



VILLAGE OF BARRINGTON HILLS, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

Village of Barrington Hills

as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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 Village of Barrington Hills as of December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village of Barrington Hills and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 13 to the financial statements, the Village implemented GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village of Barrington Hills' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Barrington Hills' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

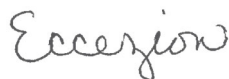
Supplementary Information

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, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2023 on our consideration of Village of Barrington Hills' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Barrington Hills' internal control over financial reporting and compliance.



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July 24, 2023



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

Village of Barrington Hills

as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Village of Barrington Hills' basic financial statements, and have issued our report thereon dated July 24, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Barrington Hills' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Barrington Hills' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Barrington Hills' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

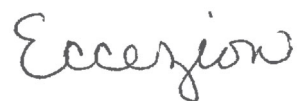
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Barrington Hills' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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McHenry, Illinois
June 24, 2023

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BARRINGTON HILLS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

As management of Village of Barrington Hills (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Both perspectives (government-wide and fund level financial statements) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private business.

The Statement of Net Position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference amongst those being reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, roads and bridges, and health services.

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 Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund 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 three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Public Safety Fund, and Roads and Bridges Fund, all of which are considered to be major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. 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. The Village's fiduciary fund includes the Police Pension Trust Fund.

Notes to the 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, this report also presents certain required supplementary information concerning the Village's appropriation to actual for the General Fund, Public Safety Fund and Roads and Bridges Fund along with information concerning the Village's Illinois Municipal Retirement Fund and police pension obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,564 at December 31, 2022.

The following table presents a summary of the Village's net position for the years ended December 31, 2022 and 2021:

Village of Barrington Hills' Statement of Net Position

	Governmental Activities	
	FY 2022	FY 2021
Assets		
Current and Other Assets	\$ 11,885,449	\$ 10,257,980
Net Pension Asset - IMRF	1,390,674	3,253,109
Capital Assets	1,721,298	1,747,773
Total Assets	\$ 14,997,421	\$ 15,258,862
Deferred Outflow s of Resources		
Pension Expense - IMRF	\$ 684,560	\$ -
Pension Expense - Police Pension	4,326,105	3,252,729
Total Deferred Outflow s of Resources	\$ 5,010,665	\$ 3,252,729
Liabilities		
Other Liabilities	\$ 446,043	\$ 170,396
Net Pension Liability - Police	12,817,474	10,585,823
Long-Term Liabilities Outstanding	286,305	267,470
Total Liabilities	\$ 13,549,822	\$ 11,023,689
Deferred Inflow s of Resources		
Property Taxes	\$ 4,845,300	\$ 4,880,965
Pension Revenue - IMRF	-	1,257,399
Pension Revenue - Police Pension	1,568,400	2,194,938
Total Deferred Inflow s of Resources	\$ 6,413,700	\$ 8,333,302
Net Position		
Net Investment in Capital Assets	\$ 1,721,298	\$ 1,747,773
Restricted	2,864,146	621,993
Unrestricted	(4,540,880)	(3,215,166)
Total Net Position	\$ 44,564	\$ (845,400)

One portion of the Village's Net Position reflects its investment in capital assets (e.g., land, construction in progress, buildings, and equipment); less any related 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. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Village's net position increased by \$889,964 during the current fiscal year.

Governmental Activities. Governmental activities increased the Village's net position by \$889,964. Key differences from the prior year are as follows:

Village of Barrington Hills' Change in Net Position

	Governmental Activities	
	FY 2022	FY 2021
Revenues		
Program Revenues		
Charges for Services	\$ 574,525	\$ 353,342
Operating Grants and Contributions	453,183	487,259
Capital Grants and Contributions	92,463	92,463
General Revenues		
Property Taxes	5,074,728	5,062,369
State Sales and Use Tax	372,066	374,910
State Income Tax	670,366	555,241
State Utility Tax	555,787	448,384
Other Taxes	148,581	76,742
Investment Income	4,910	(220)
Other	38,588	18,997
Gain on Sale of Capital Assets	731	12,791
Total Revenues	<u>\$ 7,985,928</u>	<u>\$ 7,482,278</u>
Expenses		
General Government	\$ 1,992,091	\$ 856,570
Public Safety	4,283,691	4,250,330
Roads and Bridges	817,172	1,080,932
Health Services	3,010	5,317
Total Expenses	<u>\$ 7,095,964</u>	<u>\$ 6,193,149</u>
Increase/(Decrease) in Net Position	<u>\$ 889,964</u>	<u>\$ 1,289,129</u>
Net Position - Beginning of Year	(845,400)	(2,134,529)
Net Position - End of Year	<u>\$ 44,564</u>	<u>\$ (845,400)</u>

- Charges for services revenue increased due to a large increase in fees, permits and licenses, and fines and forfeitures.
- General government expense increased due to significantly more insurance and risk expenditures and increased expenses related to pension liabilities.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's 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, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At December 31, 2022, the Village's governmental funds reported combined ending fund balances of \$6,594,106, an increase of \$1,387,487 in comparison with the prior year. Approximately 86.95% of this total amount constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remaining fund balance (13.05%) constitutes fund balance restricted to indicate that it is not available for new spending because it has already been restricted, assigned, committed for specific purposes or is nonspendable.

The General Fund is the chief operating fund of the Village. At December 31, 2022, the fund balance of the General Fund was \$4,823,099, of which \$4,591,342 is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 128.3% of total General Fund expenditures.

The General Fund's fund balance increased by \$911,042 during the year. This is similar to the prior year change in fund balance.

The Public Safety Fund reported a fund balance decrease of \$62,810 due to higher police protection expenditures than revenues, due to increased salaries.

The Roads and Bridges Fund reported a fund balance increase of \$539,255 due to a decrease in road maintenance, motor fuel tax and engineering expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was not amended during the year ended December 31, 2022; therefore, the amounts shown as original and final are the same. Significant differences between the budget and actual revenue and expenditures are summarized as follows:

The General Fund actual revenue exceeded budgeted revenue by \$928,984. This difference was due to the Village recognizing more revenue from taxes, fees, permits and licenses, fines and forfeitures and intergovernmental sources than the budget planned. Actual expenditures were less than budgeted expenditures by \$101,639. This was mostly due to less expenditures for public safety than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village’s investment in capital assets for its governmental activities as of December 31, 2022 amounts to \$1,721,298 (net of accumulated depreciation). This investment includes land, buildings and building improvements, and machinery and equipment.

	Village of Barrington Hills’ Capital Assets (net of depreciation)	
	Governmental Activities	
	2022	2021
Land	\$ 350,349	\$ 350,349
Buildings and Building Improvements	941,151	947,488
Machinery and Equipment	429,798	449,936
Total	<u>\$ 1,721,298</u>	<u>\$ 1,747,773</u>

Major capital asset events during the year ended December 31, 2022 included the following:

- Police department flooring for a total cost of \$47,220
- Two Ford Interceptor squad cars totaling \$78,042

For more detail on the Village’s capital assets, see Note 3 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Village’s elected and appointed officials considered many factors when setting the fiscal year 2023 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 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 a general overview of the Village’s finances for all those with an interest in the Village’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Village of Barrington Hills, 112 Algonquin Rd, Barrington Hills, Illinois 60010-5199.

BASIC FINANCIAL STATEMENTS

VILLAGE OF BARRINGTON HILLS, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 3,949,724
Investments	2,239,213
Receivables (Net of Allowance for Estimated Uncollectible Amounts)	
Property Taxes	5,365,851
Accrued Interest	5,433
Due from Other Governments	253,690
Prepaid Items	71,538
Net Pension Asset - IMRF	1,390,674
Capital Assets	
Land, Construction in Progress, and Other	
Non-Depreciable Assets	350,349
Other Capital Assets, Net of Depreciation	1,370,949
TOTAL ASSETS	<u>\$ 14,997,421</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Expense - IMRF	\$ 684,560
Pension Expense - Police Pension	4,326,105
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,010,665</u>
LIABILITIES	
Accounts Payable	\$ 169,472
Payroll Withholding Payable	4,505
Due to Police Pension	169,266
Escrow Liability	102,800
Non-Current Liabilities	
Due Within One Year	24,920
Due in More Than One Year	261,385
Net Pension Liability - Police	12,817,474
TOTAL LIABILITIES	<u>\$ 13,549,822</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	\$ 4,845,300
Pension Revenue - Police Pension	1,568,400
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 6,413,700</u>
NET POSITION	
Investment in Capital Assets	\$ 1,721,298
Restricted for:	
Police Protection	277,469
Social Security	41,512
Liability Insurance	2,333
Motor Fuel Tax	323,011
Illinois Municipal Retirement Fund	2,191,608
Drug/DUI/Gang	28,213
Unrestricted/(Deficit)	<u>(4,540,880)</u>
TOTAL NET POSITION	<u>\$ 44,564</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 1,992,091	\$ 564,593	\$ 285,097	\$ -	\$ (1,142,401)
Public Safety	4,283,691	9,932	-	-	(4,273,759)
Roads and Bridges	817,172	-	168,086	92,463	(556,623)
Health Services	3,010	-	-	-	(3,010)
Total Governmental Activities	<u>\$ 7,095,964</u>	<u>\$ 574,525</u>	<u>\$ 453,183</u>	<u>\$ 92,463</u>	<u>\$ (5,975,793)</u>
General Revenues					
Taxes					
Property Tax					\$ 5,074,728
State Utility Tax					555,787
Intergovernmental					
State Sales and Use Tax					372,066
State Income Tax					670,366
Other Taxes					148,581
Investment Income					4,910
Miscellaneous					38,588
Gain on Sale of Capital Assets					731
Total General Revenues and Transfers					<u>\$ 6,865,757</u>
Change in Net Position					\$ 889,964
Net Position - January 1, 2022					<u>(845,400)</u>
Net Position - December 31, 2022					<u>\$ 44,564</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Special Revenue Funds Public Safety Fund	Roads and Bridges Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,447,808	\$ 85,226	\$ 1,416,690	\$ 3,949,724
Investments	2,239,213	-	-	2,239,213
Receivables (Net of Allowance for Estimated Uncollectible Amounts)				
Property Taxes	1,829,690	2,440,575	1,095,586	5,365,851
Accrued Interest	5,433	-	-	5,433
Due from Other Governments	237,633	-	16,057	253,690
Prepaid Items	71,538	-	-	71,538
TOTAL ASSETS	\$ 6,831,315	\$ 2,525,801	\$ 2,528,333	\$ 11,885,449
LIABILITIES				
Accounts Payable	\$ 96,345	\$ 119	\$ 73,008	\$ 169,472
Payroll Withholding Payable	4,505	-	-	4,505
Due to Police Pension	169,266	-	-	169,266
Escrow Liability	102,800	-	-	102,800
TOTAL LIABILITIES	\$ 372,916	\$ 119	\$ 73,008	\$ 446,043
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 1,635,300	\$ 2,220,000	\$ 990,000	\$ 4,845,300
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,635,300	\$ 2,220,000	\$ 990,000	\$ 4,845,300
FUND BALANCES				
Nonspendable				
Prepays	\$ 71,538	\$ -	\$ -	\$ 71,538
Restricted for:				
Police Protection	-	277,469	-	277,469
Social Security	41,512	-	-	41,512
Liability Insurance	2,333	-	-	2,333
MFT	-	-	323,011	323,011
Illinois Municipal Retirement Fund	116,374	-	-	116,374
Drug/DUI/Gang	-	28,213	-	28,213
Unassigned	4,591,342	-	1,142,314	5,733,656
TOTAL FUND BALANCES	\$ 4,823,099	\$ 305,682	\$ 1,465,325	\$ 6,594,106
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,831,315	\$ 2,525,801	\$ 2,528,333	\$ 11,885,449

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Fund Balances - Governmental Funds		\$ 6,594,106
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets, net of accumulated depreciation		1,721,298
Some assets/(liabilities) are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	\$ (286,305)	
Net Pension Asset - IMRF	1,390,674	
Net Pension Liability - Police	<u>(12,817,474)</u>	
		(11,713,105)
Deferred OPEB/pension costs in governmental activities are not financial resources and therefore are not reported in the funds.		
Pension Deferred Outflows - IMRF	\$ 684,560	
Pension Deferred Outflows - Police	4,326,105	
Pension Deferred Inflows - Police	<u>(1,568,400)</u>	
		<u>3,442,265</u>
Net Position of Governmental Activities		<u>\$ 44,564</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

		Special Revenue Funds		
	General Fund	Public Safety Fund	Roads and Bridges Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 2,425,620	\$ 2,115,810	\$ 1,089,085	\$ 5,630,515
Fees, Permits and Licenses	313,995	-	-	313,995
Charges for Services	112,283	8,288	-	120,571
Fines and Forfeitures	139,870	89	-	139,959
Intergovernmental	1,476,110	-	260,549	1,736,659
Investment Income	(1,583)	-	6,493	4,910
Miscellaneous Revenue	37,667	921	-	38,588
Total Revenues	<u>\$ 4,503,962</u>	<u>\$ 2,125,108</u>	<u>\$ 1,356,127</u>	<u>\$ 7,985,197</u>
EXPENDITURES				
Current				
General Government	\$ 1,996,270	\$ -	\$ -	\$ 1,996,270
Public Safety	1,454,547	2,204,180	-	3,658,727
Roads and Bridges	-	-	816,872	816,872
Health Services	3,010	-	-	3,010
Capital Outlay	123,562	-	-	123,562
	<u>\$ 3,577,389</u>	<u>\$ 2,204,180</u>	<u>\$ 816,872</u>	<u>\$ 6,598,441</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 926,573</u>	<u>\$ (79,072)</u>	<u>\$ 539,255</u>	<u>\$ 1,386,756</u>
OTHER FINANCING SOURCES/(USES)				
Transfers	\$ (16,262)	\$ 16,262	\$ -	\$ -
Sale of Capital Assets	731	-	-	731
	<u>\$ (15,531)</u>	<u>\$ 16,262</u>	<u>\$ -</u>	<u>\$ 731</u>
NET CHANGE IN FUND BALANCES	\$ 911,042	\$ (62,810)	\$ 539,255	\$ 1,387,487
FUND BALANCES - JANUARY 1, 2022	<u>3,912,057</u>	<u>368,492</u>	<u>926,070</u>	<u>5,206,619</u>
FUND BALANCES - DECEMBER 31, 2022	<u>\$ 4,823,099</u>	<u>\$ 305,682</u>	<u>\$ 1,465,325</u>	<u>\$ 6,594,106</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	1,387,487
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$	(164,017)	
Capital Outlays		137,542	
			(26,475)

Some revenue/expenses reported in the Statement of Activities do not provide/use current financial resources and therefore are not reported as revenues/expenditures in the governmental funds.

Pension Expense - IMRF	\$	75,724	
Pension Expense - Police		(1,553,071)	
Compensated Absences		(18,835)	
			(1,496,182)

Employer Pension Contributions are expensed in the fund financial statements but are treated as a reduction in the Net Pension Liability on the government-wide financial statements.

Pension Employer Contributions - IMRF	\$	3,800	
Pension Employer Contributions - Police Pension		1,021,334	
			1,025,134

Change in Net Position of Governmental Activities	\$	889,964
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VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	POLICE PENSION TRUST FUND
ASSETS	
Cash and Cash Equivalents	\$ 1,237,928
Investments	
Illinois Police Pension Consolidated Investment Fund	12,166,786
Due from Municipality	169,266
Prepaid Items	3,371
TOTAL ASSETS	<u>\$ 13,577,351</u>
LIABILITIES	
Accounts Payable	<u>\$ 2,511</u>
TOTAL LIABILITIES	<u>\$ 2,511</u>
NET POSITION	
Restricted for Pensions	<u>\$ 13,574,840</u>
TOTAL NET POSITION	<u><u>\$ 13,574,840</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>POLICE PENSION TRUST FUND</u>
ADDITIONS	
Contributions	
Employer	\$ 1,021,334
Plan Members	<u>364,645</u>
Total Contributions	<u>\$ 1,385,979</u>
Investment Income	
Increase/(Decrease) in Fair Value of Investments	\$ (2,432,828)
	<u>\$ (2,432,828)</u>
Less: Investment Management Fees	21,640
Net Investment Income	<u>\$ (2,454,468)</u>
TOTAL ADDITIONS	<u>\$ (1,068,489)</u>
DEDUCTIONS	
Benefits	\$ 870,295
Administrative Expenses	<u>31,661</u>
TOTAL DEDUCTIONS	<u>\$ 901,956</u>
NET INCREASE/(DECREASE)	\$ (1,970,445)
NET POSITION - JANUARY 1, 2022	<u>15,545,285</u>
NET POSITION - DECEMBER 31, 2022	<u><u>\$ 13,574,840</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

A. *Reporting Entity*

The Village's financial reporting entity comprises the following:

Primary Government: Village of Barrington Hills

In determining the financial reporting entity, the Village complies with the provisions of GASB Statements and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statements, there are no component units included in the reporting entity.

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

B. *Basic Financial Statements – Government-Wide Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety, roads and bridges, and health services are classified as governmental activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions. The functions are also supported by general government revenues (property taxes, sales taxes, unrestricted investment earnings among other similar revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, roads and bridges, or health services). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given

NOTES TO FINANCIAL STATEMENTS (Continued)

function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, sales taxes, unrestricted investment earnings, and other similar revenues).

The Village does not allocate indirect costs. Direct costs are allocated amongst Village departments based on the share of goods or services used by each department.

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

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category) for the determination of major funds. The Village electively added all funds as major funds.

If a fund is not electively added as major, the determination of a major fund is as follows:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type; and total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 5% of the corresponding total for all governmental funds.

The following fund types are used by the Village:

1. **Governmental Funds**

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

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

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village has two special revenue funds.

Public Safety Fund – 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.

Roads and Bridges Fund – 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trust or custodial capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension Trust Funds – Used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

The Village's Fiduciary Fund is presented in the Fiduciary Fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants and beneficiaries) and cannot be used to address activities or obligations of the Village, this fund is not incorporated into the government-wide statements.

D. *Measurement Focus*

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

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

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

E. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements

NOTES TO FINANCIAL STATEMENTS (Continued)

are met, and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

F. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all of the Village's funds. Instead, the funds maintain their uninvested cash balances in common checking accounts, with accounting records being maintained to show the portion of the common bank account balances attributable to each participating fund.

Occasionally certain funds participating in the commingled bank accounts will incur overdrafts (deficits) in the accounts. Such overdrafts in effect constitute cash borrowed from other Village funds and are, therefore, interfund loans that have not been authorized by Village Board action.

As of December 31, 2022, there were no cash overdrafts in any Village fund.

Cash and cash equivalents as well as investments on the Statement of Net Position are considered to be cash on hand, demand deposits, or cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For 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.

G. *Receivables*

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

All receivables are reported net of estimated uncollectible amounts.

H. *Prepays*

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

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified. Interfund services provided and used are not eliminated in the process of consolidation.

NOTES TO FINANCIAL STATEMENTS (Continued)

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$2,500, dependent on asset category, are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Buildings and Building Improvements	10-45 years
Machinery and Equipment	3-20 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term debt obligation in the government-wide Statement of Net Position and represents a reconciling item between the fund and government-wide presentations. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for vested accumulated sick leave in accordance with the Village's sick leave policy.

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

M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, rather than expensed in the current year. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures at the time 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 debt service expenditures.

NOTES TO FINANCIAL STATEMENTS (Continued)

N. *Lease Arrangements*

The Village recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the Village initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term. Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Village uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Village uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Village is reasonably certain to exercise.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with Capital Assets and lease liabilities are reported with Long Term Liabilities on the Statement of Net Position.

The Village currently has no material leases that fall under this type of arrangement.

O. *Government-Wide Net Position*

Government-wide net position is divided into three components:

1. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets. When there is no capital related debt, this component is referred to investment in capital assets
2. Restricted net position – consists of net position that is restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted – all other net position is reported in this category.

P. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Village Board. Board approval of an ordinance is required to establish, modify, or rescind a fund balance commitment. Committed amounts cannot be used for any other purpose unless the Village Board removes those constraints by taking the same type of action (ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
3. Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g., a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself. All assigned fund balances are the residual amounts of the fund.

4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to represent negative fund balances in other funds.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

The Village has a Fund Balance Policy in place that was recommended by the Finance Committee, which requires a fund balance to contain no less than six months of the General Fund and Police Protection Fund expenditures, not to include extraordinary one-time material expenditures and the contribution to the Police Pension Fund. The fund balance is intended to be sufficient to provide financial resources for the Village in the event of an emergency or the loss of a major revenue source.

Q. Property Tax Calendar and Revenues

The Village's property tax is levied each calendar year on all taxable real property located in the Village's boundaries by December of the subsequent fiscal year. The 2022 levy was passed by the Board on December 16, 2021. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS AND FAIR VALUE MEASUREMENT

The Village maintains common checking, savings, and investment accounts for all funds combined with the individual fund balances being maintained by the Village.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

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, 2022, the Village was in compliance with this policy.

Investments

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.

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.

As of December 31, 2022, the Village and Police Pension had the following investments, maturities, and fair value measurements:

Village

Types of investments	Credit Quality/Ratings	Segmented Time Distribution	Amount	Fair Value Measurement Using:	
				Level 1	Level 2
Certificates of Deposit	N/A	less than 1 year	\$ 2,236,020	\$ -	\$ 2,236,020
Illinois Funds	N/A	less than 1 year	2,723,371	2,723,371	-
Total Investments			<u>\$ 4,959,391</u>	<u>\$ 2,723,371</u>	<u>\$ 2,236,020</u>

Police Pension

Types of investments	Credit Quality/Ratings	Segmented Time Distribution	Amount	Fair Value Measurement Using:	
				Level 1	Level 2
Illinois Funds	N/A	less than 1 year	\$ 1,176,499	\$ 1,176,499	\$ -
Consolidated Police Pension Fund - IPOPIF	N/A	less than 1 year	12,166,786	12,166,786	-
Total Investments			<u>\$ 13,343,285</u>	<u>\$ 13,343,285</u>	<u>\$ -</u>

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; debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTES TO FINANCIAL STATEMENTS (Continued)

The fair value of investments in the External Investment Pools is the same as the value of pool shares. The External Investment Pools are not SEC-registered but have regulatory oversight through the State of Illinois.

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.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Increases	Decreases	Balance 12/31/2022
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 350,349	\$ -	\$ -	\$ 350,349
Total Capital Assets not being depreciated	\$ 350,349	\$ -	\$ -	\$ 350,349
Other Capital Assets				
Buildings and Building Improvements	\$ 2,354,248	\$ 47,220	\$ -	\$ 2,401,468
Machinery and Equipment	1,493,064	90,322	-	1,583,386
Total Other Capital Assets at Historical Cost	\$ 3,847,312	\$ 137,542	\$ -	\$ 3,984,854
Less Accumulated Depreciation for:				
Buildings and Building Improvements	\$ 1,406,760	\$ 53,557	\$ -	\$ 1,460,317
Machinery and Equipment	1,043,128	110,460	-	1,153,588
Total Accumulated Depreciation	\$ 2,449,888	\$ 164,017	\$ -	\$ 2,613,905
Other Capital Assets, Net	\$ 1,397,424	\$ (26,475)	\$ -	\$ 1,370,949
Governmental Activities Capital Assets, Net	\$ 1,747,773	\$ (26,475)	\$ -	\$ 1,721,298

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 83,787
Public Safety	79,930
Roads and Bridges	300
Total Governmental Activities Depreciation Expense	<u>\$ 164,017</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Additions	Retirements	Balance 12/31/2022	Amounts Due Within One Year
Governmental Activities					
Other Long-Term Liabilities					
Compensated Absences	\$ 267,470	\$ 302,017	\$ 283,182	\$ 286,305	\$ 24,920
Total Other Long-Term Liabilities	\$ 267,470	\$ 302,017	\$ 283,182	\$ 286,305	\$ 24,920
Governmental Activities Long-Term Obligations	\$ 267,470	\$ 302,017	\$ 283,182	\$ 286,305	\$ 24,920

NOTE 5 - PROPERTY TAXES

Property taxes receivable of \$5,365,851 and unavailable revenue of \$4,845,300 recorded in these financial statements are from the 2022 tax levy plus any remaining 2021 levy distributions made within 60 days of the Village's fiscal year-end. The 2022 taxes are unavailable as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2022. The Village has determined that 100% of the amounts collected for the 2021 levy are allocable for use in fiscal year 2022 and, therefore, are recorded in these financial statements as property taxes revenue (\$5,074,728). A summary of the assessed valuation, rates, and extensions for the years 2021, 2020, and 2019 follows:

COOK COUNTY

Tax Year	2021		2020		2019	
Assessed Valuation	\$202,169,097		\$219,951,858		\$234,067,979	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.1525	\$ 308,321	0.1994	\$ 438,589	0.1452	\$ 339,764
Police Protection	0.6048	1,222,741	0.5428	1,193,983	0.5351	1,252,546
Police Pension	0.2924	591,220	0.2324	511,233	0.2085	488,019
Social Security	0.0538	108,784	0.0470	103,339	0.0435	101,913
Audit	0.0143	28,970	0.0130	28,563	0.0135	31,532
Street and Bridge	0.2895	585,308	0.2587	569,117	0.2754	644,558
Street Lighting	0.0015	3,074	0.0031	6,812	0.0007	1,572
Crossing Guard	0.0000	-	0.0000	-	0.0006	1,398
Unemployment Insurance	0.0009	1,833	0.0014	3,118	0.0045	10,483
Liability Insurance	0.0175	35,473	0.0234	51,442	0.0256	59,837
	1.4272	\$ 2,885,724	1.3212	\$ 2,906,196	1.2526	\$ 2,931,622

McHENRY COUNTY

Tax Year	2021		2020		2019	
Assessed Valuation	\$122,395,265		\$118,364,236		\$132,159,540	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.1247	\$ 152,591	0.1769	\$ 209,375	0.1139	\$ 150,523
Police Protection	0.4944	605,147	0.4816	569,986	0.4199	554,907
Police Pension	0.2391	292,601	0.2062	244,053	0.1636	216,205
Social Security	0.0440	53,838	0.0417	49,333	0.0342	45,150
Audit	0.0117	14,337	0.0115	13,635	0.0105	13,970
Street and Bridge	0.2367	289,674	0.2295	271,686	0.2161	285,555
Street Lighting	0.0012	1,521	0.0027	3,252	0.0005	697
Crossing Guard	0.0000	-	0.0000	-	0.0004	619
Unemployment Insurance	0.0007	907	0.0013	1,488	0.0035	4,644
Liability Insurance	0.0143	17,556	0.0207	24,558	0.0201	26,510
	1.1669	\$ 1,428,173	1.1721	\$ 1,387,366	0.9827	\$ 1,298,780

NOTES TO FINANCIAL STATEMENTS (Continued)

LAKE COUNTY

Tax Year	2021		2020		2019	
Assessed Valuation	\$66,542,786		\$65,935,538		\$73,672,538	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.1077	\$ 71,655	0.1656	\$ 109,170	0.1228	\$ 90,490
Police Protection	0.4270	284,167	0.4507	297,195	0.4528	333,591
Police Pension	0.2065	137,401	0.1930	127,252	0.1764	129,974
Social Security	0.0380	25,283	0.0390	25,723	0.0369	27,143
Audit	0.0101	6,733	0.0108	7,110	0.0114	8,399
Street and Bridge	0.2044	136,026	0.2148	141,660	0.2330	171,666
Street Lighting	0.0011	715	0.0026	1,697	0.0006	418
Crossing Guard	0.0000	-	0.0000	-	0.0005	372
Unemployment Insurance	0.0006	427	0.0012	777	0.0038	2,793
Liability Insurance	0.0124	8,245	0.0194	12,805	0.0216	15,936
Revenue Recapture	0.0094	6,268	0.0000	-	0.0000	-
	1.0173	\$ 676,920	1.0971	\$ 723,389	1.0598	\$ 780,782

KANE COUNTY

Tax Year	2021		2020		2019	
Assessed Valuation	\$10,018,782		\$9,764,029		\$9,376,690	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.1140	\$ 11,421	0.1556	\$ 15,194	0.1338	\$ 12,544
Police Protection	0.4521	45,293	0.4236	41,363	0.4932	46,242
Police Pension	0.2186	21,900	0.1814	17,711	0.1921	18,017
Social Security	0.0402	4,030	0.0367	3,580	0.0401	3,762
Audit	0.0107	1,073	0.0101	990	0.0124	1,164
Street and Bridge	0.2164	21,681	0.2019	19,716	0.2538	23,796
Street Lighting	0.0011	114	0.0024	236	0.0006	58
Crossing Guard	0.0000	-	0.0000	-	0.0006	52
Unemployment Insurance	0.0007	68	0.0011	108	0.0041	387
Liability Insurance	0.0131	1,314	0.0183	1,782	0.0236	2,209
	1.0669	\$ 106,893	1.0311	\$ 100,680	1.1543	\$ 108,231

NOTE 6 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended December 31, 2022, no funds had expenditures that exceeded the budget.

NOTE 7 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. Plan Description

The Village's defined benefit agent multiple-employer pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

B. Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

NOTES TO FINANCIAL STATEMENTS (Continued)

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

C. *Employees Covered by Benefit Terms*

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	6
Total	<u>42</u>

D. *Contributions*

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for the calendar years 2021 and 2022 were 0.77% and 0.77%, respectively. For the fiscal year ended December 31, 2022, the Village contributed \$3,800 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

E. *Net Pension Liability*

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2022, and a measurement date as of December 31, 2022, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 6,888,588
IMRF Fiduciary Net Position	8,279,262
Village's Net Pension (Asset)/Liability	(1,390,674)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	120.19%

NOTES TO FINANCIAL STATEMENTS (Continued)

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

F. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.25%
Salary Increases	2.85% - 13.75% including inflation
Interest Rate	7.25%
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used.

G. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2022:

Asset Class	Target Allocation	Projected Return
Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Fixed Income	25.50%	4.90%
Real Estate	10.50%	6.20%
Alternatives	9.50%	
Private Equity		9.90%
Hedge Funds		N/A
Commodities		6.25%
Cash Equivalents	1.00%	4.00%
	<u>100.00%</u>	

H. Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2022. 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:

NOTES TO FINANCIAL STATEMENTS (Continued)

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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 4.05%; and resulting single discount rate is 7.25%. The prior year single discount rate was 7.25% and increased 0.00% to the current year single discount rate.

I. *Changes in the Net Pension (Asset)/Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset)/Liability (A)-(B)
Balances at December 31, 2021	\$ 6,662,342	\$ 9,915,451	\$ (3,253,109)
Changes for the year:			
Service Cost	\$ 41,460	\$ -	\$ 41,460
Interest on the Total Pension Liability	470,830	-	470,830
Differences Between Expected and Actual Experience of the Total Pension Liability	91,687	-	91,687
Contributions - Employer	-	3,800	(3,800)
Contributions - Employee	-	22,207	(22,207)
Net Investment Income	-	(1,326,979)	1,326,979
Benefit Payments, including Refunds of Employee Contributions	(377,731)	(377,731)	-
Other (Net Transfer)	-	42,514	(42,514)
Net Changes	\$ 226,246	\$ (1,636,189)	\$ 1,862,435
Balances at December 31, 2022	\$ 6,888,588	\$ 8,279,262	\$ (1,390,674)

J. *Sensitivity of the Net Pension Asset to Changes in the Discount Rate*

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ (653,344)	\$ (1,390,674)	\$ (1,952,322)

K. *Pension Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended December 31, 2022, the Village recognized pension income of \$75,724. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Deferred Outflow s of Resources	Deferred Inflow s of Resources	Net Deferred (Inflow s)/Outflow s of Resources
Differences between expected and actual experience	\$ 29,034	\$ -	\$ 29,034
Net difference between projected and actual earnings on pension plan investments	655,526	-	655,526
Total deferred amounts to be recognized in pension expense in future periods	\$ 684,560	\$ -	\$ 684,560
Pension contributions made subsequent to the measurement date	-	-	-
Total deferred amounts related to pensions	\$ 684,560	\$ -	\$ 684,560

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Year Ending December 31	Net Deferred (Inflow s)/Outflow s of Resources
2023	\$ (44,622)
2024	99,652
2025	222,602
2026	406,928
2027	-
Thereafter	-
	<u>\$ 684,560</u>

NOTE 8 - POLICE PENSION PLAN

A. *Plan Administration*

Full-time police sworn personnel of the Village are covered by The Police Pension Fund of the Village (Plan). Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a pension trust fund. No separate report is issued on this pension plan.

The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency. The Board consists of five elected or appointed members.

B. *Plan Membership*

At January 1, 2022, the date of the latest actuarial valuation, Plan participation consisted of:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>16</u>
Total	<u><u>27</u></u>

C. *Benefits Provided*

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

Covered employees hired before January 1, 2011 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit 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, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary.

Covered employees hired on or after January 1, 2011 attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least

NOTES TO FINANCIAL STATEMENTS (Continued)

55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lessor of 3% or $\frac{1}{2}$ the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

D. *Contributions*

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs 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 Plan. For the year ended December 31, 2022, the Village's contribution was 57.4% of covered payroll.

E. *Investment Policy*

ILCS limit the Plan's 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 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.

After the transfer of assets into the consolidated fund, Illinois Police Officers' Pension Investment Fund (IPOPIF), all investments within that fund are managed by the consolidated fund. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The authority of IPOPIF to manage pension fund assets of Article 3 Pension Funds shall begin when there has been a physical transfer of the pension fund assets to IPOPIF and the assets have been placed in the custody of IPOPIF's custodian or custodians. After the transition of investment assets from Article 3 Pension Funds to IPOPIF has been completed, IPOPIF shall have the authority to manage the pension fund assets of the transferor pension funds for the purpose of obtaining a total return on investments of pension fund assets currently held by the transferor pension funds under Section 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code. All investments shall be clearly held and accounted for to indicate ownership by IPOPIF. IPOPIF may direct the registration of securities in its own name or in the name of the nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized by conduct a trust business in the State of Illinois.

IPOPIF's investment policy, in accordance with Illinois Compiled Statutes (ILCS), establishes the following target allocation across asset classes:

NOTES TO FINANCIAL STATEMENTS (Continued)

Asset Class	Target Allocation	10 Year Forecast Return % (Geometric)
US Large	23.00%	6.07%
US Small	5.00%	5.59%
International Developed	18.00%	7.28%
International Developed Small	5.00%	7.93%
Emerging Markets	7.00%	7.42%
Private Equity (Direct)	7.00%	11.40%
Bank Loans	3.00%	3.51%
High Yield Corp. Credit	3.00%	4.89%
Emerging Market Debt	3.00%	6.93%
Emerging Market Debt Local	N/A	4.56%
Private Credit	5.00%	6.80%
US TIPS	3.00%	2.84%
REITs	0.00%	6.29%
Real Estate/Infrastructure	8.00%	6.29%
Value Add Real Estate	N/A	8.29%
Cash	1.00%	0.98%
Short-Term Gov't/Credit	3.00%	3.02%
US Treasury	3.00%	2.93%
Core Fixed Income	0.00%	3.44%
Core Plus Fixed Income	3.00%	3.68%

F. *Investment Valuations*

All Investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31, 2022 for debt securities, equity securities and mutual funds.

G. *Investment Concentrations*

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Plan's investments.

H. *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan's investment policy requires all bank balances to be covered by federal depository insurance.

I. *Interest Rate Risk*

The investments, maturities, and fair value measurements of the Plan's securities can be found in Note 2.

In accordance with its investment policy, the Plan limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Plan.

J. *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Consolidated Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. Credit risk is also reduced by the Consolidated Fund's Independent Board conducting its responsibilities with the care, skill and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use the conduct of an activity of like character or purpose.

NOTES TO FINANCIAL STATEMENTS (Continued)

K. *Net Pension Liability*

The components of the net pension liability of the Plan as of December 31, 2022, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 26,392,315
Plan Fiduciary Net Position	13,574,841
Village's Net Pension Liability	12,817,474
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.43%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

L. *Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial methods and assumptions:

Actuarial Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal (Level %)
Assumptions	
Inflation	2.25%
Salary Increases	3.75% - 13.17%
Investment Rate of Return	6.50%
Asset Valuation Method	5-Year Smoothed Market Value

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

50% of active Member deaths are assumed to be in the Line of Duty.

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

M. *Discount Rate*

The discount rate used to measure the total pension liability was 6%. The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

The Discount Rate used in the determination of the Total Pension Liability was changed from 5.78%, in the prior year, to 6.00%. The Discount Rate is impacted by a couple of metrics. Any change in the underlying High-Quality 20 Year Tax Exempt G.O. Bond Rate, which changed from 2.06% to 3.72%, will impact the blended Discount Rate.

NOTES TO FINANCIAL STATEMENTS (Continued)

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

N. *Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2021	\$ 26,131,108	\$ 15,545,285	\$ 10,585,823
Changes for the year:			
Service Cost	\$ 617,033	\$ -	\$ 617,033
Interest on the Total Pension Liability	1,477,682	-	1,477,682
Changes of Benefit Terms	(8,560)	-	(8,560)
Differences Between Expected and Actual Experience of the Total Pension Liability	(147,959)	-	(147,959)
Changes of Assumptions	(806,694)	-	(806,694)
Contributions - Employer	-	1,021,334	(1,021,334)
Contributions - Employee	-	174,172	(174,172)
Contributions - Other	-	190,473	(190,473)
Net Investment Income	-	(2,454,680)	2,454,680
Benefit Payments, including Refunds of Employee Contributions	(870,295)	(870,295)	-
Administrative Expense	-	(31,448)	31,448
Net Changes	\$ 261,207	\$ (1,970,444)	\$ 2,231,651
Balances at December 31, 2022	\$ 26,392,315	\$ 13,574,841	\$ 12,817,474

O. *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.00%, as well as what the plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net Pension Liability	\$ 16,771,616	\$ 12,817,474	\$ 9,600,065

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

For the year ended December 31, 2022, the Village recognized pension expense of \$1,553,071. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred (Inflows)/Outflows of Resources
Differences between expected and actual experience	\$ 373,789	\$ 872,877	\$ (499,088)
Assumption changes	2,073,534	695,523	1,378,011
Net difference between projected and actual earnings on pension investments	1,878,782	-	1,878,782
Total deferred amounts to be recognized in pension expense in future periods	\$ 4,326,105	\$ 1,568,400	\$ 2,757,705

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred (Inflow s)/Outflow s of Resources
2023	\$ 506,994
2024	746,238
2025	901,260
2026	799,612
2027	(152,390)
Thereafter	(44,009)
	<u>\$ 2,757,705</u>

NOTE 9 - POST-EMPLOYMENT BENEFIT COMMITMENTS – POST-RETIREMENT HEALTH PLAN

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, 2022.

NOTE 10 - INTERFUND BALANCES AND TRANSFERS

The Village's interfund balances at December 31, 2022 consist of the following:

Due From	Due To	Balance
General Fund	Police Pension Fund	\$ 169,266

The interfund balance is due to anticipated pension contribution receipts.

Interfund transfers for the year ended December 31, 2022 consisted of the following:

Transfer From	Transfer To	Amount
General Fund	Public Safety Fund	\$ 16,262

The purpose of the transfer was to transfer forfeiture revenues to the proper fund.

NOTE 11 - 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.

NOTE 12 - CONTINGENCIES

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

The Village has implemented GASB Statement No. 87, *Leases*. This statement establishes financial reporting standards related to leases. Implementation of this standard resulted in recognizing the fair market value of the liability and asset at the commencement of the agreement. There have been no changes to the previously issued audited financial statements which would be required on a retrospective basis.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BARRINGTON HILLS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
TOTAL PENSION LIABILITY									
Service Cost	\$ 41,460	\$ 42,540	\$ 42,883	\$ 46,905	\$ 48,689	\$ 50,562	\$ 58,124	\$ 109,073	\$ 112,314
Interest on Total Pension Liability	470,830	462,422	453,995	439,037	408,876	410,040	397,493	402,650	372,888
Differences Between Expected and Actual Experience	91,687	(13,237)	47,383	96,985	341,488	(370)	(28,899)	(273,403)	(28,799)
Changes of Assumptions	-	-	(58,604)	-	165,552	(174,985)	-	-	183,087
Benefit Payments, Including Refunds of Member Contributions	(377,731)	(372,688)	(365,809)	(383,399)	(336,013)	(263,645)	(247,649)	(315,557)	(166,528)
Net Change in Total Pension Liability	\$ 226,246	\$ 119,037	\$ 119,848	\$ 199,528	\$ 628,592	\$ 21,602	\$ 179,069	\$ (77,237)	\$ 472,962
Total Pension Liability - Beginning	6,662,342	6,543,305	6,423,457	6,223,929	5,595,337	5,573,735	5,394,666	5,471,903	4,998,941
Total Pension Liability - Ending	\$ 6,888,588	\$ 6,662,342	\$ 6,543,305	\$ 6,423,457	\$ 6,223,929	\$ 5,595,337	\$ 5,573,735	\$ 5,394,666	\$ 5,471,903
PLAN FIDUCIARY NET POSITION									
Contributions - Employer	\$ 3,800	\$ 3,602	\$ 3,572	\$ 3,550	\$ 3,693	\$ 4,481	\$ 18,491	\$ 41,172	\$ 52,164
Contributions - Member	22,207	21,051	21,148	20,745	21,575	23,454	24,403	44,753	44,798
Net Investment Income	(1,326,979)	1,544,148	1,177,424	1,354,699	(441,734)	1,181,814	425,165	32,674	382,304
Benefit Payments, Including Refunds of Member Contributions	(377,731)	(372,688)	(365,809)	(383,399)	(336,013)	(263,645)	(247,649)	(315,557)	(166,528)
Administrative Expenses	42,514	(82,151)	66,927	(20,144)	223,567	(38,878)	95,627	(224,176)	34,763
Net Change in Plan Fiduciary Net Position	\$ (1,636,189)	\$ 1,113,962	\$ 903,262	\$ 975,451	\$ (528,912)	\$ 907,226	\$ 316,037	\$ (421,134)	\$ 347,501
Plan Net Position - Beginning	9,915,451	8,801,489	7,898,227	6,922,776	7,451,688	6,544,462	6,228,425	6,649,559	6,302,058
Plan Net Position - Ending	\$ 8,279,262	\$ 9,915,451	\$ 8,801,489	\$ 7,898,227	\$ 6,922,776	\$ 7,451,688	\$ 6,544,462	\$ 6,228,425	\$ 6,649,559
Village's Net Pension (Asset)/Liability	\$ (1,390,674)	\$ (3,253,109)	\$ (2,258,184)	\$ (1,474,770)	\$ (698,847)	\$ (1,856,351)	\$ (970,727)	\$ (833,759)	\$ (1,177,656)
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	120.19%	148.83%	134.51%	122.96%	111.23%	133.18%	117.42%	115.46%	121.52%
Covered Payroll	\$ 493,506	\$ 467,800	\$ 469,947	\$ 461,001	\$ 479,453	\$ 521,193	\$ 542,290	\$ 994,513	\$ 995,505
Employer's Net Pension (Asset)/Liability as a Percentage of Covered Payroll	-281.79%	-695.41%	-480.52%	-319.91%	-145.76%	-356.17%	-179.01%	-83.84%	-118.30%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
DECEMBER 31, 2022

	<u>12/31/2022*</u>	<u>12/31/2021*</u>	<u>12/31/2020*</u>	<u>12/31/2019*</u>	<u>12/31/2018*</u>	<u>12/31/2017*</u>	<u>12/31/2016*</u>	<u>12/31/2015*</u>	<u>12/31/2014*</u>
Actuarially-Determined Contribution	\$ 3,800	\$ 3,602	\$ 3,572	\$ 3,550	\$ 3,692	\$ 4,482	\$ 18,492	\$ 41,173	\$ 52,164
Contributions in relation to Actuarially-Determined Contribution	<u>3,800</u>	<u>3,602</u>	<u>3,572</u>	<u>3,550</u>	<u>3,693</u>	<u>4,481</u>	<u>18,491</u>	<u>41,172</u>	<u>52,164</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Covered Payroll	\$ 493,503	\$ 467,800	\$ 469,947	\$ 461,001	\$ 479,453	\$ 521,193	\$ 542,290	\$ 994,513	\$ 995,905
Contributions as a percentage of Covered Payroll	0.77%	0.77%	0.76%	0.77%	0.77%	0.86%	3.41%	4.14%	5.24%

Notes to Schedule:

Actuarial Method and Assumptions Used in the Calculation of the 2022 Contribution Rate *

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

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 21-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 2.75%

Price Inflation: 2.25%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 2.85% to 13.75%, including inflation

Investment Rate of Return: 7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Mortality: For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

*Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
POLICE PENSION PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
TOTAL PENSION LIABILITY									
Service Cost	\$ 617,033	\$ 556,383	\$ 515,089	\$ 519,325	\$ 492,962	\$ 485,503	\$ 455,871	\$ 407,335	\$ 424,764
Interest	1,477,682	1,426,511	1,416,707	1,245,644	1,164,918	1,095,109	1,053,382	939,478	878,254
Changes in Benefit Terms	(8,560)	-	-	48,902	-	-	-	-	-
Differences Between Expected and Actual Experience	(147,959)	(868,030)	(298,024)	622,493	222,104	27,390	(127,433)	(223,176)	-
Changes in Assumptions	(806,694)	681,774	2,301,837	780,385	-	-	(282,786)	1,048,198	-
Benefit Payments, Including Refunds of Member Contributions	(870,295)	(868,145)	(766,214)	(694,572)	(581,500)	(486,535)	(427,630)	(411,322)	(310,872)
Net Change in Total Pension Liability	\$ 261,207	\$ 928,493	\$ 3,169,395	\$ 2,522,177	\$ 1,298,484	\$ 1,121,467	\$ 671,404	\$ 1,760,513	\$ 992,146
Total Pension Liability - Beginning	26,131,108	25,202,615	22,033,220	19,511,043	18,212,559	17,091,092	16,419,688	14,659,175	13,667,029
Total Pension Liability - Ending	\$ 26,392,315	\$ 26,131,108	\$ 25,202,615	\$ 22,033,220	\$ 19,511,043	\$ 18,212,559	\$ 17,091,092	\$ 16,419,688	\$ 14,659,175
PLAN FIDUCIARY NET POSITION									
Contributions - Employer	\$ 1,021,334	\$ 875,900	\$ 828,854	\$ 811,181	\$ 759,206	\$ 704,876	\$ 671,907	\$ 693,107	\$ 652,863
Contributions - Member	174,172	156,437	165,395	165,467	162,084	161,227	159,036	154,480	175,420
Contributions - Other	190,473	-	-	-	-	-	370	-	50
Net Investment Income	(2,454,680)	1,463,217	1,679,352	1,745,472	(565,370)	864,893	335,609	21,753	375,634
Benefit Payments, Including Refunds of Member Contributions	(870,295)	(868,145)	(766,214)	(694,572)	(581,500)	(486,535)	(427,630)	(411,322)	(310,872)
Administrative Expenses	(31,448)	(29,667)	(34,500)	(23,022)	(38,366)	(50,013)	(37,533)	(30,837)	(28,485)
Net Change in Plan Fiduciary Net Position	\$ (1,970,444)	\$ 1,597,742	\$ 1,872,887	\$ 2,004,526	\$ (263,946)	\$ 1,194,448	\$ 701,759	\$ 427,181	\$ 864,610
Plan Net Position - Beginning	15,545,285	13,947,543	12,074,656	10,070,130	10,334,076	9,139,628	8,437,869	8,010,688	7,146,078
Plan Net Position - Ending	\$ 13,574,841	\$ 15,545,285	\$ 13,947,543	\$ 12,074,656	\$ 10,070,130	\$ 10,334,076	\$ 9,139,628	\$ 8,437,869	\$ 8,010,688
Village's Net Pension Liability	\$ 12,817,474	\$ 10,585,823	\$ 11,255,072	\$ 9,958,564	\$ 9,440,913	\$ 7,878,483	\$ 7,951,464	\$ 7,981,819	\$ 6,648,487
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.43%	59.49%	55.34%	54.80%	51.61%	56.74%	53.48%	51.39%	54.65%
Covered Payroll	\$ 1,780,863	\$ 1,614,960	\$ 1,668,967	\$ 1,669,697	\$ 1,640,626	\$ 1,660,990	\$ 1,604,821	\$ 1,568,660	\$ 1,522,210
Employer's Net Pension Liability as a Percentage of Covered Payroll	719.73%	655.49%	674.37%	596.43%	575.45%	474.32%	495.47%	508.83%	436.77%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTION
LAST TEN FISCAL YEARS

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Actuarially-Determined Contribution	\$ 1,066,073	\$ 1,013,938	\$ 917,285	\$ 812,999	\$ 757,001	\$ 712,077	\$ 627,580	\$ 669,214	\$ 645,634
Contributions in relation to Actuarially-Determined Contribution	1,021,334	875,900	828,854	811,181	759,206	704,876	671,907	693,107	652,863
Contribution deficiency/(excess)	<u>\$ 44,739</u>	<u>\$ 138,038</u>	<u>\$ 88,431</u>	<u>\$ 1,818</u>	<u>\$ (2,205)</u>	<u>\$ 7,201</u>	<u>\$ (44,327)</u>	<u>\$ (23,893)</u>	<u>\$ (7,229)</u>
Covered Payroll	\$ 1,780,863	\$ 1,614,960	\$ 1,668,967	\$ 1,669,697	\$ 1,640,626	\$ 1,660,990	\$ 1,604,821	\$ 1,568,660	\$ 1,522,210
Contributions as a percentage of Covered Payroll	57.4%	54.2%	49.7%	48.6%	46.3%	42.4%	41.9%	44.2%	42.9%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2022 Contribution Rate *

The Actuarially Determined Contribution shown above or the current year is the Recommended Contribution from the January 1, 2021 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2021 tax levy. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

Actuarial Cost Method: Entry Age Normal (Level % Pay)

Amortization Method: Level percentage of payroll, closed

Amortization Target: 100% Funded Over 20 Years

Asset Valuation Method: 5-year smoothed market value

Inflation (CPI-U): 2.25%

Total Payroll Increases: 3.25%

Individual Pay Increases: 3.75% to 13.17%

Expected Rate of Return on Investments: 6.50%

Mortality: Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

Retirement Rates: 100% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65

Termination Rates: 100% of L&A 2020 Illinois Police Termination Rates

Disability Rates: 100% of L&A 2020 Illinois Police Disability Rates

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Taxes	\$ 2,227,200	\$ 2,425,620
Fees, Permits and Licenses	155,650	313,995
Charges for Services	88,822	112,283
Fines and Forfeitures	42,000	139,870
Intergovernmental	1,031,806	1,476,110
Interest Income	3,000	(1,583)
Miscellaneous Revenue	26,500	37,667
Total Revenues	<u>\$ 3,574,978</u>	<u>\$ 4,503,962</u>
EXPENDITURES		
Current		
General Government	\$ 1,986,495	\$ 1,996,270
Public Safety	1,527,100	1,454,547
Health Services	6,233	3,010
Capital Outlay	159,200	123,562
	<u>\$ 3,679,028</u>	<u>\$ 3,577,389</u>
Total Expenditures	<u>\$ 3,679,028</u>	<u>\$ 3,577,389</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (104,050)</u>	<u>\$ 926,573</u>
OTHER FINANCING SOURCES/(USES)		
Transfers	\$ -	\$ (16,262)
Sale of Fixed Assets	12,000	731
	<u>\$ 12,000</u>	<u>\$ (15,531)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (92,050)</u>	\$ 911,042
FUND BALANCE - JANUARY 1, 2022		<u>3,912,057</u>
FUND BALANCE - DECEMBER 31, 2022		<u>\$ 4,823,099</u>

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - PUBLIC SAFETY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Tax	\$ 2,068,165	\$ 2,115,810
Special Detail	10,000	8,288
Drug/Gang/DUI Fund	22,000	89
Insurance Reimbursement	-	921
Total Revenues	<u>\$ 2,100,165</u>	<u>\$ 2,125,108</u>
EXPENDITURES		
Current		
Public Safety		
Regular Salaries	\$ 2,200,306	\$ 2,078,467
Overtime	82,200	92,700
Longevity Awards	20,750	21,750
Education Benefits	4,000	4,000
	<u>\$ 2,307,256</u>	<u>\$ 2,196,917</u>
Drug/Gang/DUI	<u>\$ 22,000</u>	<u>\$ 7,263</u>
Total Expenditures	<u>\$ 2,329,256</u>	<u>\$ 2,204,180</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (229,091)	\$ (79,072)
OTHER FINANCING SOURCES/(USES)		
Transfers	<u>-</u>	<u>16,262</u>
NET CHANGE IN FUND BALANCE	<u>\$ (229,091)</u>	\$ (62,810)
FUND BALANCE - JANUARY 1, 2022		<u>368,492</u>
FUND BALANCE - DECEMBER 31, 2022		<u>\$ 305,682</u>

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ROADS AND BRIDGES FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts	
	Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 990,000	\$ 1,012,796
Roads and Bridges Taxes	84,460	76,289
Motor Fuel Tax Interest	500	6,493
Motor Fuel Tax	167,100	168,086
Rebuild Illinois	-	92,463
Total Revenues	<u>\$ 1,242,060</u>	<u>\$ 1,356,127</u>
EXPENDITURES		
Current		
Roads and Bridges		
Road Maintenance	\$ 661,000	\$ 397,727
Snow Plowing	2,800	1,806
Mowing	70,000	70,527
Sign Purchase and Installation	20,000	29,188
Drainage Management	225,000	43,201
Engineering Fees	150,000	76,095
Road Patching	60,000	1,984
Road Salt	15,500	-
Motor Fuel Tax	157,500	172,975
Bridge Inspection	5,000	23,369
	<u>\$ 1,366,800</u>	<u>\$ 816,872</u>
Total Expenditures	<u>\$ 1,366,800</u>	<u>\$ 816,872</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (124,740)	\$ 539,255
OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (124,740)</u>	\$ 539,255
FUND BALANCE - JANUARY 1, 2022		<u>926,070</u>
FUND BALANCE - DECEMBER 31, 2022		<u>\$ 1,465,325</u>

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VILLAGE OF BARRINGTON HILLS, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 - BUDGET

Annual budgets are adopted for all Village fund types on a basis consistent with generally accepted accounting principles. All operating departments of the Village submit budget requests to the Village Administrator so that a budget may be prepared. The budget is prepared by fund, function, department, and object, and includes information on the past two years, current year estimated, and requested budgets for the next fiscal year.

The proposed budget is presented to the Board of Trustees for review. The governing body then adopts the annual budget. On the basis of the adopted annual budget, the annual appropriation ordinance is prepared. The Board of Trustees holds public hearings and may add to, subtract from, or change appropriations.

Once the annual appropriation ordinance is enacted the Administrator is authorized to transfer appropriation amounts between departments within any fund, however, any revisions that alter the total appropriated expenditures of any fund must be approved by the governing body. Legally, expenditures may not exceed appropriations at the fund level.

The budget was adopted by the governing body on November 18, 2021, and there were no amendments for fiscal year 2022. The annual appropriation ordinance was enacted on February 22, 2022, and there were no amendments for fiscal year 2022.

The budget amounts reported in these financial statements reflect those of the legally enacted appropriation ordinance.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended December 31, 2022, no fund had expenditures that exceeded the budget.

SUPPLEMENTARY INFORMATION

VILLAGE OF BARRINGTON HILLS, ILLINOIS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
Revenues		
Taxes		
Property Tax	\$ 1,822,800	\$ 1,869,833
Utility	404,400	555,787
Total Taxes	<u>\$ 2,227,200</u>	<u>\$ 2,425,620</u>
Fees, Permits and Licenses		
Building Permits	\$ 100,000	\$ 246,924
Liquor and Scavenger Licenses	1,000	1,050
Zoning and Petition Fees	2,000	200
No Trespassing Signs	150	669
Overweight Permit Fees	42,500	40,152
Towing Fees	10,000	25,000
Total Fees, Permits and Licenses	<u>\$ 155,650</u>	<u>\$ 313,995</u>
Charges for Services		
Police Accident Reports	\$ 1,500	\$ 1,555
Franchise Fees	80,000	89,847
Rental Income	3,500	3,462
Lease Income	-	13,596
Insurance Reimbursements	3,822	3,823
Total Charges for Services	<u>\$ 88,822</u>	<u>\$ 112,283</u>
Fines and Forfeitures		
Traffic Fines - Cook County	\$ 30,000	\$ 2,000
Supervision Fees	500	-
Police "C" Tickets	8,000	85,082
Administrative Adjudication Fines	3,500	52,788
Total Fines and Forfeitures	<u>\$ 42,000</u>	<u>\$ 139,870</u>
Intergovernmental		
State Income Taxes	\$ 438,000	\$ 670,366
State Cannabis Use Tax	6,000	6,670
Sales and Use	254,000	372,066
Replacement	49,000	141,911
Grant Revenues	284,806	285,097
Total Intergovernmental	<u>\$ 1,031,806</u>	<u>\$ 1,476,110</u>
Investment Income	<u>\$ 3,000</u>	<u>\$ (1,583)</u>
Miscellaneous Revenue		
Police Training Reimbursements	\$ -	\$ 2,386
Animal Services Reimbursements	1,000	-
Contributions/Donations	12,000	14,400
Other	13,500	20,881
Total Miscellaneous Revenue	<u>\$ 26,500</u>	<u>\$ 37,667</u>
Total Revenues	<u><u>\$ 3,574,978</u></u>	<u><u>\$ 4,503,962</u></u>

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VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts <u>Original and Final</u>	<u>Actual Amounts</u>
General Government		
Administration	\$ 556,670	\$ 529,981
Building Department	188,300	224,609
Insurance and Risk	808,825	822,008
Legal	328,500	281,200
Municipal Building and Grounds	94,700	126,981
Zoning and Planning Development	9,500	11,491
Total General Government	<u>\$ 1,986,495</u>	<u>\$ 1,996,270</u>
 Public Safety		
Police Department	<u>\$ 1,527,100</u>	<u>\$ 1,454,547</u>
 Health Services	<u>\$ 6,233</u>	<u>\$ 3,010</u>
 Capital Outlay	<u>\$ 159,200</u>	<u>\$ 123,562</u>
 Total Expenditures	<u><u>\$ 3,679,028</u></u>	<u><u>\$ 3,577,389</u></u>

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VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS WITH UNDERLYING INTERNAL FUNDS
LAST FOUR FISCAL YEARS

	General							
	General Fund	Social Security Fund	Audit Fund	Lighting Fund	Liability Insurance Fund	Unemployment Insurance Fund	IMRF Fund	Total General Fund
Fund Balance, January 1, 2022	\$ 3,788,558	\$ 30,115	\$ 4,034	\$ 1,474	\$ 68,651	\$ 13,196	\$ 6,029	\$ 3,912,057
Total Revenues	4,195,638	188,228	50,130	5,336	61,453	3,177	-	4,503,962
Total Expenditures	3,241,288	176,831	51,425	4,796	96,867	2,382	3,800	3,577,389
Net Other Financing Sources/(Uses)	(164,237)	-	-	-	34,561	-	114,145	(15,531)
Fund Balance, December 31, 2022	<u>\$ 4,578,671</u>	<u>\$ 41,512</u>	<u>\$ 2,739</u>	<u>\$ 2,014</u>	<u>\$ 67,798</u>	<u>\$ 13,991</u>	<u>\$ 116,374</u>	<u>\$ 4,823,099</u>
Fund Balance, January 1, 2021	\$ 3,001,146	\$ 16,713	\$ 2,819	\$ (5,573)	\$ 63,490	\$ 10,158	\$ 9,631	\$ 3,098,384
Total Revenues	3,737,252	177,384	49,029	11,694	88,302	5,351	-	4,069,012
Total Expenditures	2,976,939	163,982	47,814	4,647	83,141	2,313	3,602	3,282,438
Net Other Financing Sources/(Uses)	27,099	-	-	-	-	-	-	27,099
Fund Balance, December 31, 2021	<u>\$ 3,788,558</u>	<u>\$ 30,115</u>	<u>\$ 4,034</u>	<u>\$ 1,474</u>	<u>\$ 68,651</u>	<u>\$ 13,196</u>	<u>\$ 6,029</u>	<u>\$ 3,912,057</u>
Fund Balance, January 1, 2020	\$ 2,828,036	\$ 14,522	\$ (5,355)	\$ (5,593)	\$ 65,119	\$ (1,623)	\$ 13,203	\$ 2,908,309
Total Revenues	3,080,920	172,685	53,429	2,664	101,389	17,763	-	3,428,850
Total Expenditures	2,932,124	170,494	45,255	2,644	103,018	5,982	3,572	3,263,089
Net Other Financing Sources/(Uses)	24,314	-	-	-	-	-	-	24,314
Fund Balance, December 31, 2020	<u>\$ 3,001,146</u>	<u>\$ 16,713</u>	<u>\$ 2,819</u>	<u>\$ (5,573)</u>	<u>\$ 63,490</u>	<u>\$ 10,158</u>	<u>\$ 9,631</u>	<u>\$ 3,098,384</u>
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>

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS WITH UNDERLYING INTERNAL FUNDS
LAST FOUR FISCAL YEARS

	Public Safety					Roads and Bridges				
	Police Protection	Crossing Guards	E911	Drug/ Gang/DUI	Total Public Safety	Roads and Bridges	Motor Fuel Tax	Total Roads and Bridges	Debt Service	Total All Funds
Fund Balance, January 1, 2022	\$ 349,367	\$ -	\$ -	\$ 19,125	\$ 368,492	\$ 697,126	\$ 228,944	\$ 926,070	\$ -	\$ 5,206,619
Total Revenues	2,125,019	-	-	89	2,125,108	1,089,085	267,042	1,356,127	-	7,985,197
Total Expenditures	2,196,917	-	-	7,263	2,204,180	643,897	172,975	816,872	-	6,598,441
Net Other Financing Sources/(Uses)	-	-	-	16,262	16,262	-	-	-	-	731
Fund Balance, December 31, 2022	<u>\$ 277,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,213</u>	<u>\$ 305,682</u>	<u>\$ 1,142,314</u>	<u>\$ 323,011</u>	<u>\$ 1,465,325</u>	<u>\$ -</u>	<u>\$ 6,594,106</u>
Fund Balance, January 1, 2021	\$ 299,486	\$ -	\$ -	\$ 12,492	\$ 311,978	\$ 496,829	\$ 200,243	\$ 697,072	\$ 1,517	\$ 4,108,951
Total Revenues	2,057,755	-	-	19,999	2,077,754	1,052,382	257,548	1,309,930	-	7,456,696
Total Expenditures	1,996,566	-	-	13,366	2,009,932	852,085	228,847	1,080,932	-	6,373,302
Net Other Financing Sources/(Uses)	(11,308)	-	-	-	(11,308)	-	-	-	(1,517)	14,274
Fund Balance, December 31, 2021	<u>\$ 349,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,125</u>	<u>\$ 368,492</u>	<u>\$ 697,126</u>	<u>\$ 228,944</u>	<u>\$ 926,070</u>	<u>\$ -</u>	<u>\$ 5,206,619</u>
Fund Balance, January 1, 2020	\$ 256,085	\$ 78	\$ (11,354)	\$ 26,339	\$ 271,148	\$ 329,292	\$ 135,559	\$ 464,851	\$ 1,517	\$ 3,645,825
Total Revenues	2,131,129	2,368	-	9,850	2,143,347	1,173,638	246,684	1,420,322	-	6,992,519
Total Expenditures	2,087,728	2,400	-	23,697	2,113,825	1,006,101	182,000	1,188,101	-	6,565,015
Net Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	24,314
Fund Balance, December 31, 2020	<u>\$ 299,486</u>	<u>\$ 46</u>	<u>\$ (11,354)</u>	<u>\$ 12,492</u>	<u>\$ 300,670</u>	<u>\$ 496,829</u>	<u>\$ 200,243</u>	<u>\$ 697,072</u>	<u>\$ 1,517</u>	<u>\$ 4,097,643</u>
Fund Balance, January 1, 2019	\$ 293,015	\$ 1,877	\$ (11,354)	\$ 24,585	\$ 308,123	\$ 623,309	\$ 413,707	\$ 1,037,016	\$ 105,410	\$ 4,050,795
Total Revenues	2,110,402	601	-	1,754	2,112,757	937,859	146,852	1,084,711	155,607.00	6,871,409
Total Expenditures	2,147,332	2,400	-	-	2,149,732	1,231,876	425,000	1,656,876	259,500.00	7,289,616
Net Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	13,237
Fund Balance, December 31, 2019	<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>

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