

Village of Barrington Hills, Illinois

Annual Financial Report

For the year ended
December 31, 2019

VILLAGE OF BARRINGTON HILLS, ILLINOIS
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Independent Auditor's Report

The Honorable President
Members of the Board of Trustees
Village of Barrington Hills, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Barrington Hills, Illinois (the Village), as of and for the year ended December 31, 2019, 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, 2019, 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, as 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.

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

Wipfli LLP
Aurora, Illinois
May 29, 2020

VILLAGE OF BARRINGTON HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2019

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, 2019. You are invited to read this narrative in conjunction with the Village's financial statements. The Village presents several tables and graphs in the management's discussion and analysis that display comparative information.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village of Barrington Hills exceeded its liabilities and deferred inflows of resources by (\$2,368,888); this is the Village's net position. Of this amount, \$568,823 is restricted for specific purposes (restricted net position), and \$1,662,561 is invested in capital assets, which leaves unrestricted net position of (\$4,600,272).
 - Total governmental net position decreased by \$936,642 primarily due to higher pension expenses and more road maintenance and engineering projects than the prior year.
 - On December 31, 2019, the Village's governmental funds reported combined fund balances of \$3,645,825, a decrease of \$404,970 from December 31, 2018.
 - During the year, government-wide revenues totaled \$6,871,409, while expenses totaled \$7,808,051.
 - The General Fund reported total ending fund balance of \$2,908,309, an increase of \$308,063 from the prior year.
 - The Village's governmental funds reported total revenues of \$6,871,409, compared to \$6,667,448, which was forecasted.
 - The Village's governmental funds reported total expenditures of \$7,289,616, compared to \$7,548,849, 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 position 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.

VILLAGE OF BARRINGTON HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The Village adopts an annual 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.

VILLAGE OF BARRINGTON HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2019

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, 2019	December 31, 2018
Current and other assets	\$ 9,056,795	\$ 9,736,854
Net Pension Asset	1,474,770	698,847
Capital assets	1,662,561	1,688,952
Total assets	12,194,126	12,124,653
Pensions	1,813,909	2,969,032
Total deferred outflows of resources	1,813,909	2,969,032
Current liabilities	376,950	354,059
Noncurrent liabilities	10,148,806	10,147,416
Total liabilities	10,525,756	10,501,475
Property taxes	5,034,020	5,092,000
Pensions	817,147	932,456
Total deferred inflows of resources	5,851,167	6,024,456
Investment in capital assets	1,662,561	1,688,952
Restricted	568,823	709,691
Unrestricted	(4,600,272)	(3,830,889)
Total net position	\$ (2,368,888)	\$ (1,432,246)

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.

VILLAGE OF BARRINGTON HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2019

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

Table 2
Condensed Statement of Activities

	Governmental Activities	
	Year Ending December 31, 2019	Year Ending December 31, 2018
Revenues:		
Program revenues		
Charges for services	\$ 176,473	\$ 198,152
Operating grants and contributions	153,254	132,084
Capital grants and contributions	-	-
General revenues		
Property taxes	5,177,418	5,427,282
Utility taxes	511,388	542,968
Income taxes	448,002	403,079
Sales/ uses/ replacement taxes	263,085	156,045
Investment income	135,249	80,224
Miscellaneous income	6,540	56,915
Total revenues	<u>6,871,409</u>	<u>6,996,749</u>
Expenses:		
General government	1,283,479	1,473,646
Public safety	4,854,989	4,794,922
Roads and bridges	1,656,876	1,322,293
Health services	3,207	2,757
Interest on long-term debt	9,500	18,500
Total expenses	<u>7,808,051</u>	<u>7,612,118</u>
Changes in net position	(936,642)	(615,369)
Beginning net position	<u>(1,432,246)</u>	<u>(816,877)</u>
Ending net position	<u>\$ (2,368,888)</u>	<u>\$ (1,432,246)</u>

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.

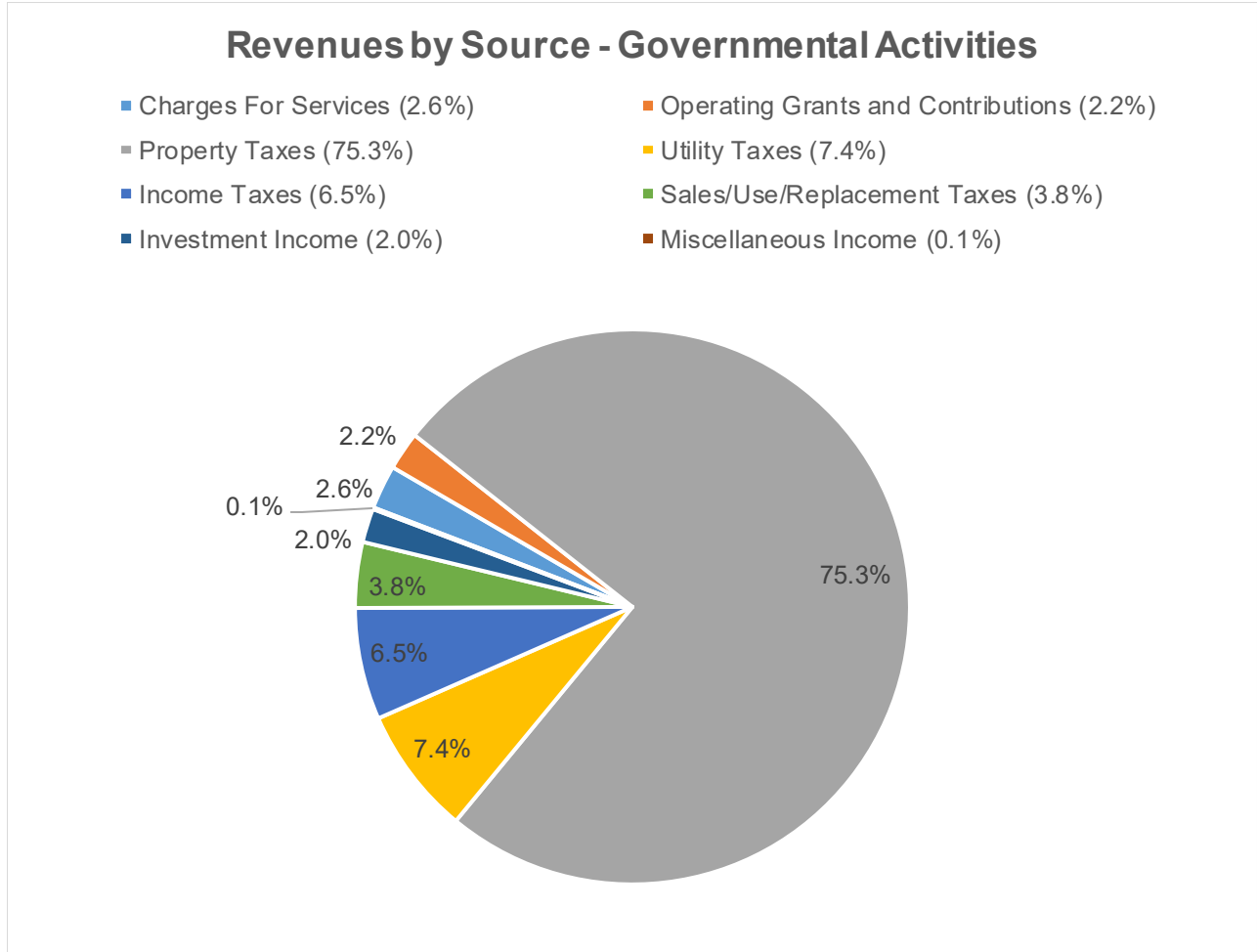
The decrease in General Government expenses is primarily due to decreases in maintenance projects from the prior year.

The increase in Public Safety expenses is primarily due to increases in pension expenses.

The increase in Road and Bridges expenses is due to an increase of road maintenance and drainage projects.

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

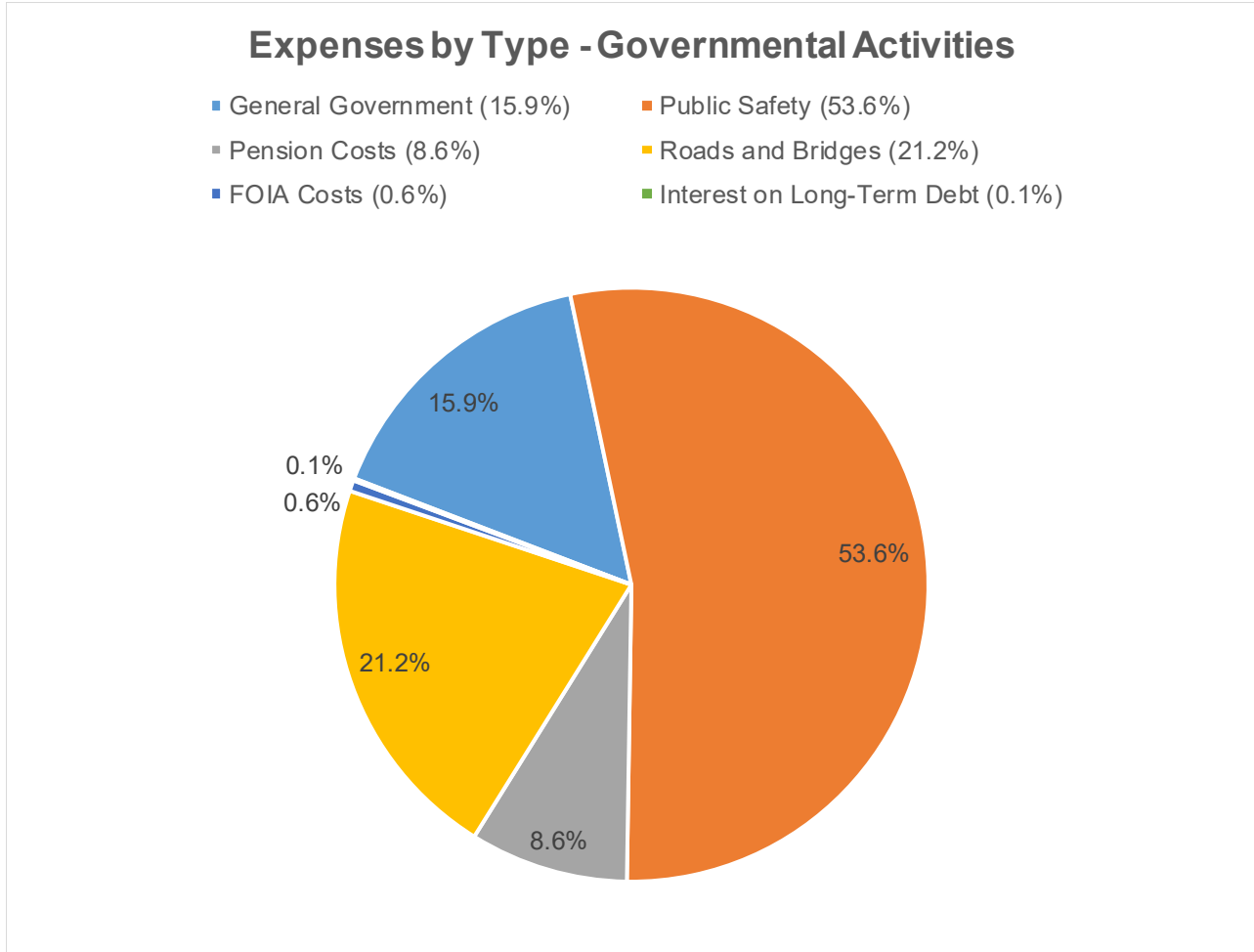
Chart 1



The revenues chart (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.

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

Chart 2



The expenses chart (Chart 2) identifies the overall expense of governmental functions and services. Public safety remains the Village's largest expense, while FOIA costs and interest on long-term debt are its smallest expenses.

VILLAGE OF BARRINGTON HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2019

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, 2019, the Village's governmental funds reported combined fund balances of \$3,645,825. Of this amount, \$3,016,300 constitutes unassigned fund balance, which is available to meet the Village's current and future needs. The remaining \$629,525 is nonspendable, restricted or assigned. The combined fund balance decreased from last year's total of \$4,050,795.

General Fund

The Village's General Fund is the chief operating fund of the Village. Total fund balance in the General Fund increased \$308,063 or 11.85%. This was due primarily to higher than budgeted revenues and lower than budgeted general government and public safety expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual revenues for the current year were \$3,518,334 compared to the revenue forecast of \$3,370,965. This variance is primarily due to higher than expected returns on investments and higher distributions of property taxes and state income taxes than anticipated.

The General Fund budget for the year ended December 31, 2019 had total expenditures of \$3,512,629. The General Fund actual expenditures were lower than the budgeted expenditures. Actual expenditures totaled \$3,223,508. The variance is due to lower general government legal expenses than anticipated, and lower public safety insurance costs than expected.

VILLAGE OF BARRINGTON HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2019

CAPITAL ASSETS

At the end of 2019, the Village had invested a total of \$1,662,561 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 net decrease in the Village's investment in capital assets for the current fiscal year was (\$26,391).

Table 1
Capital Assets

	Governmental Activities	
	December 31, 2019	December 31, 2018
Capital assets not being depreciated		
Land	\$ 350,349	\$ 350,349
Capital assets being depreciated		
Buildings and improvements	2,257,812	2,199,492
Equipment, furniture and vehicles	1,244,434	1,229,186
	<hr/>	<hr/>
Total capital assets	3,852,595	3,779,027
Less accumulated depreciation	<hr/> (2,190,034)	<hr/> (2,090,075)
	<hr/>	<hr/>
Capital assets, net of depreciation	\$ 1,662,561	\$ 1,688,952

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

LONG-TERM LIABILITIES

At December 31, 2019, the Village had \$10,148,806 of governmental debt, compensated absences, and net pension liability outstanding as compared to \$10,147,416 the previous year. This was primarily a result of an increase in net pension liability for the Police Pension Fund and a decrease in the net pension asset for IMRF. Also, the Village paid out accrued sick leave to retiring employees during the year resulting in a decrease in its compensated absences liability.

In accordance with Illinois Statutes, total general obligation indebtedness of the Village is not limited. Total general obligation debt was paid during the year, leaving zero outstanding at year end.

VILLAGE OF BARRINGTON HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2019

LONG-TERM LIABILITIES (cont.)

Table 1
Long Term Liabilities

	Governmental Activities	
	December 31, 2019	December 31, 2018
General obligation debt	\$ -	\$ 490,000
Compensated absences	190,242	216,503
Net pension liability	9,958,564	9,440,913
Total	<u>\$ 10,148,806</u>	<u>\$ 10,147,416</u>

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 2019 budget, including fund balance, 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Statement of Net Position

December 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 3,798,123
Receivables	
Taxes	5,035,851
Other	53,452
Accrued interest	7,249
Due from other governments	101,418
Prepaid items	60,702
Net pension asset - IMRF	1,474,770
Capital assets not being depreciated	350,349
Capital assets (net of accumulated depreciation)	<u>1,312,212</u>
Total assets	<u>12,194,126</u>
Deferred Outflows of Resources	
Pension related - Police Pension Plan	1,785,194
Pension related - IMRF	<u>28,715</u>
Total deferred outflows of resources	<u>1,813,909</u>
Liabilities	
Accounts payable	316,425
Payroll withholding liabilities	630
Due to fiduciary fund	18,375
Escrow liability	41,520
Long-term liabilities	
Due within one year	21,735
Due in more than one year	168,507
Net pension liability - Police Pension Plan	<u>9,958,564</u>
Total liabilities	<u>10,525,756</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year	5,034,020
Pension related - Police Pension Plan	449,380
Pension related - IMRF	<u>367,767</u>
Total deferred inflows of resources	<u>5,851,167</u>
Net Position	
Investment in capital assets	1,662,561
Restricted	
Employee retirement	135,446
Liability insurance	160,712
Public safety	271,148
Debt service	1,517
Unrestricted	<u>(4,600,272)</u>
Total Net Position	<u>\$ (2,368,888)</u>

See accompanying notes to financial statements

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VILLAGE OF BARRINGTON HILLS, ILLINOIS

Statement of Activities

Year Ended December 31, 2019

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities					
General government	\$1,283,479	\$ 82,290	\$ 7,150	\$ -	\$ (1,194,039)
Public safety	4,854,989	52,858	8,024	-	(4,794,107)
Roads and bridges	1,656,876	41,325	138,080	-	(1,477,471)
Health services	3,207	-	-	-	(3,207)
Interest	9,500	-	-	-	(9,500)
Total governmental activities	\$7,808,051	\$ 176,473	\$ 153,254	\$ -	(7,478,324)

General revenues	
Taxes	
Property	5,177,418
Sales and use	219,388
Replacement	43,697
Utility	511,388
Intergovernmental	
State income tax	448,002
Investment income	135,249
Miscellaneous	6,540
Total	<u>6,541,682</u>
Change in net position	(936,642)
Net position, beginning of year	<u>(1,432,246)</u>
Net position, end of year	<u><u>\$ (2,368,888)</u></u>

See accompanying notes to financial statements

VILLAGE OF BARRINGTON HILLS, ILLINOISBalance Sheet
Governmental Funds
December 31, 2019

	General	Public Safety
Assets		
Cash and investments	\$ 2,830,276	\$ 271,280
Receivables		
Taxes	1,774,211	2,154,307
Other	53,452	-
Accrued interest	7,249	-
Due from other governments	82,942	-
Prepaid items	60,702	-
Total Assets	\$ 4,808,832	\$ 2,425,587
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 65,981	\$ 1,236
Payroll withholding liabilities	630	-
Due to fiduciary fund	18,375	-
Escrow liability	41,520	-
Total liabilities	126,506	1,236
Deferred Inflows of Resources		
Property taxes levied for subsequent year	1,774,017	2,153,203
Total liabilities and deferred inflows of resources	1,900,523	2,154,439
Fund Balances		
Nonspendable - prepaid items	60,702	-
Restricted		
Employee retirement	135,446	-
Liability insurance	160,712	-
Public safety	-	271,148
Debt service	-	-
Unrestricted		
Unassigned	2,551,449	-
Total fund balances	2,908,309	271,148
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,808,832	\$ 2,425,587

See accompanying notes to financial statements

Roads and Bridges	Nonmajor Debt Service	Total
\$ 695,133	\$ 1,434	\$ 3,798,123
1,107,250	83	5,035,851
-	-	53,452
-	-	7,249
18,476	-	101,418
-	-	60,702
<u>\$ 1,820,859</u>	<u>\$ 1,517</u>	<u>\$ 9,056,795</u>
\$ 249,208	\$ -	\$ 316,425
-	-	630
-	-	18,375
-	-	41,520
<u>249,208</u>	<u>-</u>	<u>376,950</u>
<u>1,106,800</u>	<u>-</u>	<u>5,034,020</u>
<u>1,356,008</u>	<u>-</u>	<u>5,410,970</u>
-	-	60,702
-	-	135,446
-	-	160,712
-	-	271,148
-	1,517	1,517
<u>464,851</u>	<u>-</u>	<u>3,016,300</u>
<u>464,851</u>	<u>1,517</u>	<u>3,645,825</u>
<u>\$ 1,820,859</u>	<u>\$ 1,517</u>	<u>\$ 9,056,795</u>

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VILLAGE OF BARRINGTON HILLS, ILLINOIS

Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Position
December 31, 2019

Total Fund Balances of Governmental Funds	\$ 3,645,825
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	1,662,561
Net pension assets are not financial resources and are not reported in governmental funds	1,474,770
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,813,909
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(817,147)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Compensated absences payable	(190,242)
Net pension liability	<u>(9,958,564)</u>
Net Position of Governmental Activities	<u>\$ (2,368,888)</u>

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, 2019

	General	Public Safety
Revenues		
Taxes	\$ 2,687,135	\$ 2,090,156
Fees, permits and licenses	116,514	-
Charges for services	89,708	20,847
Fines and forfeitures	30,488	1,754
Intergovernmental	454,272	-
Investment income	126,477	-
Miscellaneous	13,740	-
Total revenues	<u>3,518,334</u>	<u>2,112,757</u>
Expenditures		
Current operating		
General government	979,015	-
Public safety	2,047,986	2,149,732
Roads and bridges	-	-
Health services	3,207	-
Capital outlay	193,300	-
Debt service		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>3,223,508</u>	<u>2,149,732</u>
Excess (deficiency) of revenues over expenditures	294,826	(36,975)
Other Financing Sources (Uses)		
Sale of capital assets	<u>13,237</u>	-
Total other financing sources (uses)	<u>13,237</u>	-
Net Change in Fund Balance	308,063	(36,975)
Fund Balance, Beginning of Year	<u>2,600,246</u>	<u>308,123</u>
Fund Balance, End of Year	<u><u>\$ 2,908,309</u></u>	<u><u>\$ 271,148</u></u>

See accompanying notes to financial statements

Roads and Bridges	Nonmajor Debt Service	Total
\$ 937,859	\$ 155,607	\$ 5,870,757
-	-	116,514
-	-	110,555
-	-	32,242
138,080	-	592,352
8,772	-	135,249
-	-	13,740
<u>1,084,711</u>	<u>155,607</u>	<u>6,871,409</u>
-	-	979,015
-	-	4,197,718
1,656,876	-	1,656,876
-	-	3,207
-	-	193,300
-	250,000	250,000
-	9,500	9,500
<u>1,656,876</u>	<u>259,500</u>	<u>7,289,616</u>
(572,165)	(103,893)	(418,207)
-	-	13,237
-	-	13,237
(572,165)	(103,893)	(404,970)
<u>1,037,016</u>	<u>105,410</u>	<u>4,050,795</u>
<u>\$ 464,851</u>	<u>\$ 1,517</u>	<u>\$ 3,645,825</u>

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (404,970)

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 128,378

Governmental funds do not report the deletion of capital assets;
however, deletions of capital assets and related accumulated
depreciation decrease net position. (16,267)

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 250,000

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	(138,502)
Increase in compensated absences	26,261
IMRF expense	775,923
Police pension expense	(517,651)
Deferred outflows and inflows of resources related to pensions	<u>(1,039,814)</u>

Change in Net Position of Governmental Activities \$ (936,642)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Statement of Fiduciary Net Position

December 31, 2019

	<u>Pension Trust</u>
	Police
	<u>Pension</u>
Assets	
Cash and cash equivalents	\$ 546,601
Investments, at fair value	
Fixed income	4,312,333
Equities	7,175,128
Receivables	
Accrued interest	24,779
Due from Village	18,375
Prepaid expenses	<u>3,431</u>
Total assets	<u>12,080,647</u>
Liabilities	
Accounts payable	<u>5,991</u>
Total liabilities	<u>5,991</u>
Net Position Held in Trust for Pension Benefits	<u><u>\$ 12,074,656</u></u>

See accompanying notes to financial statements

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2019

	<u>Pension Trust</u> <u>Police</u> <u>Pension</u>
Additions	
Contributions	
Employer	\$ 811,181
Employee	<u>165,467</u>
Total contributions	<u>976,648</u>
Investment income	
Net appreciation in fair value of investments	1,533,195
Interest and dividends	<u>248,047</u>
Total investment income	1,781,242
Less investment expense	<u>(35,770)</u>
Net investment income	<u>1,745,472</u>
Total additions	<u>2,722,120</u>
Deductions	
Benefits	694,572
Administration	<u>23,022</u>
Total deductions	<u>717,594</u>
Net Increase	2,004,526
Net Position Held in Trust for Pension Benefits	
Beginning of Year	<u>10,070,130</u>
End of Year	<u><u>\$ 12,074,656</u></u>

See accompanying notes to financial statements

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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, 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 and use 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 and use 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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 the availability 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

All investments in non-negotiable certificates of deposit and other investments 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

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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. Vested or accumulated sick leave may qualify for payment at employee retirement through the Village's sick leave incentive program.

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. 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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. CASH AND INVESTMENTS

a. Permitted Deposits and Investments

ILCS and the Village's investment policy authorize the Village to make deposits or 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

2. CASH AND INVESTMENTS (Continued)

The Illinois Funds is an 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, 2019.

At December 31, 2019, the Village's cash and investments were comprised of the following:

	<u>Government-Wide</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and Investments	\$ 3,798,123	\$ 12,034,062	\$ 15,832,185
Total	<u>\$ 3,798,123</u>	<u>\$ 12,034,062</u>	<u>\$ 15,832,185</u>

For disclosure purposes, this amount is segregated into the following components: 1.) deposits with financial institutions, which include amounts held in demand accounts and money market accounts; 2.) petty cash on-hand; 3.) debt securities, which include debt issues from the U.S. Treasury, U.S. Agencies, and corporations, and negotiable certificates of deposit; 4.) equity securities; and 5.) other investments, which consist of external investment pools.

	<u>Cash and Investments</u>
Deposits with Financial Institutions	\$ 1,827,104
Petty Cash	450
Debt Securities	6,077,008
Equity Securities	7,175,128
Other Investments	<u>752,495</u>
Total	<u>\$ 15,832,185</u>

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 at 110%, including checking accounts and certificates of deposit, that are in excess of FDIC insurance. 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. At December 31, 2019, the Village was in compliance with this policy.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

2. CASH AND INVESTMENTS (Continued)

At December 31, 2019, the carrying amount of the Village's deposits for governmental activities (excluding fiduciary deposits of \$403,835) totaled \$1,423,269 and the bank balances totaled \$1,520,764. Additionally, the Village had \$609,729 invested in the Illinois Funds, with an average maturity of less than one year and is measured at net asset value per share as determined by the pool, and \$1,764,675 invested in negotiable certificates of deposit, with average maturities of one to five years, valued using observable inputs (Level 2 inputs). Finally, the Village keeps petty cash of \$450 for a total carrying amount of cash and cash equivalents of \$3,798,123.

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.

At of December 31, 2019, the Village held the following investments:

Investment Type	Government-Wide	Fiduciary	Total
Debt Securities			
U.S. Treasuries	\$ -	\$ 1,804,916	\$ 1,804,916
U.S. Agencies	-	149,273	149,273
Certificates of Deposit	1,764,675	619,786	2,384,461
Corporate Bonds	-	1,738,358	1,738,358
Equity Securities	-	7,175,128	7,175,128
Illinois Funds	609,729	142,766	752,495
Total	\$ 2,374,404	\$ 11,630,227	\$ 14,004,631

The Village has the following recurring fair value measurements as of December 31, 2019:

	Fair Value Measurements Using			
	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
Certificates of Deposit	1,764,675	-	1,764,675	-
Total Investments by Fair Value Level	\$ 1,764,675	\$ -	\$ 1,764,675	\$ -

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

2. CASH AND INVESTMENTS (Continued)

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable Certificates of Deposit	\$1,764,675	\$ 752,303	\$ 1,012,372	\$ -	\$ -
	<u>\$1,764,675</u>	<u>\$ 752,303</u>	<u>\$ 1,012,372</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

2. CASH AND INVESTMENTS (Continued)**d. Police Pension Fund Investments**

At December 31, 2019, the police pension fund held the following investments:

Investment Type	Police Pension
Debt Securities	
U.S. Treasuries	\$ 1,804,916
U.S. Agencies	149,273
Certificates of Deposit	619,786
Corporate Bonds	1,738,358
Equity Securities	7,175,128
Illinois Funds	142,766
Total	<u>\$ 11,630,227</u>

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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

2. CASH AND INVESTMENTS (Continued)

At December 31, 2019, the police pension fund held investments with the following fair values:

Investments by Fair Value Level	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 1,804,916	\$ 1,804,916	\$ -	\$ -
U.S. Agencies	149,273	-	149,273	-
Certificates of Deposit	619,786	-	619,786	-
Corporate Obligations	1,738,358	-	1,738,358	-
Equity Securities	7,175,128	7,175,128	-	-
Total Investments by Fair Value Level	\$ 11,487,461	\$ 8,980,044	\$ 2,507,417	\$ -

The following table presents the investments and maturities of the Police Pension Plan's debt securities as of December 31, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Agency Securities	\$ 149,273	\$ -	\$ -	\$ 64,065	\$ 85,208
U.S. Treasury Securities	1,804,916	-	850,208	954,708	-
Certificates of Deposit	619,786	96,820	522,966	-	-
Corporate Obligations	1,738,358	34,109	936,125	768,124	-
	\$ 4,312,333	\$ 130,929	\$ 2,309,299	\$ 1,786,897	\$ 85,208

Interest Rate Risk

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.

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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

2. CASH AND INVESTMENTS (Continued)

Investment Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.41%. 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.

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 37% 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 BB+ 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, 2019:

Personal property replacement tax receivable	\$	5,911
Sales and use tax receivable		54,280
Telecommunication tax receivable		22,751
Motor fuel tax allotment receivable		18,476
		<hr/>
	\$	101,418

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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 represents the balance due on the 2019 levy plus any 2018 levy distributions made within 60 days of the Village's fiscal year-end. Tax bills are prepared by the County and issued on or about February 1 (Cook County) and May 1 (Kane, Lake, and McHenry Counties). Tax bills are payable in two installments on or about March 1 (Cook County) and June 1 (Kane, Lake, and McHenry Counties) and on or about August 1 (Cook County) and September 1 (Kane, Lake, and McHenry Counties). The County Collector collects such taxes and remits them periodically. Since the 2019 levy is intended to finance the 2020 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, 2019 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	<u>350,349</u>	<u>-</u>	<u>-</u>	<u>350,349</u>
Capital assets being depreciated				
Buildings and building improvements	2,199,492	58,320	-	2,257,812
Machinery and equipment	1,229,186	70,058	54,810	1,244,434
Total capital assets being depreciated	<u>3,428,678</u>	<u>128,378</u>	<u>54,810</u>	<u>3,502,246</u>
Less accumulated depreciation for				
Buildings and building improvements	1,263,425	46,389	-	1,309,814
Machinery and equipment	826,650	92,113	38,543	880,220
Total accumulated depreciation	<u>2,090,075</u>	<u>138,502</u>	<u>38,543</u>	<u>2,190,034</u>
Total capital assets being depreciated, net	<u>1,338,603</u>	<u>(10,124)</u>	<u>16,267</u>	<u>1,312,212</u>
Governmental Activities, Net	<u>\$ 1,688,952</u>	<u>\$ (10,124)</u>	<u>\$ 16,267</u>	<u>\$ 1,662,561</u>

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

Governmental Activities	
General Government	\$ 72,021
Public Safety	<u>66,481</u>
Total	<u>\$ 138,502</u>

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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 was due annually each January 1 through January 1, 2020. Interest was payable semiannually each January 1 and July 1 at rates ranging from 2.7% to 3.8%. The final payment was made in December 2019.

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

b. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
Governmental Activities					
General obligation bonds	\$ 490,000	\$ -	\$ 490,000	\$ -	\$ -
Compensated absences payable	216,503	269,496	295,757	190,242	21,735
Net pension liability (NPL) - Police Pension Plan	9,440,913	517,651	-	9,958,564	-
Total Governmental Activities	\$ 10,147,416	\$ 787,147	\$ 785,757	\$ 10,148,806	\$ 21,735

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

c. 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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, 2019, 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	<u>6</u>
Total	<u><u>40</u></u>

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 2019 was 0.77% 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, 2019, 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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, 2019 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Investment Rate of Return	7.25%
Price inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation

Retirement Age

Experience-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy 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-2017 (base year 2015). 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-2017 (base year 2015). 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:

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

9. DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	37.0%	7.05%	5.75%
International equities	18.0%	8.10%	6.50%
Fixed income	28.0%	3.70%	3.25%
Real estate	9.0%	6.35%	5.20%
Alternatives	7.0%		
Private equity		11.30%	7.60%
Hedge funds		N/A	N/A
Commodities		4.65%	3.60%
Cash	1.0%	1.85%	1.85%
	<u>100.0%</u>		

Discount Rate

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

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 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ (710,373)	\$ (1,474,770)	\$ (2,102,994)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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, 2019 were as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2018	\$ 6,223,929	\$ 6,922,776	\$ (698,847)
Changes for the year:			
Service Cost	46,905	-	46,905
Interest on the Total Pension Liability	439,037	-	439,037
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	96,985	-	96,985
Changes of Assumptions	-	-	-
Contributions - Employer	-	3,550	(3,550)
Contributions - Employees	-	20,745	(20,745)
Net Investment Income	-	1,354,699	(1,354,699)
Benefit Payments, including Refunds of Employee Contributions	(383,399)	(383,399)	-
Other (Net Transfer)	-	(20,144)	20,144
Net Changes	199,528	975,451	(775,923)
Balances at December 31, 2019	\$ 6,423,457	\$ 7,898,227	\$ (1,474,770)

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

For the year ended December 31, 2019, the Village recognized pension expense of \$193,894. 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	\$ 28,715	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	367,767
Total deferred amounts related to pensions	\$ 28,715	\$ 367,767

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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
2020	\$ (77,806)
2021	(114,097)
2022	26,160
2023	(173,309)
2024	-
Thereafter	-
Total	<u>\$ (339,052)</u>

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 officer 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Membership

At December 31, 2019, the Police Pension Plan membership consisted of:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>17</u>
Total	<u><u>26</u></u>

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 1/2 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., 1/2% 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 1/2 of the change in the Consumer Price Index for the proceeding calendar year. The Village is required to finance the Police Pension Plan.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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, 2019, the Village's contribution was 48.58% of covered payroll.

Net Pension Liability/(Asset).

The net pension liability/(asset) was measured as of December 31, 2019, 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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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		
Large Cap	27.00%	7.62%
Mid Cap	3.00%	8.30%
Small Cap	3.00%	7.36%
REITs	3.00%	6.87%
International Equity		
Developed Foreign	16.00%	7.12%
Emerging Markets	8.00%	8.75%
Fixed Income	37.00%	3.70%
Cash	3.00%	2.91%
	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, 2019 are listed in the table above.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of January 1, 2019 using the following actuarial methods and assumptions.

Actuarial Valuation Date	January 1, 2019
Measurement Date	December 31, 2019
Actuarial cost method	Entry-age normal

Actuarial Assumptions

Inflation	2.25%
Salary increases	3.75% to 13.17%
Interest rate	6.50%
Cost of living adjustments	2.25%
Asset valuation method	Market

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

9. DEFINED BENEFIT PENSION PLANS (Continued)

Mortality

Active mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Retiree Mortality follows the Lauterbach & Amen Assumption Study for Police 2020. These rates are experience weighted with the Sex District Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger), the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. 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 6.50% 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	\$ 13,489,495	\$ 9,958,564	\$ 7,116,453

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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, 2019 was as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 19,511,043	\$ 10,070,130	\$ 9,440,913
Changes for the year:			
Service Cost	519,325	-	519,325
Interest on the Total Pension Liability	1,245,644	-	1,245,644
Changes of Benefit Terms	48,902	-	48,902
Differences Between Expected and Actual Experience of the Total Pension Liability	622,493	-	622,493
Changes of Assumptions	780,385	-	780,385
Contributions - Employer	-	811,181	(811,181)
Contributions - Employees	-	165,467	(165,467)
Contributions - Other	-	-	-
Net Investment Income	-	1,745,472	(1,745,472)
Benefit Payments, including Refunds of Employee Contributions	(694,572)	(694,572)	-
Other (Net Transfer)	-	(23,022)	23,022
Net Changes	2,522,177	2,004,526	517,651
Balances at December 31, 2019	\$ 22,033,220	\$ 12,074,656	\$ 9,958,564

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

For the year ended December 31, 2019, the Village recognized pension expense of \$1,402,379. 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	\$ 719,134	\$ 141,465
Changes in assumptions	1,066,060	130,954
Net difference between projected and actual earnings on pension plan investments	-	176,961
Total deferred amounts related to pensions	\$ 1,785,194	\$ 449,380

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Financial Statements

December 31, 2019

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
2020	\$ 291,506
2021	246,561
2022	291,294
2023	(24,541)
2024	214,702
Thereafter	316,292
Total	<u>\$ 1,335,814</u>

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. 75, *Accounting and Financial Reporting 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, 2019.

11. LEASE OBLIGATIONS

The Village leases certain office equipment under operating leases expiring in fiscal year 2023. Lease payments of \$3,432 were made during the year ended December 31, 2019. The minimum future lease payments under these non-cancelable leases, in the aggregate are:

Fiscal Year	Amount
2020	\$ 3,432
2021	3,432
2022	3,432
2023	2,574
Total	<u>\$ 12,870</u>

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios
Illinois Municipal Retirement Fund
Last Six Fiscal Years

	2019	2018
TOTAL PENSION LIABILITY		
Service cost	\$ 46,905	\$ 48,689
Interest	439,037	408,876
Changes of benefit terms	-	-
Differences between expected and actual experience	96,985	341,488
Changes of assumptions	-	165,552
Benefit payments, including refunds of member contributions	(383,399)	(336,013)
Net Change in Total Pension Liability	199,528	628,592
Total Pension Liability - Beginning	6,223,929	5,595,337
TOTAL PENSION LIABILITY - ENDING	\$ 6,423,457	\$ 6,223,929
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 3,550	\$ 3,693
Contributions - member	20,745	21,575
Net investment income	1,354,699	(441,734)
Benefit payments, including refunds of member contributions	(383,399)	(336,013)
Administrative expense	(20,144)	223,567
Net Change in Plan Fiduciary Net Position	975,451	(528,912)
Plan Net Position - Beginning	6,922,776	7,451,688
PLAN NET POSITION - ENDING	\$ 7,898,227	\$ 6,922,776
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (1,474,770)	\$ (698,847)
Plan fiduciary net position as a percentage of the total pension liability	122.96%	111.23%
Covered payroll	\$ 461,001	\$ 479,453
Employer's net pension liability as a percentage of covered payroll	-319.91%	-145.76%

2017	2016	2015	2014
\$ 50,562	\$ 58,124	\$ 109,073	\$ 112,314
410,040	397,493	402,650	372,888
-	-	-	-
(370)	(28,899)	(273,403)	(28,799)
(174,985)	-	-	183,087
(263,645)	(247,649)	(315,557)	(166,528)
21,602	179,069	(77,237)	472,962
5,573,735	5,394,666	5,471,903	4,998,941
<u>\$ 5,595,337</u>	<u>\$ 5,573,735</u>	<u>\$ 5,394,666</u>	<u>\$ 5,471,903</u>
\$ 4,481	\$ 18,491	\$ 41,172	\$ 52,164
23,454	24,403	44,753	44,798
1,181,814	425,165	32,674	382,304
(263,645)	(247,649)	(315,557)	(166,528)
(38,878)	95,627	(224,176)	34,763
907,226	316,037	(421,134)	347,501
6,544,462	6,228,425	6,649,559	6,302,058
<u>\$ 7,451,688</u>	<u>\$ 6,544,462</u>	<u>\$ 6,228,425</u>	<u>\$ 6,649,559</u>
<u>\$ (1,856,351)</u>	<u>\$ (970,727)</u>	<u>\$ (833,759)</u>	<u>\$ (1,177,656)</u>
133.18%	117.42%	115.46%	121.52%
\$ 521,193	\$ 542,290	\$ 994,513	\$ 995,505
-356.17%	-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 Six Fiscal Years

	2019	2018
TOTAL PENSION LIABILITY		
Service cost	\$ 519,325	\$ 492,962
Interest	1,245,644	1,164,918
Changes of benefit terms	48,902	-
Differences between expected and actual experience	622,493	222,104
Changes of assumptions	780,385	-
Benefit payments, including refunds of member contributions	(694,572)	(581,500)
Net Change in Total Pension Liability	2,522,177	1,298,484
Total Pension Liability - Beginning	19,511,043	18,212,559
TOTAL PENSION LIABILITY - ENDING	\$ 22,033,220	\$ 19,511,043
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 811,181	\$ 759,206
Contributions - member	165,467	162,084
Contributions - other	-	-
Net investment income	1,745,472	(565,370)
Benefit payments, including refunds of member contributions	(694,572)	(581,500)
Administrative expense	(23,022)	(38,366)
Net Change in Plan Fiduciary Net Position	2,004,526	(263,946)
Plan Net Position - Beginning	10,070,130	10,334,076
PLAN NET POSITION - ENDING	\$ 12,074,656	\$ 10,070,130
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 9,958,564	\$ 9,440,913
Plan fiduciary net position as a percentage of the total pension liability	54.80%	51.61%
Covered payroll	\$ 1,669,697	\$ 1,640,626
Employer's net pension liability as a percentage of covered payroll	596.43%	575.45%

2017	2016	2015	2014
\$ 485,503	\$ 455,871	\$ 407,335	\$ 424,764
1,095,109	1,053,382	939,478	878,254
-	-	-	-
27,390	(127,433)	(223,176)	-
-	(282,786)	1,048,198	-
(486,535)	(427,630)	(411,322)	(310,872)
1,121,467	671,404	1,760,513	992,146
17,091,092	16,419,688	14,659,175	13,667,029
<u>\$ 18,212,559</u>	<u>\$ 17,091,092</u>	<u>\$ 16,419,688</u>	<u>\$ 14,659,175</u>
\$ 704,876	\$ 671,907	\$ 693,107	\$ 652,863
161,227	159,036	154,480	175,420
-	370	-	50
864,893	335,609	21,753	375,634
(486,535)	(427,630)	(411,322)	(310,872)
(50,013)	(37,533)	(30,837)	(28,485)
1,194,448	701,759	427,181	864,610
9,139,628	8,437,869	8,010,688	7,146,078
<u>\$ 10,334,076</u>	<u>\$ 9,139,628</u>	<u>\$ 8,437,869</u>	<u>\$ 8,010,688</u>
<u>\$ 7,878,483</u>	<u>\$ 7,951,464</u>	<u>\$ 7,981,819</u>	<u>\$ 6,648,487</u>
56.74%	53.48%	51.39%	54.65%
\$ 1,660,990	\$ 1,604,821	\$ 1,568,660	\$ 1,522,210
474.32%	495.47%	508.83%	436.77%

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Schedule of Employer Contributions

Illinois Municipal Retirement Fund

Last Six 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%
2017	4,482	4,481	1	521,193	0.86%
2018	3,692	3,693	(1)	479,453	0.77%
2019	3,550	3,550	-	461,001	0.77%

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 percentage of payroll, closed
Remaining amortization period	24-year closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% - 14.25% including inflation
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 2017 valuation pursuant to an experience study of the period 2014 - 2016.

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy 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-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other information:

Notes There were no benefit changes during the year.

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-Payroll	Contributions as a Percentage of Covered Payroll
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%
2017	712,077	704,876	7,201	1,660,990	42.44%
2018	757,001	759,206	(2,205)	1,640,626	46.28%
2019	812,999	811,181	1,818	1,669,697	48.58%

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 Six Fiscal Years

<u>Fiscal Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
2014	5.14%
2015	0.19%
2016	4.27%
2017	6.62%
2018	-5.49%
2019	17.41%

Source: 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, 2019

	Original and Final Budget	Actual
Revenues		
Taxes	\$ 2,650,517	\$ 2,687,135
Fees, permits and licenses	122,500	116,514
Charges for services	88,948	89,708
Fines and forfeitures	36,000	30,488
Intergovernmental	406,500	454,272
Investment income	60,000	126,477
Miscellaneous	6,500	13,740
	<hr/>	<hr/>
Total revenues	3,370,965	3,518,334
Expenditures		
Current		
General government	1,099,235	979,015
Public safety	2,214,694	2,047,986
Health services	4,200	3,207
Capital outlay	194,500	193,300
	<hr/>	<hr/>
Total expenditures	3,512,629	3,223,508
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>
	(141,664)	294,826
Other Financing Sources (Uses)		
Sale of capital assets	10,000	13,237
	<hr/>	<hr/>
Total other financing sources (uses)	10,000	13,237
Net Change in Fund Balance	<hr/>	<hr/>
	\$ (131,664)	308,063
Fund Balance, Beginning of Year		<hr/>
		2,600,246
Fund Balance, End of Year		<hr/>
		\$ 2,908,309

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Public Safety Fund

Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 2,090,170	\$ 2,090,156
Special detail	5,000	20,847
Drug/gang/DUI fund	4,000	1,754
	<hr/>	<hr/>
Total revenues	2,099,170	2,112,757
Expenditures		
Current		
Crossing guard		
Regular salaries	2,400	2,400
	<hr/>	<hr/>
Police protection		
Regular salaries	2,128,070	2,022,682
Overtime	70,000	99,555
Longevity awards	22,500	21,000
Education benefits	4,000	4,095
	<hr/>	<hr/>
Total police protection	2,224,570	2,147,332
	<hr/>	<hr/>
Drug/Gang/DUI	4,000	-
	<hr/>	<hr/>
Total expenditures	2,230,970	2,149,732
	<hr/>	<hr/>
Net Change in Fund Balance	\$ (131,800)	(36,975)
	<hr/>	<hr/>
Fund Balance, Beginning of Year		308,123
		<hr/>
Fund Balance, End of Year		\$ 271,148
		<hr/> <hr/>

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Roads and Bridges Fund

Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 851,000	\$ 850,995
Road and bridge taxes	75,000	86,864
Motor fuel tax interest	3,000	8,772
Motor fuel tax allotments	114,000	138,080
	<hr/>	
Total revenues	1,043,000	1,084,711
Expenditures		
Current		
Road maintenance	472,000	495,280
Snow plowing	215,000	221,099
Mowing	70,000	57,242
Sign purchase and installation	12,000	13,971
Drainage management	150,000	279,115
Engineering fees	150,000	157,410
Road patching	10,000	1,590
Motor Fuel Tax Expenses	425,000	425,000
Bridge restoral expenses	42,000	2,809
Bridge restoral engineering fees	-	3,360
	<hr/>	
Total expenditures	1,546,000	1,656,876
Net Change in Fund Balance	<u>\$ (503,000)</u>	(572,165)
Fund Balance, Beginning of Year		<hr/> 1,037,016
Fund Balance, End of Year		<hr/> \$ 464,851 <hr/>

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Notes to Required Supplementary Information

December 31, 2019

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.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Detailed Schedule of Revenues - Budget and Actual
General Fund
Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues		
Taxes		
Property	\$ 1,996,517	\$ 1,993,796
Sales and use	146,000	219,388
Replacement	35,000	43,697
Utility	473,000	430,254
Total taxes	2,650,517	2,687,135
Fees, permits and licenses		
Building permits	71,500	73,189
Liquor and scavenger licenses	1,000	1,000
Zoning and petition fees	-	1,000
Overweight permit fees	50,000	41,325
Total fees, permits and licenses	122,500	116,514
Charges for services		
Police accident reports	2,000	1,523
Franchise fees	80,000	81,134
Rental income	3,345	3,392
Insurance reimbursements	3,603	3,659
Total charges for services	88,948	89,708
Fines and forfeitures		
Traffic fines - Cook County	20,000	17,744
Supervision fees	1,000	670
Police "C" tickets	15,000	12,074
Total fines and forfeitures	36,000	30,488
Intergovernmental		
State income tax	400,000	448,002
Grant revenue - public safety equipment	6,500	6,270
Total intergovernmental	406,500	454,272

(Continued)

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Detailed Schedule of Revenues - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues (Continued)		
Investment income	\$ 60,000	\$ 126,477
Miscellaneous revenue		
Police training reimbursements	500	50
Animal services reimbursements	5,000	7,150
Contributions/donations	1,000	6,540
Other		
Total miscellaneous revenue	6,500	13,740
Total Revenues	\$ 3,370,965	\$ 3,518,334

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Schedule of Expenditures - Budget and Actual

General Fund

Year Ended December 31, 2019

	Original and Final Budget	Actual
General Government		
Administration	\$ 404,663	\$ 389,670
Building department	131,500	129,874
Insurance and risk	89,673	78,051
Legal	352,000	256,656
Municipal building and grounds	102,300	120,369
Zoning and planning development	19,100	4,395
	<hr/>	<hr/>
Total general government	1,099,235	979,015
	<hr/>	<hr/>
Public Safety		
Police department	2,214,694	2,047,986
	<hr/>	<hr/>
Health Services	4,200	3,207
	<hr/>	<hr/>
Capital Outlay	194,500	193,300
	<hr/>	<hr/>
Total Expenditures	\$ 3,512,629	\$ 3,223,508

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Detailed Schedule of Expenditures - Budget and Actual
General Fund
Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
General Government			
Administration			
Salaries	\$ 126,500	\$ 128,320	\$ (1,820)
Social security	27,878	26,383	1,495
IMRF	1,330	1,217	113
Unemployment taxes	23,000	17,659	5,341
Office/computer supplies	8,000	5,186	2,814
Rental of office equipment	2,300	2,452	(152)
Telephones and fees	16,500	13,377	3,123
Barrington Area Council of Governments	27,100	25,913	1,187
Audit	20,465	20,400	65
Hardware/software	500	-	500
Finance consulting	21,150	21,775	(625)
Records management	4,740	4,680	60
Payroll services	5,700	6,175	(475)
Dues and subscriptions	6,000	5,524	476
Tuition and travel	4,000	1,993	2,007
Newsletter and website	9,500	7,821	1,679
Vehicle	2,000	662	1,338
Postage	2,000	1,613	387
Clerical services	7,500	8,095	(595)
Web services	10,500	10,351	149
Merchant fees	2,500	544	1,956
Special events	10,000	11,812	(1,812)
Other/meetings expenditures	6,000	8,418	(2,418)
Village Treasurer	26,500	26,500	-
Telephone lease/purchase	1,000	-	1,000
Director of Communications	32,000	32,800	(800)
Total administration	404,663	389,670	14,993
Building department			
Salaries	70,000	58,018	11,982
Outside services	35,000	51,024	(16,024)
Plumbing inspections	20,000	14,129	5,871
Records management	6,500	6,703	(203)
Total building department	131,500	129,874	1,626

(Continued)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Detailed Schedule of Expenditures - Budget and Actual (Continued)

General Fund

Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
General Government (Continued)			
Insurance and risk			
Workers' compensation insurance	104,696	113,934	(9,238)
Employee medical and life	629,704	500,873	128,831
Wellness program	1,000	2,100	(1,100)
Employee dental plan	40,179	40,437	(258)
Vehicle/physical damage	4,008	4,678	(670)
Surety bonds	2,950	2,980	(30)
Long-term disability	1,394	1,054	340
Property/inland marine	6,128	9,358	(3,230)
Asset inventory	3,000	-	3,000
General liability insurance	13,848	14,385	(537)
Vehicle liability insurance	12,998	12,998	-
Employment practice liability	4,000	4,000	-
Law enforcement insurance	14,897	14,897	-
Public officials insurance	5,013	5,014	(1)
Excess liability insurance	44,505	44,505	-
Deductible payments	-	1,000	(1,000)
Inland Marine/computer equipment	777	777	-
Property - Fire Station	3,603	3,603	-
Employee Medical Premium	4,025	3,921	104
Public safety portion	(807,053)	(702,463)	(104,590)
Total insurance and risk	89,673	78,051	11,621
Legal			
Village attorney	110,000	84,051	\$ 25,949
Court attorney	65,000	65,000	-
Other legal fees	10,000	10,405	(405)
Litigation expenses	50,000	22,773	27,227
Publications	1,500	791	709
Expert witnesses	8,000	1,530	6,470
Court reporters	7,000	8,075	(1,075)
Labor relations	500	1,700	(1,200)
FOIA records management	74,000	28,196	45,804
OMA expense	1,000	-	1,000
Planning/zoning	25,000	34,135	(9,135)
Total legal	352,000	256,656	95,344

(Continued)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Detailed Schedule of Expenditures - Budget and Actual (Continued)

General Fund

Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
General Government (Continued)			
Municipal building and grounds			
Interior building and maintenance	\$ 30,000	\$ 28,023	\$ 1,977
Exterior building and maintenance	15,000	3,356	11,644
Grounds maintenance	14,000	8,400	5,600
Contractual services	4,200	4,428	(228)
Parking lot maintenance	1,000	-	1,000
Taxes	5,000	4,107	893
Landscape restoration work	7,200	8,605	(1,405)
Landscape irrigation	1,200	1,296	(96)
Snow removal	12,000	17,861	(5,861)
Street lighting	2,700	8,008	(5,308)
Fire Station maintenance	10,000	36,285	(26,285)
Total municipal building and grounds	102,300	120,369	(18,069)
Zoning and planning department			
Minutes and transcripts	1,000	670	330
Supplies/maps/printing	10,000	2,680	7,320
Engineering services	1,000	-	1,000
Subdivision review costs	2,000	-	2,000
Professional services	5,000	1,045	3,955
Equestrian commission	100	-	100
Total zoning and planning department	19,100	4,395	14,705
Total general government	1,099,235	979,015	120,220
Public Safety			
Police department			
Social security	157,973	149,501	8,471
IMRF	2,470	2,260	210
Gasoline	70,000	48,982	21,018
Squad car repairs	20,000	20,419	(419)
Tires	3,000	2,818	182
Telephone	3,000	2,019	981
Re-install radios	5,000	5,000	-
Nextel contract	6,000	4,078	1,922
Radar repairs	3,500	2,914	586
Security maintenance	13,000	9,881	3,119
Jail service contract	500	255	245
Membership and dues	13,000	12,575	425

(Continued)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Detailed Schedule of Expenditures - Budget and Actual (Continued)

General Fund

Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
Public Safety (Continued)			
Police department (continued)			
Uniforms	\$ 15,000	\$ 12,151	\$ 2,849
I.T. consultant	23,000	24,214	(1,214)
Marking vehicles	1,500	1,500	-
Training and travel	16,000	11,143	4,857
Shooting program and armory	9,000	9,699	(699)
Purchase of vehicular accessories	8,000	8,000	-
Employee recognition awards	1,000	1,471	(471)
Office expenditures	6,000	6,387	(387)
Office supplies	4,000	3,893	107
Other expenses	4,000	4,518	(518)
Towing	500	350	150
Recruitment	3,000	904	2,096
Professional service/consulting	3,000	35	2,965
Drug education	1,000	1,020	(20)
Disaster and emergency services	4,000	3,856	144
CALEA expenditures	6,000	5,089	911
Video in-field telematics	1,000	-	1,000
Live-scan monthly fees	5,200	-	5,200
Restitution exchange and bond transfer	1,000	-	1,000
Insurance	807,053	702,463	104,590
Dispatch service expense	185,000	179,410	5,590
Pension contribution	812,999	811,181	1,818
Total public safety	2,214,694	2,047,986	166,708
Health Services			
Miscellaneous	2,500	1,490	1,010
Potable water	1,700	1,717	(17)
Total health services	4,200	3,207	993
Capital Outlay	194,500	193,300	1,200
Total Expenditures	\$ 3,512,629	\$ 3,223,508	\$ 289,121

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VILLAGE OF BARRINGTON HILLS, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Debt Service Fund

Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 154,313	\$ 155,607
Total revenues	<u>154,313</u>	<u>155,607</u>
Expenditures		
Debt Service		
Principal retirement	250,000	250,000
Interest and fiscal charges	9,250	9,500
Total expenditures	<u>259,250</u>	<u>259,500</u>
Net Change in Fund Balance	<u>\$ -</u>	(103,893)
Fund Balance, Beginning of Year		<u>105,410</u>
Fund Balance, End of Year		<u><u>\$ 1,517</u></u>

VILLAGE OF BARRINGTON HILLS, ILLINOIS
Schedule of Changes in Fund Balances
Governmental Funds with Underlying Internal Funds
Last Three Fiscal Years

	General Fund	Social Security Fund	Audit Fund	Lighting Fund	Liability Insurance Fund	Unemployment Insurance Fund	IMRF Fund	Total General Fund
Fund Balance, January 1, 2019	\$ 2,524,013	\$ 4,557	\$ (4,881)	\$ (286)	\$ 66,655	\$ (6,492)	\$ 16,680	\$ 2,600,246
Total revenues	3,159,437	185,849	52,556	2,701	95,263	22,528	-	3,518,334
Total expenditures	2,868,651	175,884	53,030	8,008	96,799	17,659	3,477	3,223,508
Net other financing sources/(uses)	13,237	-	-	-	-	-	-	13,237
Fund Balance, December 31, 2019	<u>\$ 2,828,036</u>	<u>\$ 14,522</u>	<u>\$ (5,355)</u>	<u>\$ (5,593)</u>	<u>\$ 65,119</u>	<u>\$ (1,623)</u>	<u>\$ 13,203</u>	<u>\$ 2,908,309</u>
Fund Balance, January 1, 2018	\$ 2,451,206	\$ 2,607	\$ (8,273)	\$ (472)	\$ 67,192	\$ 1,356	\$ 20,370	\$ 2,533,986
Total revenues	3,003,876	173,263	51,392	2,706	87,444	10,918	-	3,329,599
Total expenditures	2,948,969	171,313	48,000	2,520	87,981	18,766	3,690	3,281,239
Net other financing sources/(uses)	17,900	-	-	-	-	-	-	17,900
Fund Balance, December 31, 2018	<u>\$ 2,524,013</u>	<u>\$ 4,557</u>	<u>\$ (4,881)</u>	<u>\$ (286)</u>	<u>\$ 66,655</u>	<u>\$ (6,492)</u>	<u>\$ 16,680</u>	<u>\$ 2,600,246</u>
Fund Balance, January 1, 2017	\$ 2,101,153	\$ 3	\$ 165	\$ 89	\$ 68,198	\$ 4,246	\$ 20,642	\$ 2,194,496
Total revenues	3,295,932	170,786	49,282	2,666	77,622	10,686	4,211	3,611,185
Total expenditures	2,947,692	168,182	57,720	3,227	78,628	13,576	4,483	3,273,508
Net other financing sources/(uses)	1,813	-	-	-	-	-	-	1,813
Fund Balance, December 31, 2017	<u>\$ 2,451,206</u>	<u>\$ 2,607</u>	<u>\$ (8,273)</u>	<u>\$ (472)</u>	<u>\$ 67,192</u>	<u>\$ 1,356</u>	<u>\$ 20,370</u>	<u>\$ 2,533,986</u>

Police Protection	Crossing Guards	E911	Drug Gang DUI	Total Public Safety	Roads & Bridges	Motor Fuel Tax	Total Roads & Bridges	Debt Service	Total All Funds
\$ 293,015	\$ 1,877	\$ (11,354)	\$ 24,585	\$ 308,123	\$ 623,309	\$ 413,707	\$ 1,037,016	\$ 105,410	\$ 4,050,795
2,110,402	601	-	1,754	2,112,757	937,859	146,852	1,084,711	155,607	6,871,409
2,147,332	2,400	-	-	2,149,732	1,231,876	425,000	1,656,876	259,500	7,289,616
-	-	-	-	-	-	-	-	-	13,237
<u>\$ 256,085</u>	<u>\$ 78</u>	<u>\$ (11,354)</u>	<u>\$ 26,339</u>	<u>\$ 271,148</u>	<u>\$ 329,292</u>	<u>\$ 135,559</u>	<u>\$ 464,851</u>	<u>\$ 1,517</u>	<u>\$ 3,645,825</u>
\$ 649,009	\$ 1,871	\$ (11,354)	\$ 19,991	\$ 659,517	\$ 391,920	\$ 299,442	\$ 691,362	\$ 104,401	\$ 3,989,266
1,732,694	2,406	-	4,594	1,739,694	1,553,682	114,265	1,667,947	259,509	6,996,749
2,088,688	2,400	-	-	2,091,088	1,322,293	-	1,322,293	258,500	6,953,120
-	-	-	-	-	-	-	-	-	17,900
<u>\$ 293,015</u>	<u>\$ 1,877</u>	<u>\$ (11,354)</u>	<u>\$ 24,585</u>	<u>\$ 308,123</u>	<u>\$ 623,309</u>	<u>\$ 413,707</u>	<u>\$ 1,037,016</u>	<u>\$ 105,410</u>	<u>\$ 4,050,795</u>
\$ 1,377,118	\$ 1,901	\$ (11,354)	\$ 16,701	\$ 1,384,366	\$ 218,405	\$ 189,895	\$ 408,300	\$ 104,402	\$ 4,091,564
1,331,525	2,370	-	3,290	1,337,185	1,607,339	109,547	1,716,886	256,894	6,922,150
2,059,634	2,400	-	-	2,062,034	1,433,824	-	1,433,824	256,895	7,026,261
-	-	-	-	-	-	-	-	-	1,813
<u>\$ 649,009</u>	<u>\$ 1,871</u>	<u>\$ (11,354)</u>	<u>\$ 19,991</u>	<u>\$ 659,517</u>	<u>\$ 391,920</u>	<u>\$ 299,442</u>	<u>\$ 691,362</u>	<u>\$ 104,401</u>	<u>\$ 3,989,266</u>

VILLAGE OF BARRINGTON HILLS, ILLINOIS

Property Tax, Assessed Valuations, Rates, Tax Extensions, and Collections

Tax Levy Year 2018

December 31, 2019

County	Cook		McHenry	
	Rate	Amount	Rate	Amount
Assessed Valuation		<u>\$ 245,138,514</u>		<u>\$ 128,528,527</u>
Funds				
General	0.1970	\$ 482,926	0.1627	\$ 209,171
Police protection	0.4995	1,224,419	0.4126	530,333
Police pension	0.1943	476,391	0.1605	206,339
Social security	0.0444	108,902	0.0367	47,169
Audit	0.0126	30,796	0.0104	13,339
Street and bridge	0.2034	498,658	0.1680	215,984
Street lighting	0.0006	1,582	0.0005	685
Crossing guard	0.0001	352	0.0001	152
Unemployment insurance	0.0055	13,477	0.0045	5,837
Liability insurance	0.0228	55,820	0.0188	24,178
Bond and interest	0.0377	92,327	0.0305	39,228
Total	<u>1.2179</u>	<u>\$ 2,985,650</u>	<u>1.0055</u>	<u>\$ 1,292,415</u>
Tax Collections				
Cash collected through December 31, 2019		<u>\$ 2,910,088</u>		<u>\$ 1,287,805</u>
Total Tax Collections		<u>\$ 2,910,088</u>		<u>\$ 1,287,805</u>
Percent Collected		97.47%		99.64%

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 2018 equalization factor for Cook County was 2.9109, which is used to bring the average level of assessment to the required 33 1/3% level mandated by state law.

Lake		Kane		Total
	<u>\$ 82,205,763</u>		<u>\$ 10,548,539</u>	<u>\$ 466,421,343</u>
Rate	Amount	Rate	Amount	Amount
0.1571	\$ 129,145	0.1609	\$ 16,977	\$ 838,219
0.3983	327,437	0.4081	43,045	2,125,234
0.1550	127,399	0.1588	16,748	826,877
0.0354	29,123	0.0363	3,828	189,022
0.0100	8,236	0.0103	1,083	53,454
0.1622	133,353	0.1662	17,531	865,526
0.0005	425	0.0005	56	2,748
0.0001	95	0.0001	12	611
0.0038	3,129	0.0045	474	22,917
0.0182	14,929	0.0186	1,962	96,889
0.0298	24,464	0.0305	3,216	159,235
0.9704	\$ 797,735	0.9948	\$ 104,932	\$ 5,180,732
	<u>\$ 788,827</u>		<u>\$ 101,136</u>	<u>\$ 5,087,856</u>
	<u>\$ 788,827</u>		<u>\$ 101,136</u>	<u>\$ 5,087,856</u>
	98.88%		96.38%	98.21%