424
Public Safety	65,930
Total	$ 137,354

6. LONG-TERM DEBT

a. General Obligation Bonds

On June 1, 2003, the Village issued $3,155,000 General Obligation Bonds, Series 2003, for payment of a tort liability settlement. Principal is due annually each January 1 through January 1, 2020. Interest is payable semiannually each January 1 and July 1 at rates ranging from 2.7% to 3.8%.

General obligation bonds are direct obligations and pledge the full faith and credit of the Village.

6. LONG-TERM DEBT (Continued)

b. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
Governmental Activities					
General obligation bonds	$ 1,160,000	$ -	$ 215,000	$ 945,000	$ 225,000
Capital lease payable	65,645	-	65,645	-	-
Compensated absences payable	13,735	186,764	178,699	21,800	10,788
Total Governmental Activities	$ 1,239,380	$ 186,764	$ 459,344	$ 966,800	$ 235,788

The compensated absences liability is primarily retired by the General and Public Safety Funds.

c. Debt Service Requirements to Maturity

The annual debt service requirements to amortize the governmental activities outstanding debt as of December 31, 2016 are as follows:

Fiscal Year	General Obligation Bonds Payable Principal	General Obligation Bonds Payable Interest
2017	$ 225,000	$ 30,889
2018	230,000	22,697
2019	240,000	14,000
2020	250,000	4,750
Total	$ 945,000	$ 72,336

d. Legal Debt Margin

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

> "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 General Assembly has set no limits for home rule municipalities.

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the current fiscal year or the two prior fiscal years.

8. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

Amounts received 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.

9. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan does not issue a separate report on the pension plan. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained online at www.imrf.org.

a. Illinois Municipal Retirement Fund

Plan Description

Plan description. All employees (other than those covered by the Police Pension plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2% for each year thereafter.

9. DEFINED BENEFIT PENSION PLANS (Continued)

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at $106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

Plan Membership

At December 31, 2016, the measurement date, membership in the plan was as follows:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	15
Active employees	6
Total	40

Contributions

As set by statute, Village employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's actuarially determined contribution rate for calendar year 2016 was 3.41% percent of annual covered payroll. The Village 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.

Net Pension Liability/(Asset).

The net pension liability/(asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies.

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability for the plan was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.50%
Price inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return.

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

		Projected Returns/Risk	
Asset Class	Target Allocation	One Year Arithmetic	Ten Year Geometric
Equities	38.0%	8.85%	7.39%
International equities	17.0%	9.55%	7.59%
Fixed income	27.0%	3.02%	3.00%
Real estate	8.0%	7.20%	6.00%
Alternatives	9.0%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash	1.0%	2.25%	2.25%
	100.0%		

9. DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Discount Rate Sensitivity.

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$ (248,908)	$ (970,727)	$ (1,558,132)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the plan for the calendar year ended December 31, 2016 was as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	$ 5,394,666	$ 6,228,425	$ (833,759)
Changes for the year:			
Service Cost	58,124	-	58,124
Interest on the Total Pension Liability	397,493	-	397,493
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(28,899)	-	(28,899)
Changes of Assumptions	-	-	-
Contributions - Employer	-	18,491	(18,491)
Contributions - Employees	-	24,403	(24,403)
Net Investment Income	-	425,165	(425,165)
Benefit Payments, including Refunds of Employee Contributions	(247,649)	(247,649)	-
Other (Net Transfer)	-	95,627	(95,627)
Net Changes	179,069	316,037	(136,968)
Balances at December 31, 2016	$ 5,573,735	$ 6,544,462	$ (970,727)

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

For the year ended December 31, 2016, the Village recognized pension expense of ($89,407). The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 82,736
Changes in assumptions	28,647	-
Net difference between projected and actual earnings on pension plan investments	335,333	-
Total deferred amounts related to pensions	$ 363,980	$ 82,736

9. DEFINED BENEFIT PENSION PLANS (Continued)

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2017	$ 61,100
2018	115,189
2019	97,380
2020	7,575
2021	-
Thereafter	-
Total	$ 281,244

b. Police Pension Plan

Plan Description

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - 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 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 retirement benefit. The monthly pension 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at $106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase in the CPI, whichever is less.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Membership

At December 31, 2016, the Police Pension Plan membership consisted of:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	16
Total	22

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% 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 eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit 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 ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year. The Village is required to finance the Police Pension Plan.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Contributions

Employees are required by Illinois Compiled Statutes 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. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Police Pension Plan are financed through investment earnings. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended December 31, 2016, the Village's contribution was 41.9% of covered payroll.

Net Pension Liability/(Asset).

The net pension liability/(asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies.

The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The Village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

9. DEFINED BENEFIT PENSION PLANS (Continued)

The Plan's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	33.75%	
Large Cap		4.75%
Mid Cap		5.00%
Small Cap		5.00%
International Equity	6.75%	
Developed Foreign		5.50%
Emerging Markets		7.75%
Commodities	4.50%	0.75%
Fixed Income	52.00%	
Aggregate Bonds		1.50%
Investment Grade Corporat		2.00%
Intermediate U.S. Treasuries		0.75%
High Yield		4.50%
Cash	3.00%	0.00%
	100.00%	

ILCS limit the Plan's investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of December 31, 2016 are listed in the table above.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions.

Actuarial Valuation Date	December 31, 2016
Actuarial cost method	Entry-age normal
Actuarial Assumptions	
Inflation	2.50%
Salary increases	4.00% to 13.42%
Interest rate	6.50%
Cost of living adjustments	3.00%
Asset valuation method	Market

9. DEFINED BENEFIT PENSION PLANS (Continued)

Mortality rates are based on the assumption study prepared by the actuary in 2016. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6.5% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	$ 10,721,595	$ 7,951,464	$ 5,707,585

9. DEFINED BENEFIT PENSION PLANS (Continued)

Changes in net pension liability/(asset).

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2016 was as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	$ 16,419,688	$ 8,437,869	$ 7,981,819
Changes for the year:			
Service Cost	455,871	-	455,871
Interest on the Total Pension Liability	1,053,382	-	1,053,382
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(127,433)	-	(127,433)
Changes of Assumptions	(282,786)	-	(282,786)
Contributions - Employer	-	671,907	(671,907)
Contributions - Employees	-	159,036	(159,036)
Contributions - Other	-	370	(370)
Net Investment Income	-	335,609	(335,609)
Benefit Payments, including Refunds of Employee Contributions	(427,630)	(427,630)	-
Other (Net Transfer)	-	(37,533)	37,533
Net Changes	671,404	701,759	(30,355)
Balances at December 31, 2016	$ 17,091,092	$ 9,139,628	$ 7,951,464

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

For the year ended December 31, 2016, the Village recognized pension expense of $1,023,368. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 277,215
Changes in assumptions	783,834	244,828
Net difference between projected and actual earnings on pension plan investments	487,071	-
Total deferred amounts related to pensions	$ 1,270,905	$ 522,043

9. DEFINED BENEFIT PENSION PLANS (Continued)

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2017	$ 196,349
2018	196,349
2019	196,347
2020	93,922
2021	48,974
Thereafter	16,921
Total	$ 748,862

10. OTHER POSTEMPLOYMENT BENEFITS

The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no retired employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of December 31, 2016.

Required Supplementary Information

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios
Illinois Municipal Retirement Fund
Last Three Fiscal Years

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	$ 58,124	$ 109,073	$ 112,314
Interest	397,493	402,650	372,888
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(28,899)	(273,403)	(28,799)
Changes of assumptions	-	-	183,087
Benefit payments, including refunds of member contributions	(247,649)	(315,557)	(166,528)
Net Change in Total Pension Liability	179,069	(77,237)	472,962
Total Pension Liability - Beginning	5,394,666	5,471,903	4,998,941
TOTAL PENSION LIABILITY - ENDING	$ 5,573,735	$ 5,394,666	$ 5,471,903
PLAN FIDICUARY NET POSITION			
Contributions - employer	$ 18,491	$ 41,172	$ 52,164
Contributions - member	24,403	44,753	44,798
Net investment income	425,165	32,674	382,304
Benefit payments, including refunds of member contributions	(247,649)	(315,557)	(166,528)
Administrative expense	95,627	(224,176)	34,763
Net Change in Plan Fiduciary Net Position	316,037	(421,134)	347,501
Plan Net Position - Beginning	6,228,425	6,649,559	6,302,058
PLAN NET POSITION - ENDING	$ 6,544,462	$ 6,228,425	$ 6,649,559
EMPLOYER'S NET PENSION LIABILITY (ASSET)	$ (970,727)	$ (833,759)	$ (1,177,656)
Plan fiduciary net position as a percentage of the total pension liability	117.42%	115.46%	121.52%
Covered-employee payroll	$ 542,290	$ 994,513	$ 995,505
Employer's net pension liability as a percentage of covered - employee payroll	-179.01%	-83.84%	-118.30%

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios
Police Pension Fund
Last Three Fiscal Years

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	$ 455,871	$ 407,335	$ 424,764
Interest	1,053,382	939,478	878,254
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(127,433)	(223,176)	-
Changes of assumptions	(282,786)	1,048,198	-
Benefit payments, including refunds of member contributions	(427,630)	(411,322)	(310,872)
Net Change in Total Pension Liability	671,404	1,760,513	992,146
Total Pension Liability - Beginning	16,419,688	14,659,175	13,667,029
TOTAL PENSION LIABILITY - ENDING	$ 17,091,092	$ 16,419,688	$ 14,659,175
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 671,907	$ 693,107	$ 652,863
Contributions - member	159,036	154,480	175,420
Contributions - other	370	-	50
Net investment income	335,609	21,753	375,634
Benefit payments, including refunds of member contributions	(427,630)	(411,322)	(310,872)
Administrative expense	(37,533)	(30,837)	(28,485)
Net Change in Plan Fiduciary Net Position	701,759	427,181	864,610
Plan Net Position - Beginning	8,437,869	8,010,688	7,146,078
PLAN NET POSITION - ENDING	$ 9,139,628	$ 8,437,869	$ 8,010,688
EMPLOYER'S NET PENSION LIABILITY (ASSET)	$ 7,951,464	$ 7,981,819	$ 6,648,487
Plan fiduciary net position as a percentage of the total pension liability	53.48%	51.39%	54.65%
Covered-employee payroll	$ 1,604,821	$ 1,568,660	$ 1,522,210
Employer's net pension liability as a percentage of covered - employee payroll	495.47%	508.83%	436.77%

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Last Three Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 52,164	$ 52,164	$ -	$ 995,905	5.24%
2015	41,173	41,172	1	994,513	4.14%
2016	18,492	18,491	1	542,290	3.41%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated as of December 31 of each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.50%
Salary increases	3.75% - 14.50%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Employer Contributions
Police Pension Fund
Last Ten Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered Payroll
2007	$ 365,544	$ 455,935	$ (90,391)	$ 1,369,386	33.29%
2008	405,265	753,829	(348,564)	N/A	N/A
2009	428,890	665,578	(236,688)	1,579,973	42.13%
2010	435,946	647,219	(211,273)	1,631,516	39.67%
2011	467,496	856,690	(389,194)	1,659,147	51.63%
2012	512,710	834,565	(321,855)	1,881,029	44.37%
2013	573,223	762,171	(188,948)	1,789,031	42.60%
2014	645,634	652,863	(7,229)	1,522,210	42.89%
2015	669,214	693,107	(23,893)	1,568,660	44.18%
2016	627,580	671,907	(44,327)	1,604,821	41.87%

N/A - information not available

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of December 31 of each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Investment Returns
Police Pension Fund
Last Three Fiscal Years

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2014	5.14%
2015	0.19%
2016	4.27%

Souce: Police Pension Plan's investment manager

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Taxes	$ 2,947,203	$ 2,672,361
Fees, permits and licenses	101,100	121,602
Charges for services	94,400	88,321
Fines and forfeitures	60,700	65,642
Intergovernmental	460,500	420,314
Investment income	14,000	20,597
Miscellaneous	13,000	56,561
Total Revenues	3,690,903	3,445,398
Expenditures		
Current		
General government	1,330,849	1,204,680
Public safety	2,224,619	1,982,222
Health services	8,700	7,635
Capital outlay	142,200	179,074
Total Expenditures	3,706,368	3,373,611
Excess (Deficiency) of Revenues over Expenditures	(15,465)	71,787
Other Financing Sources (Uses)		
Sale of capital assets	15,000	11,606
Total other financing sources (uses)	15,000	11,606
Net Change in Fund Balance	$ (465)	83,393
Fund Balance, Beginning of Year		2,111,103
Fund Balance, End of Year		$ 2,194,496

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Safety Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Property taxes	$ 2,043,278	$ 2,043,158
VOIP surcharges	-	9
Wireline surcharges	-	2,839
Wireless surcharges	-	84
Special detail	5,000	7,679
Drug/gang/DUI fund	4,000	2,490
Interest income	-	33
Other	4,700	51,332
Total Revenues	2,056,978	2,107,624
Expenditures		
Current		
Crossing guard		
Regular salaries	2,400	2,400
Police protection		
Regular salaries	1,925,578	1,911,901
Overtime	96,000	106,592
Longevity awards	25,000	24,000
Education benefits	4,000	-
Total police protection	2,050,578	2,042,493
Emergency 911		
Phone line charges	-	616
Total emergency 911	-	616
Drug/Gang/DUI	4,000	-

(Continued)

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
Public Safety Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
Debt service		
Principal	$ 24,500	$ 65,645
Interest	-	18,592
Total debt service	24,500	84,237
Total Expenditures	2,081,478	2,129,746
Net Change in Fund Balance	$ (24,500)	(22,122)
Fund Balance, Beginning of Year		1,406,488
Fund Balance, End of Year		$ 1,384,366

(Concluded)

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Road and Bridges Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Property taxes	$ 1,646,500	$ 1,830,034
Road and bridge taxes	75,000	81,275
Motor fuel tax interest	30	475
Federal grant revenue	-	114,445
Motor fuel tax allotments	-	107,164
Miscellaneous	108,000	9,676
Total Revenues	1,829,530	2,143,069
Expenditures		
Current		
Road maintenance	912,000	983,151
Snow plowing	240,000	194,184
Mowing	40,000	63,254
Sign purchase and installation	12,000	15,698
Drainage management	15,000	34,665
Engineering fees	315,000	78,698
Road striping	25,000	19,731
Equipment purchases	1,000	-
Equipment maintenance	1,000	-
Road patching	15,000	2,382
Bridge inspections	8,500	2,460
Bridge restoration engineering	-	152,766
Cuba Road bridge	245,000	177,967
Total Expenditures	1,829,500	1,724,956
Net Change in Fund Balance	$ 30	418,113
Fund Balance, Beginning of Year		(9,813)
Fund Balance, End of Year		$ 408,300

BUDGETS

Annual operating budgets are adopted for all governmental funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual budgets lapse at fiscal year-end unless specifically carried over.

Actual expenditures in the Public Safety Fund exceeded budget by $48,268 but was within the legal appropriation ordinance by $576,424.

Supplementary Information

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Detailed Schedule of Revenues - Budget and Actual
General Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Taxes		
Property	$ 2,259,203	$ 2,057,705
Sales and use	120,000	147,962
Replacement	48,000	40,734
Utility	520,000	425,960
Total taxes	2,947,203	2,672,361
Fees, permits and licenses		
Building permits	60,000	88,709
Liquor and scavenger licenses	1,200	1,000
Zoning and petition fees	2,400	1,000
Overweight permit fees	37,500	30,893
Total fees, permits and licenses	101,100	121,602
Charges for services		
Police accident reports	1,000	2,245
Copy fees	250	-
Franchise fees	88,000	80,577
Rental income	3,100	3,449
Insurance reimbursements	2,050	2,050
Total charges for services	94,400	88,321
Fines and forfeitures		
Traffic fines - Cook County	25,000	17,991
Supervision fees	2,700	3,689
Police "C" tickets	33,000	18,962
Settlements	-	25,000
Total fines and forfeitures	60,700	65,642
Intergovernmental		
State income tax	450,000	409,721
Grant revenue - public safety equipment	10,500	10,593
Total intergovernmental	460,500	420,314

(Continued)

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Detailed Schedule of Revenues - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues (Continued)		
Investment income	$ 14,000	$ 20,597
Miscellaneous revenue		
Police training reimbursements		
Animal services reimbursements	2,000	343
Contributions/donations	5,000	5,520
Other	6,000	50,698
Total miscellaneous revenue	13,000	56,561
Total Revenues	$ 3,690,903	$ 3,445,398

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Expenditures - Budget and Actual
General Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
General Government		
Administration	$ 440,754	$ 408,644
Building department	158,100	155,715
Insurance and risk	91,195	71,371
Legal	457,500	393,252
Municipal building and grounds	134,100	134,948
Zoning and planning development	49,200	40,750
Total general government	1,330,849	1,204,680
Public Safety		
Police department	2,224,619	1,982,222
Health Services	8,700	7,635
Capital Outlay	142,200	179,074
Total Expenditures	$ 3,706,368	$ 3,373,611

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Detailed Schedule of Expenditures - Budget and Actual
General Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
General Government			
Administration			
Salaries	$ 193,976	$ 180,977	$ 12,999
Social security	21,000	24,237	(3,237)
IMRF	8,750	6,483	2,267
Unemployment taxes	2,000	1,639	361
Office/computer supplies	6,000	8,102	(2,102)
Rental of office equipment	3,250	2,963	287
Telephones and fees	8,500	19,473	(10,973)
Barrington Area Council of Governments	27,000	24,873	2,127
Audit	23,000	15,900	7,100
Hardware/software	3,500	3,387	113
Finance consulting	550	8,000	(7,450)
Records management	-	1,557	(1,557)
Dues and subscriptions	8,800	7,194	1,606
Tuition and travel	6,000	515	5,485
Newsletter and website	19,700	11,528	8,172
Vehicle	2,000	254	1,746
Postage	3,250	2,073	1,177
Clerical services	22,498	30,417	(7,919)
Messenger service	-	45	(45)
Payroll	3,750	3,486	264
Broadband data	11,500	5,043	6,457
Web services	3,500	1,296	2,204
Merchant fees	200	1,850	(1,650)
Special events	6,100	5,276	824
Other/meetings expenditures	8,000	5,234	2,766
Village Treasurer	25,000	15,833	9,167
Telephone lease/purchase	930	-	930
Director of Communications	21,000	21,008	(8)
Overtime	1,000	-	1,000
Total administration	440,754	408,644	32,110
Building department			
Salaries	65,000	64,792	208
Outside services	56,000	54,281	1,719
Printing and office supplies	1,100	741	359
Automobile expenditures	100	-	100
Plumbing inspections	18,000	18,770	(770)
Records management	12,000	13,309	(1,309)
Surveying services	1,100	-	1,100

(Continued)

	Original and Final Budget	Actual	Variance
General Government (Continued)			
Building department (continued)			
Office expenditures	$ 3,300	$ 2,748	$ 552
Overtime	1,500	1,074	426
Total building department	158,100	155,715	2,385
Insurance and risk			
Workers' compensation insurance	80,000	59,657	20,343
Employee medical and life	640,000	515,231	124,769
Wellness program	2,400	-	2,400
Employee dental plan	44,000	34,632	9,368
Vehicle/physical damage	2,100	8,999	(6,899)
Surety bonds	3,000	1,993	1,007
Long-term disability	3,850	1,732	2,118
Property/inland marine	5,200	5,174	26
Asset inventory	10,700	2,744	7,956
General liability insurance	8,800	8,800	-
Vehicle liability insurance	7,000	7,000	-
Employment practice liability	3,900	3,900	-
Law enforcement insurance	12,400	12,400	-
Public officials insurance	3,900	3,900	-
Excess liability insurance	41,000	40,898	102
Deductible payments	5,000	-	5,000
Inland Marine/computer equipment	600	596	4
Property - Fire Station	3,100	3,057	43
Deductible payments	15,000	3,000	12,000
VSP expenses	20,000	-	20,000
Public safety portion	(820,755)	(642,342)	(178,413)
Total insurance and risk	91,195	71,371	19,824
Legal			
Village attorney	140,000	236,396	$ (96,396)
Court attorney	65,000	71,420	(6,420)
Other legal fees	40,000	629	39,371
Litigation expenses	100,000	6,801	93,199
Publications	2,500	961	1,539
Expert witnesses	8,000	-	8,000
Court reporters	7,000	8,018	(1,018)
Labor relations	10,000	15,445	(5,445)
FOIA records management	25,000	48,635	(23,635)
OMA expense	25,000	122	24,878
Planning/zoning	35,000	4,825	30,175
Total legal	457,500	393,252	64,248

(Continued)

	Original and Final Budget	Actual	Variance
General Government (Continued)			
Municipal building and grounds			
Interior building and maintenance	$ 25,000	$ 25,938	$ (938)
Exterior building and maintenance	16,000	19,147	(3,147)
Grounds maintenance	9,500	18,697	(9,197)
Contractual services	2,200	5,209	(3,009)
Parking lot maintenance	2,000	1,497	503
Taxes	4,500	4,025	475
Landscape restoration work	27,000	35,320	(8,320)
Landscape irrigation	1,200	749	451
Snow removal	9,000	20,854	(11,854)
Street lighting	2,700	3,054	(354)
Fire Station maintenance	35,000	458	34,542
Total municipal building and grounds	134,100	134,948	(848)
Zoning and planning department			
Minutes and transcripts	8,000	14,066	(6,066)
Supplies/maps/printing	25,000	22,739	2,261
Engineering services	6,000	109	5,891
Subdivision review costs	5,000	-	5,000
Equestrian Commission	100	-	100
Development Commission	100	-	100
Professional services	5,000	3,836	1,164
Total zoning and planning department	49,200	40,750	8,450
Total general government	1,330,849	1,204,680	126,169
Public Safety			
Police department			
Social security	119,000	137,345	(18,345)
IMRF	16,250	12,041	4,209
Gasoline	78,000	33,571	44,429
Squad car repairs	25,000	13,065	11,935
Tires	3,000	2,801	199
Telephone	15,000	12,767	2,233
Radio maintenance	-	117	(117)
Re-install radios	4,200	3,970	230
Nextel contract	7,800	6,687	1,113
Radar repairs	500	440	60
Security maintenance	16,000	15,963	37
Jail service contract	750	240	510
Membership and dues	12,200	11,280	920

(Continued)

	Original and Final Budget	Actual	Variance
Public Safety (Continued)			
Police department (continued)			
Uniforms	$ 11,000	$ 11,243	$ (243)
I.T. consultant	42,000	39,808	2,192
Marking vehicles	1,000	-	1,000
Training and travel	18,000	12,087	5,913
Shooting program and armory	7,000	6,382	618
Purchase of vehicular accessories	4,500	3,983	517
Employee recognition awards	1,000	1,136	(136)
Office expenditures	7,000	7,092	(92)
Office supplies	4,500	4,526	(26)
Other expenses	8,000	4,431	3,569
Towing	750	138	612
Recruitment	5,000	1,993	3,007
Professional service/consulting	5,000	150	4,850
Drug education	1,000	980	20
Disaster and emergency services	5,000	5,753	(753)
CALEA expenditures	8,000	7,990	10
Live-scan monthly fees	5,200	4,983	217
Restitution exchange and bond transfer	1,000	-	1,000
Insurance	820,755	642,342	178,413
Dispatch consolidation expense	103,000	103,943	(943)
Dispatch service expense	199,000	198,631	369
Pension contribution	669,214	674,345	(5,131)
Total public safety	2,224,619	1,982,222	242,397
Health Services			
Miscellaneous	5,000	1,439	3,561
Potable water	3,700	6,196	(2,496)
Total health services	8,700	7,635	1,065
Capital Outlay	142,200	179,074	(36,874)
Total Expenditures	$ 3,706,368	$ 3,373,611	$ 332,757

(Concluded)

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Property Taxes	$ 259,883	$ 261,359
Total Revenues	259,883	261,359
Expenditures		
Debt Service		
Principal retirement	225,000	225,000
Interest and fiscal charges	34,883	34,883
Total Expenditures	259,883	259,883
Net Change in Fund Balance	$ -	1,476
Fund Balance, Beginning of Year		102,926
Fund Balance, End of Year		$ 104,402

Other Information

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Property Tax, Assessed Valuations, Rates, Tax Extensions and Collections
Tax Year 2015
December 31, 2016

County	Cook		McHenry	
Assessed Valuation		$ 209,973,447		$ 108,493,003
	Rate	**Amount**	**Rate**	**Amount**
Funds				
General	0.3169	$ 665,351	0.2692	$ 252,666
Police protection	0.5835	1,225,285	0.4958	465,299
Police pension	0.1912	401,442	0.1624	152,447
Social security	0.0400	83,982	0.0340	31,892
Audit	0.0077	16,227	0.0066	6,162
Streets and bridge	0.5227	1,097,466	0.4441	416,760
Street lighting	0.0008	1,620	0.0007	615
Crossing guard	0.0007	1,440	0.0006	547
Unemployment insurance	0.0006	1,200	0.0004	456
Liability insurance	0.0234	49,190	0.0199	18,679
IMRF	0.0071	14,997	0.0061	5,694
Prior year adjustment	-	-	(0.0101)	(10,967)
Bond and interest	0.0757	158,924	0.0631	59,201
Total	1.7703	$ 3,717,124	1.4928	$ 1,399,451
Tax Collections				
Cash collected through December 31, 2016		$ 3,645,290		$ 1,397,978
Total Tax Collections		$ 3,645,290		$ 1,397,978
Percent Collected		98.07%		99.89%

Note: The Illinois Department of Revenue is required by law to calculate an equalization factor, known as the multiplier, to achieve uniform property assessment throughout the state. The final 2015 equalization factor for Cook County was 2.6685, which is used to bring the average level of assessment to the required 33 1/3% level mandated by state law.

Lake		Kane		Total	
	$ 78,063,069		$ 9,418,135		$ 405,947,654
Rate	Amount	Rate	Amount	Rate	Amount
0.2394	$ 186,858	0.2692	$ 23,403	1.0947	$ 1,128,278
0.4408	344,127	0.4958	43,098	2.0159	2,077,809
0.1445	112,763	0.1624	14,120	0.6605	680,772
0.0302	23,576	0.0340	2,954	0.1382	142,404
0.0058	4,559	0.0066	571	0.0267	27,519
0.3950	308,325	0.4441	38,603	1.8059	1,861,154
0.0006	456	0.0007	57	0.0028	2,748
0.0005	405	0.0006	51	0.0024	2,443
-	-	0.0005	42	0.0015	1,698
0.0177	13,814	0.0199	1,730	0.0809	83,413
0.0054	4,208	0.0061	528	0.0247	25,427
-	-	0.0343	3,227	0.0242	(7,740)
0.0567	44,230	0.0637	5,538	0.2592	267,893
1.3366	$ 1,043,321	1.5379	$ 133,922	6.1376	$ 6,293,818
	$ 1,039,424		$ 133,852		$ 6,216,544
	$ 1,039,424		$ 133,852		$ 6,216,544
	99.63%		99.95%		98.77%