

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
December 31, 2014



**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

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**INDEPENDENT AUDITOR'S REPORT**



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Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Barrington Hills, Illinois (the Village), as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Barrington Hills, Illinois as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The Village adopted the GASB Statement No 67, *Financial Reporting for Pension Plans*, which modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

Naperville, Illinois  
May 4, 2015



**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2014

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The management of the Village of Barrington Hills offers all persons interested in the financial position of the Village this narrative overview and analysis of the Village's financial performance during the year ending December 31, 2014. You are invited to read this narrative in conjunction with the Village's financial statements. The Village presents several tables and graphs in the management's discussion and analysis that display comparative information.

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### FINANCIAL HIGHLIGHTS

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- > The assets of the Village of Barrington Hills exceeded its liabilities by \$5,871,893 (net position). Of this amount, \$2,032,760 is restricted for specific purposes (restricted net position), and \$1,798,881 is invested in capital assets, which leaves unrestricted net position of \$2,040,252.
  - > Total governmental net position increased by \$757,870 due to the Village effectively controlling expenses during the year.
  - > On December 31, 2014, the Village's governmental funds reported combined fund balances of \$3,593,488, an increase of \$640,950 from December 31, 2013.
  - > During the year, revenues totaled \$8,433,480, while expenses totaled \$7,881,544.
  - > The General Fund reported total ending fund balance of \$1,954,375, an increase of \$523,485 from the prior year.
  - > The Village's governmental funds reported total revenues of \$8,433,480, compared to \$8,281,305, which was forecasted.
  - > The Village's governmental funds reported total expenditures of \$7,881,544, compared to \$11,393,000, which was appropriated, and \$8,387,289, which was budgeted.
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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2014

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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

#### ***GOVERNMENT-WIDE STATEMENTS***

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

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

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

#### ***FUND FINANCIAL STATEMENTS***

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

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

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

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2014

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

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### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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

A summary of the Village's Statement of Net Position is presented below in Table 1.

**Table 1**  
**Condensed Statements of Net Position**

	Governmental Activities	
	December 31, 2013	December 31, 2014
Current and other assets	\$ 11,557,564	\$ 12,187,419
Capital assets	1,992,654	1,886,083
Total Assets	<u>13,550,218</u>	<u>14,073,502</u>
Current liabilities	146,453	510,842
Noncurrent liabilities	1,724,469	1,238,762
Total Liabilities	<u>1,870,922</u>	<u>1,749,604</u>
Unavailable Revenue	6,565,273	6,452,005
Total Deferred Inflows of Resources	<u>6,565,273</u>	<u>6,452,005</u>
Net invested in capital assets	1,841,043	1,798,881
Restricted	1,812,055	2,032,760
Unrestricted	<u>1,460,925</u>	<u>2,040,252</u>
Total Net Position	<u>\$ 5,114,023</u>	<u>\$ 5,871,893</u>

## VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2014

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

One portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Village had one capital lease outstanding as of December 31, 2014. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

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

**Table 2**  
**Condensed Statement of Activities**

	Governmental Activities	
	December 31, 2013	December 31, 2014
Revenues:		
Program revenues		
Charges for services	\$ 455,464	\$ 402,920
Operating grants and contributions	124,132	148,297
Capital grants and contributions	-	98,709
General revenues		
Property taxes	6,744,846	6,582,997
Utility taxes	533,709	548,223
Income taxes	388,951	402,987
Sales/Use/Replacement taxes	111,794	165,844
Other taxes	39,568	54,711
Investment income	7,432	10,203
Miscellaneous revenues	145,681	18,519
Total Revenues	8,551,577	8,433,480
Expenses:		
General government	2,896,070	2,001,690
Public safety	3,519,669	4,144,576
Roads and bridges	1,399,310	1,473,560
Health	9,621	2,869
Interest on long-term debt	55,531	52,915
Total Expenses	7,880,201	7,675,610
Changes in Net Position	671,376	757,870
Beginning Net Position, as restated	4,442,647	5,114,023
Ending Net Position	\$ 5,114,023	\$ 5,871,893

# VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2014

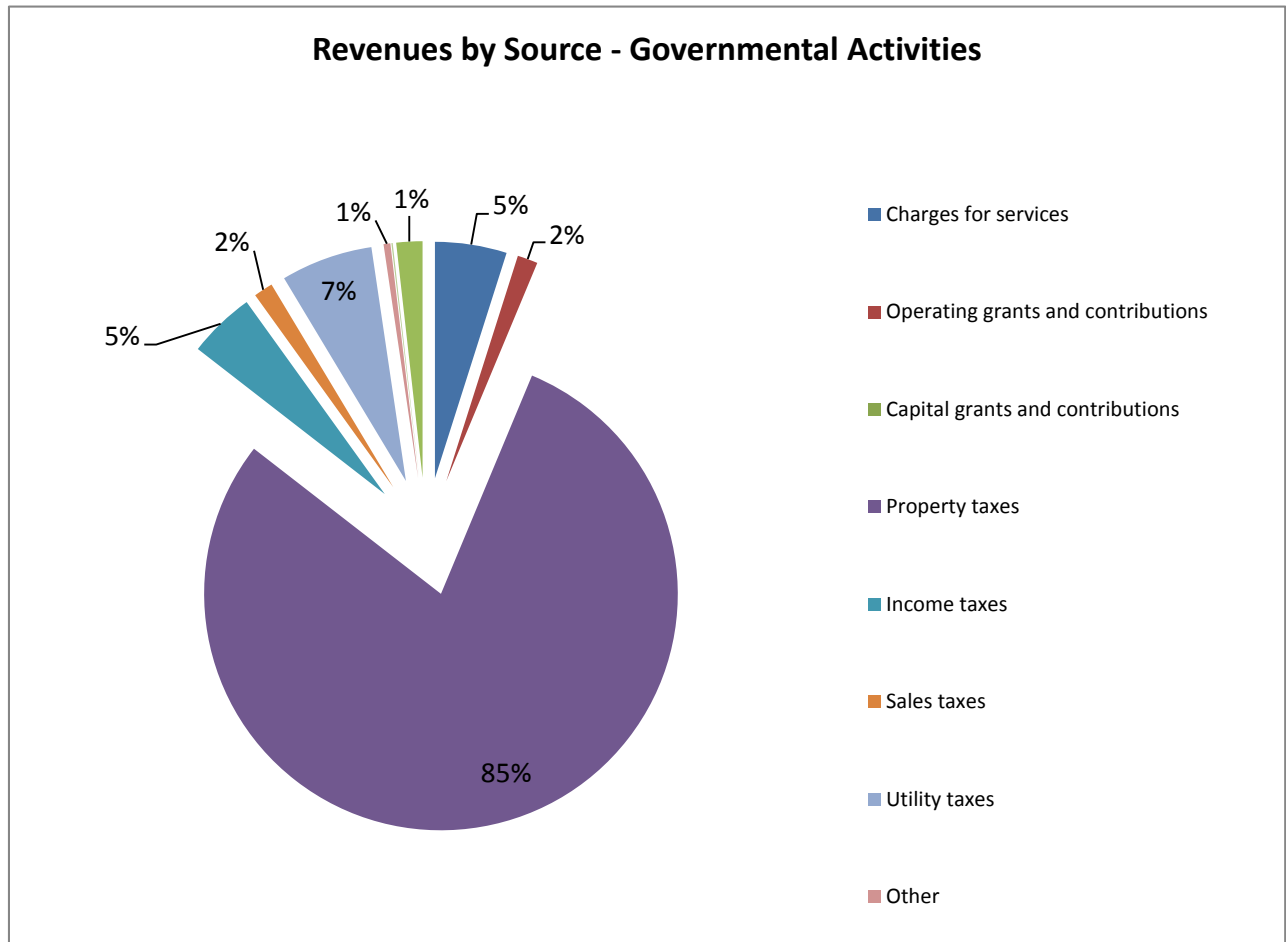
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## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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

Chart 1



# VILLAGE OF BARRINGTON HILLS

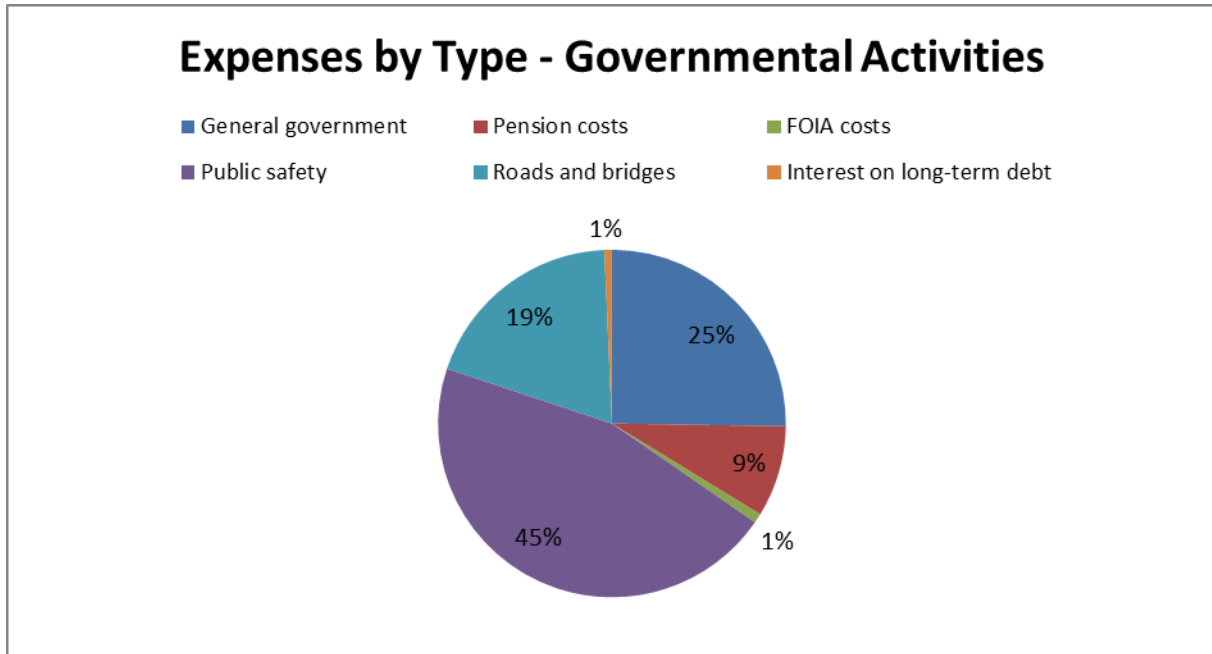
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2014

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

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Chart 2



### ***GOVERNMENTAL ACTIVITIES***

Governmental activities increased the Village's net position by \$757,870. This increase is primarily a result of the increased revenue from income taxes and capital grants and contributions.

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

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

# VILLAGE OF BARRINGTON HILLS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2014

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## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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### *GOVERNMENTAL FUNDS*

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

At December 31, 2014, the Village's governmental funds reported combined fund balances of \$3,593,488. Of this amount, \$1,384,786 constitutes unassigned fund balance, which is available to meet the Village's current and future needs. The remaining \$2,208,702 is nonspendable, restricted or assigned. The combined fund balance increased from last year's total of \$2,952,538.

### *General Fund*

The Village's General Fund is the chief operating fund of the Village. Total fund balance in the General Fund increased \$523,485 or 36%. This was due primarily to the decrease in legal services expenditures and Voluntary Separation Plan (VSP) participation.

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## GENERAL FUND APPROPRIATION HIGHLIGHTS

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The General Fund actual revenues for the current year were \$4,007,157 compared to the revenue forecast of \$4,271,195. This variance is primarily due to decreases in fees, permits, license and miscellaneous revenues over the course of the year.

The General Fund appropriation for the year ended December 31, 2014 had total expenditures of approximately \$4,693,000. The General Fund actual expenditures were lower than the expenditure appropriation. Actual expenditures and transfers totaled \$3,579,186. The variance reflects the Village's longstanding practice (and the statutory requirement pursuant to 65 ILCS 64 5/8-2-9) of appropriating more than it plans to expend, thereby ensuring the availability of adequate revenues to support essential Village functions.

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2014

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### CAPITAL ASSETS

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At the end of 2014, the Village had invested a total of \$1,886,083 in capital assets. This investment in capital assets includes land, buildings and improvements, equipment, furniture, and vehicles. This investment does not include infrastructure acquired prior to 2004, which the Village is not required to record.

Capital assets remained comparable to the prior year. The total decrease in the Village's investment in capital assets for the current fiscal year was \$106,571.

**Table 3  
Capital Assets**

	Governmental Activities	
	December 31, 2013, restated	December 31, 2014
Capital assets not being depreciated		
Land	\$ 350,349	\$ 350,349
Capital assets being depreciated		
Buildings and improvements	2,131,642	2,131,642
Equipment, furniture and vehicles	<u>1,216,180</u>	<u>1,208,979</u>
 Total Capital Assets	 3,347,822	 3,690,970
 Less: Accumulated Depreciation	 <u>(1,705,517)</u>	 <u>(1,535,734)</u>
 Capital Assets, Net of Depreciation	 \$ <u>1,992,654</u>	 \$ <u>1,886,083</u>

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

# VILLAGE OF BARRINGTON HILLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2014

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### LONG-TERM LIABILITIES

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At December 31, 2014, the Village had \$1,470,834 of governmental debt and compensated absences outstanding as compared to \$1,724,469 the previous year. This was a result of a restatement of general obligation debt, compensated absences payable and an addition of a capital lease.

In accordance with Illinois Statutes, total general obligation indebtedness of the Village is not limited. Total general obligation debt outstanding at year end was \$1,370,000.

**Table 4**  
**Long-term Liabilities**

	Governmental Activities	
	December 31, 2013, restated	December 31, 2014
General obligation debt	\$ 1,570,000	\$ 1,370,000
Capital lease payable	107,967	87,202
Compensated absences	46,502	13,632
Total	\$ <u>1,724,469</u>	\$ <u>1,470,834</u>

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

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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The Village's elected and appointed officials considered many factors when setting the fiscal year 2014 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The Village is faced with a similar economic environment as many of the other local municipalities, including inflation rates and economic trends, particularly as they pertain to building activity. None of these conditions are anticipated to significantly change the overall financial position of the Village.

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### REQUESTS FOR INFORMATION

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



## **BASIC FINANCIAL STATEMENTS**

VILLAGE OF BARRINGTON HILLS, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,300,372
Restricted cash - cash with paying agent	234,615
Receivables	
Taxes	6,518,263
Other	93,988
Accrued interest	2,517
Due from other governments	208,566
Prepaid items	175,942
Net pension asset	1,653,156
Capital assets not being depreciated	350,349
Capital assets (net of accumulated depreciation)	<u>1,535,734</u>
Total assets	<u>14,073,502</u>
<b>LIABILITIES</b>	
Accounts payable	228,882
Accrued payroll	6,313
Accrued interest payable	24,615
Due to fiduciary fund	18,960
Long-term liabilities	
Due within one year	232,072
Due in more than one year	<u>1,238,762</u>
Total liabilities	<u>1,749,604</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue - property taxes	<u>6,452,005</u>
Total deferred inflows of resources	<u>6,452,005</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,798,881
Restricted	
Employee retirement	126,215
Liability insurance	267,432
Public safety	1,441,283
Roads and bridges	98,452
Debt service	99,378
Unrestricted	<u>2,040,252</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 5,871,893</u></u>

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General government	\$ 2,001,690	\$ 281,179	\$ -	\$ -	\$ (1,720,511)
Public safety	4,144,576	121,741	7,826	-	(4,015,009)
Roads and bridges	1,473,560	-	140,471	98,709	(1,234,380)
Health services	2,869	-	-	-	(2,869)
Interest	52,915	-	-	-	(52,915)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 7,675,610</b>	<b>\$ 402,920</b>	<b>\$ 148,297</b>	<b>\$ 98,709</b>	<b>(7,025,684)</b>

General Revenues

Taxes	
Property	6,582,997
Sales	50,038
Use	77,848
Replacement	37,958
Utility	548,223
Other	54,711
Intergovernmental	
State income tax	402,987
Investment income	10,203
Miscellaneous	18,589
<b>Total</b>	<b>7,783,554</b>
<b>CHANGE IN NET POSITION</b>	<b>757,870</b>
<b>NET POSITION, JANUARY 1</b>	<b>5,075,058</b>
Prior period adjustment	38,965
<b>NET POSITION, JANUARY 1, AS RESTATED</b>	<b>5,114,023</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 5,871,893</b>

See accompanying notes to financial statements.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	Major Funds			Nonmajor Fund	Total
	General	Public Safety	Roads and Bridges	Debt Service	
<b>ASSETS</b>					
Cash and investments	\$ 1,666,809	\$ 1,414,778	\$ 122,074	\$ 96,711	\$ 3,300,372
Restricted cash - cash with paying agent	-	-	-	234,615	234,615
Receivables					
Taxes	2,369,407	2,312,151	1,576,738	259,967	6,518,263
Other	86,249	7,739	-	-	93,988
Accrued interest	2,517	-	-	-	2,517
Due from other funds	5,977	-	-	-	5,977
Due from other governments	117,250	-	91,316	-	208,566
Prepaid items	175,942	-	-	-	175,942
<b>TOTAL ASSETS</b>	<b>\$ 4,424,151</b>	<b>\$ 3,734,668</b>	<b>\$ 1,790,128</b>	<b>\$ 591,293</b>	<b>\$ 10,540,240</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 100,151	\$ 1,055	\$ 127,676	\$ -	\$ 228,882
Accrued payroll	6,313	-	-	-	6,313
Bonds payable	-	-	-	210,000	210,000
Accrued interest payable	-	-	-	24,615	24,615
Due to other funds	-	5,977	-	-	5,977
Due to fiduciary fund	18,960	-	-	-	18,960
Total liabilities	125,424	7,032	127,676	234,615	494,747
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	2,344,352	2,286,353	1,564,000	257,300	6,452,005
Total deferred inflows of resources	2,344,352	2,286,353	1,564,000	257,300	6,452,005
Total liabilities and deferred inflows of resources	2,469,776	2,293,385	1,691,676	491,915	6,946,752
<b>FUND BALANCES</b>					
Nonspendable - prepaid items	175,942	-	-	-	175,942
Restricted					
Employee retirement	126,215	-	-	-	126,215
Liability insurance	267,432	-	-	-	267,432
Public safety	-	1,441,283	-	-	1,441,283
Roads and bridges	-	-	98,452	-	98,452
Debt service	-	-	-	99,378	99,378
Unrestricted					
Unassigned	1,384,786	-	-	-	1,384,786
Total fund balances	1,954,375	1,441,283	98,452	99,378	3,593,488
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,424,151</b>	<b>\$ 3,734,668</b>	<b>\$ 1,790,128</b>	<b>\$ 591,293</b>	<b>\$ 10,540,240</b>

See accompanying notes to financial statements.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2014

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 3,593,488</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial and, therefore, are not reported in the governmental funds	1,886,083
Net pension assets are not financial resources and are not reported in governmental funds	1,653,156
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	(13,632)
Capital lease payable	(87,202)
Bonds payable	<u>(1,160,000)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 5,871,893</u></u></b>

See accompanying notes to financial statements.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	Major Funds			Nonmajor Fund	Total
	General	Public Safety	Roads and Bridges	Debt Service	
<b>REVENUES</b>					
Taxes	\$ 3,178,711	\$ 2,586,893	\$ 1,329,344	\$ 256,826	\$ 7,351,774
Fees, permits and licenses	197,203	-	-	-	197,203
Charges for services	82,372	8,450	-	-	90,822
Fines and forfeitures	109,374	5,522	-	-	114,896
Intergovernmental	410,813	-	140,471	-	551,284
Investment income	10,095	76	32	-	10,203
Miscellaneous	18,589	-	98,709	-	117,298
Total revenues	4,007,157	2,600,941	1,568,556	256,826	8,433,480
<b>EXPENDITURES</b>					
Current					
General government	1,889,591	-	-	-	1,889,591
Public safety	1,507,521	2,545,118	-	-	4,052,639
Roads and bridges	-	-	1,473,560	-	1,473,560
Health services	2,869	-	-	-	2,869
Capital outlay	179,205	-	-	-	179,205
Debt Service					
Principal retirement	-	20,765	-	210,000	230,765
Interest and fiscal charges	-	3,685	-	49,230	52,915
Total expenditures	3,579,186	2,569,568	1,473,560	259,230	7,881,544
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	427,971	31,373	94,996	(2,404)	551,936
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	6,500	-	-	-	6,500
Transfers (out)	-	(6,500)	-	-	(6,500)
Proceeds from the disposal of capital assets	15,016	-	-	-	15,016
Total other financing sources (uses)	21,516	(6,500)	-	-	15,016
NET CHANGE IN FUND BALANCES	449,487	24,873	94,996	(2,404)	566,952
FUND BALANCES, JANUARY 1	1,430,890	1,416,410	3,456	101,782	2,952,538
Prior period adjustment	73,998	-	-	-	73,998
FUND BALANCES, JANUARY 1, AS RESTATED	1,504,888	1,416,410	3,456	101,782	3,026,536
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,954,375</b>	<b>\$ 1,441,283</b>	<b>\$ 98,452</b>	<b>\$ 99,378</b>	<b>\$ 3,593,488</b>

See accompanying notes to financial statements.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 566,952</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	76,997
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	230,765
Proceeds from the disposal of capital assets are recognized in governmental funds but the gain (loss) is recognized in the statement of activities	(19,343)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation	(164,225)
Compensated absences	32,870
Net pension asset	33,854
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 757,870</b>

See accompanying notes to financial statements.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUND**

December 31, 2014

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	<u><b>Pension Trust</b></u> <u><b>Police</b></u> <u><b>Pension</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 391,750
Investments, at fair value	
Fixed income	4,117,305
Equities	3,472,843
Receivables	
Accrued interest	17,166
Due from Village	18,960
Prepaid expenses	<u>2,960</u>
Total assets	<u>8,020,984</u>
<b>LIABILITIES</b>	
Accounts payable	<u>10,296</u>
Total liabilities	<u>10,296</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$ 8,010,688</u></u>

See accompanying notes to financial statements.



VILLAGE OF BARRINGTON HILLS, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2014

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	<u>Pension Trust</u> <u>Police</u> <u>Pension</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 652,863
Employee	175,420
Other	50
	<hr/>
Total contributions	828,333
	<hr/>
Investment income	
Net appreciation in fair value of investments	242,068
Interest and dividends	155,405
	<hr/>
Total investment income	397,473
Less investment expense	(21,839)
	<hr/>
Net investment income	375,634
	<hr/>
Total additions	1,203,967
	<hr/>
<b>DEDUCTIONS</b>	
Benefits and refunds	310,872
Administration	28,485
	<hr/>
Total deductions	339,357
	<hr/>
NET INCREASE	864,610
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	
January 1	<hr/> 7,146,078
December 31	<hr/> \$ 8,010,688 <hr/>

See accompanying notes to financial statements.

# VILLAGE OF BARRINGTON HILLS, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

b. Fund Accounting

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

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

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

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

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

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

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

The Village reports the following nonmajor governmental fund:

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements (Continued)

Additionally, the Village reports the following fiduciary fund:

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

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

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

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

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

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Cash and Cash Equivalents

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

f. Investments

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

g. Prepaid Items/Expenses

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

h. Capital Assets

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

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

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

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Compensated Absences

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

j. Long-Term Obligations

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

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

k. Net Position/Fund Balance

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

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

k. Net Position/Fund Balance (Continued)

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

l. Interfund Transactions

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

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

m. Interfund Receivables/Payables

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

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

n. Deferred Outflows/Inflows of Resources

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

o. Use of Estimates

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

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS**

a. Permitted Deposits and Investments

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

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

b. Deposits with Financial Institutions

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

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable certificates of deposit	\$ 1,148,255	\$ 850,269	\$ 297,986	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 1,148,255</b>	<b>\$ 850,269</b>	<b>\$ 297,986</b>	<b>\$ -</b>	<b>\$ -</b>



**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)**

c. Village Investments

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.

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 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 is the risk that the Village has a high percentage of their investments invested in one type of investment. At December 31, 2014, the Village had greater than 5% of its overall portfolio invested in negotiable certificates of deposit. The Village's investment policy requires diversification of investment to avoid unreasonable risk but has no set percentage limits. Therefore, the Village is in compliance with its investment policy.

**3. RECEIVABLES**

The following receivables are included in due from other governments on the statement of net position at December 31, 2014:

Income tax receivable	\$ 47,148
Sales and use tax receivable	31,685
Telecommunication tax receivable	34,070
Traffic fines receivable	4,347
Grant receivable	80,716
Motor fuel tax allotment receivable	<u>10,600</u>
<b>TOTAL</b>	<u><b>\$ 208,566</b></u>

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. PROPERTY TAXES**

Property taxes are levied in December of each year on all taxable real property in the Village and attach as an enforceable lien on the property as of the preceding January 1. Property taxes receivable represent the balance due on the 2014 levy. Tax bills are prepared by the County and issued on or about February 1 (Cook County) and May 1 (Kane, Lake and McHenry County) and are payable in two installments on or about April 1 (Cook County) and June 1 (Kane, Lake and McHenry County(ies)) and on or about August or September 1 (Kane, Lake and McHenry County(ies)). (Cook County) and the County Collector collects such taxes and remits them periodically. Since the 2014 levy is intended to finance the 2015 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources.

**5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balances January 1, restated	Increases	Decreases	Balances December 31,
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 350,349	\$ -	\$ -	\$ 350,349
Total capital assets not being depreciated	<u>350,349</u>	<u>-</u>	<u>-</u>	<u>350,349</u>
Capital assets being depreciated				
Buildings and building improvements	2,131,642	-	-	2,131,642
Machinery and equipment	1,216,180	76,997	84,198	1,208,979
Total capital assets being depreciated	<u>3,347,822</u>	<u>76,997</u>	<u>84,198</u>	<u>3,340,621</u>
Less accumulated depreciation for				
Buildings and building improvements	1,014,750	47,862	-	1,062,612
Machinery and equipment	690,767	116,363	64,855	742,275
Total accumulated depreciation	<u>1,705,517</u>	<u>164,225</u>	<u>64,855</u>	<u>1,804,887</u>
Total capital assets being depreciated, net	<u>1,642,305</u>	<u>(87,228)</u>	<u>19,343</u>	<u>1,535,734</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 1,992,654</u>	<u>\$ (87,228)</u>	<u>\$ 19,343</u>	<u>\$ 1,886,083</u>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General Government	\$ 82,575
Public Safety	<u>81,650</u>
<b>TOTAL</b>	<u>\$ 164,225</u>

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**6. LONG-TERM DEBT**

a. General Obligation Bonds

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

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

b. Capital Lease Payable

On October 1, 2013, the Village entered into a lease payable at 2.94% interest to finance the purchase of IT equipment. The lease is payable in monthly installments of principal and interest of \$2,038 and matures on October 1, 2018.

The assets acquired through capital lease are as follows:

Machinery and equipment	\$ 154,181
Less accumulated depreciation	<u>(17,988)</u>
<b>TOTAL</b>	<b><u>\$ 136,193</u></b>

c. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2014:

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion	Long-Term Portion
<b>GOVERNMENTAL ACTIVITIES</b>						
General obligation bonds	\$1,570,000	\$ -	\$ 200,000	\$ 1,370,000	\$ 210,000	\$ 1,160,000
Capital lease payable	107,967	-	20,765	87,202	21,557	65,645
Compensated absences payable*	46,502	194,439	227,309	13,632	515	13,117
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$1,724,469</u></b>	<b><u>\$ 194,439</u></b>	<b><u>\$ 448,074</u></b>	<b><u>\$ 1,470,834</u></b>	<b><u>\$ 232,072</u></b>	<b><u>\$ 1,238,762</u></b>

\*Retired by the General Fund and Public Safety Fund.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**6. LONG-TERM DEBT (Continued)**

d. Debt Service Requirements to Maturity

The annual debt service requirements to amortize the governmental activities outstanding debt as of December 31, 2014 are as follows:

Fiscal Year Ending December 31,	General Obligation Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest
2015	\$ 210,000	\$ 45,765	\$ 21,557	\$ 2,899
2016	215,000	38,591	22,379	2,077
2017	225,000	31,189	23,231	1,225
2018	230,000	22,697	20,035	345
2019	240,000	14,000	-	-
2020	250,000	4,750	-	-
<b>TOTAL</b>	<b>\$1,370,000</b>	<b>\$ 156,992</b>	<b>\$ 87,202</b>	<b>\$ 6,546</b>

e. Legal Debt Margin

The Village is a home rule municipality.

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

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum ... shall not be included in the foregoing percentage amounts.”

To date, the General Assembly has set no limits for home rule municipalities.

**7. RISK MANAGEMENT**

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**8. CONTINGENT LIABILITIES**

a. Litigation

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

b. Grants

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

**9. INDIVIDUAL FUND DISCLOSURES**

a. Due From/To Other Funds

Individual fund interfund receivables/payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Public Safety	\$ 5,977
TOTAL		<u>\$ 5,977</u>

b. Interfund Transfers

Transfers between major funds are as follows:

Fund	Transfers In	Transfers Out
General	\$ 6,500	\$ -
Public Safety	-	6,500
TOTAL ALL FUNDS		<u>\$ 6,500</u> <u>\$ 6,500</u>

**10. DEFINED BENEFIT PENSION PLANS**

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

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the year ended December 31, 2014 was 5.86% of covered payroll.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan

*Plan Administration*

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund.

*Plan Membership*

At December 31, 2014, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>19</u>
 TOTAL	 <u>25</u>

*Benefits Provided*

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary.

Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided* (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year. The Village is required to finance the Police Pension Plan.

*Contributions*

Employees are required by Illinois Compiled Statutes to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Police Pension Plan are financed through investment earnings. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended December 31, 2014, the Village's contribution was 42.6% of covered payroll.



**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Policy*

Illinois Compiled Statutes (ILCS) limit the Police Pension Plan's (the Plan) investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts (not to exceed 45% of the total assets of the Police Pension Plan). The pension fund specifically prohibits the investments in futures, options, derivations and other leveraged investments. During the year, the following changes to the investment policy were approved by the Board of Trustees: allowing investment in investment grade corporate bonds. The policy allowed for up to 30% of the fixed income portfolio to be invested in said instruments.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	52%	2.50% - 4.15%
Equities	45%	5.35% - 9.52%
Cash and Cash Equivalent	3%	(-0.25%)

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

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Policy* (Continued)

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of December 31, 2014 are listed in the table above.

*Investment Valuations*

All investments in the Police Pension 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 for debt securities, equity securities and mutual funds and contract values for insurance contracts.

Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

*Investment Concentrations*

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

*Investment Rate of Return*

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Deposits with Financial Institutions*

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

*Interest Rate Risk*

The following table presents the investments and maturities of the Police Pension Plan's debt securities as of December 31, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Agency Securities	\$ 3,142,834	\$ -	\$ 1,996,347	\$ 1,146,487	\$ -
Corporate Debt Securities	974,471	-	197,675	776,796	-
<b>TOTAL</b>	<b>\$ 4,117,305</b>	<b>\$ -</b>	<b>\$ 2,194,022</b>	<b>\$ 1,923,283</b>	<b>\$ -</b>

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

*Credit Risk*

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Custodial Credit Risk*

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

*Net Pension Liability*

The components of the net pension liability of the Police Pension Plan as of December 31, 2014 calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$ 14,659,175
Plan fiduciary net position	8,010,688
Village's net pension liability	6,648,487
Plan fiduciary net position as a percentage of the total pension liability	54.6%

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 Fund.

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2014 using the following actuarial methods and assumptions.

Actuarial Valuation Date	December 31, 2014
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	3.00%
Salary increases	5% to 11%
Interest rate	6.50%
Cost of living adjustments	3.00%
Asset valuation method	Market

The mortality rates and actuarial assumptions were based on results of an actuarial experience study conducted by the actuary in 2012.

*Discount Rate*

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

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**10. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Discount Rate Sensitivity*

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	\$8,862,585	\$6,648,487	\$4,827,866

b. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2012	December 31, 2012
Actuarial cost method	Entry-Age Normal	Entry-Age Normal
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	28 Years, Closed

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

b. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	6.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	3.00% Compounded Annually
c) Additional projected salary increases - seniority/merit	.4% to 10%	4% to 10%
d) Postretirement benefit increases	3.00%	3.00%

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

	Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2014	\$ 58,337	\$ 619,009
	2013	67,017	550,053
	2012	22,412	492,041
Actual contribution	2014	\$ 58,337	\$ 652,863
	2013	67,017	762,171
	2012	22,412	834,565
Percentage of APC contributed	2014	100.0%	105.5%
	2013	100.0%	138.6%
	2012	100.0%	169.1%
NPO (Asset)	2014	\$ -	\$ (1,653,156)
	2013	-	(1,619,302)
	2012	-	(1,407,184)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

b. Annual Pension Costs (Continued)

The NPA at December 31, 2014 has been calculated as follows:

	<u>Police Pension</u>
Annual required contribution	\$ 645,634
Interest on net pension asset	(105,255)
Adjustment to annual required contribution	<u>78,630</u>
Annual pension cost	619,009
Contributions made	<u>(652,863)</u>
Increase (decrease) in net pension obligation (asset)	(33,854)
Net pension obligation (asset), beginning of year	<u>(1,619,302)</u>
<b>NET PENSION OBLIGATION (ASSET), END OF YEAR</b>	<u><u>\$ (1,653,156)</u></u>

The NPA is reported as a liability in the Village's governmental activities column in the government-wide financial statements at December 31, 2014.

c. Funded Status

The funded status of the plans based on actuarial valuations performed as of December 31, 2014 for IMRF and the Police Pension Plan is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 10b:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>
Actuarial accrued liability (AAL)	\$ 3,668,829	\$ 14,659,175
Actuarial value of plan assets	4,492,538	8,232,817
Unfunded (overfunded) actuarial accrued liability (UAAL/(OAAL))	(803,709)	6,426,358
Funded ratio (actuarial value of plan assets/AAL)	121.79%	56.16%
Covered payroll (active plan members)	\$ 995,503	\$ 1,522,210
UAAL/(OAAL) as a percentage of covered payroll	(80.73%)	422.17%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.



**VILLAGE OF BARRINGTON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**11. OTHER POSTEMPLOYMENT BENEFITS**

The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no retired employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of December 31, 2014.

**12. PRIOR PERIOD ADJUSTMENTS**

Net position and fund balances have been restated as of January 1, 2014 as follows:

	General Fund	Total Governmental Activities
To correct revenue recognition in General Fund	\$ 48,759	\$ 48,759
To correct government-wide revenue recognition	-	(60,850)
To correct payroll amounts	25,239	7,412
To record opening balance of capital lease and related capital asset	-	43,644
<b>TOTAL</b>	<b>\$ 73,998</b>	<b>\$ 38,965</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2014

<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL (OAAL) as a Percentage of Covered Payroll (4) / (5)</b>
2009	\$ 2,825,585	\$ 2,157,493	130.97%	\$ (668,092)	\$ 836,103	(79.91%)
2010	3,050,544	2,527,100	120.71%	(523,444)	905,722	(57.79%)
2011	3,157,853	2,786,278	113.34%	(371,575)	976,660	(38.05%)
2012	3,510,265	3,022,401	116.14%	(487,864)	953,705	(51.15%)
2013	4,075,320	3,282,294	124.16%	(793,026)	956,013	(82.95%)
2014	4,492,538	3,688,829	121.79%	(803,709)	995,503	(80.73%)

(See independent auditor's report.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND**

December 31, 2014

<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2009	\$ 3,419,133	\$ 9,566,899	35.74%	\$ 6,147,766	\$ 1,579,973	389.11%
2010	4,209,906	10,518,825	40.02%	6,308,919	1,631,516	386.69%
2011	4,922,356	11,213,829	43.90%	6,291,473	1,659,147	379.20%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	7,146,078	13,377,087	53.42%	6,231,009	1,789,031	348.29%
2014	8,232,817	14,659,175	56.16%	6,426,358	1,522,210	422.17%

N/A - Information not available.

(See independent auditor's report.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2014

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<b><u>Fiscal Year</u></b>	<b><u>Employer Contributions</u></b>	<b><u>Annual Required Contribution (ARC)</u></b>	<b><u>Percentage Contributed</u></b>
2009	\$ 7,236	\$ 7,236	100.00%
2010	58,872	58,872	100.00%
2011	54,400	54,400	100.00%
2012	22,412	22,412	100.00%
2013	67,017	67,017	100.00%
2014	58,336	58,337	100.00%

(See independent auditor's report.)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	N/A	N/A	\$ 365,544	\$ 405,265	\$ 428,890	\$ 435,946	\$ 467,496	\$ 512,710	\$ 573,223	\$ 645,634
Contribution in relation to the actuarially determined contribution	N/A	N/A	455,935	753,829	665,578	647,219	856,690	834,565	762,171	652,863
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	N/A	N/A	\$ (90,391)	\$ (348,564)	\$ (236,688)	\$ (211,273)	\$ (389,194)	\$ (321,855)	\$ (188,948)	\$ (7,229)
Covered-employee payroll	N/A	N/A	\$ 1,369,386	N/A	\$ 1,579,973	\$ 1,631,516	\$ 1,659,147	N/A	\$ 1,789,031	\$ 1,522,210
Contributions as a percentage of covered-employee payroll	N/A	N/A	33%	N/A	42%	40%	52%	N/A	43%	43%

N/A - Information is not available.

The information directly above is formatted to comply with the requirements of GASB Statement No. 67

<u>Fiscal Year Ended December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2009	\$ 665,578	\$ 428,890	155.19%
2010	647,219	435,946	148.46%
2011	856,690	467,496	183.25%
2012	834,565	512,710	162.78%
2013	762,171	573,223	132.96%
2014	652,863	645,634	101.12%

Notes to the Required Supplementary Information:

This information directly above is presented in accordance with GASB Statement No. 25. The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 6.75% annually, projected salary increase assumption of 5.5% compounded annually and postretirement benefit increases of 3% compounded annually.

(See independent auditor's report.)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY  
AND RELATED RATIOS

December 31, 2014

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<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 424,764
Interest	878,254
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(310,872)</u>
Net change in total pension liability	992,146
Total pension liability - beginning	<u>13,667,029</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u><u>\$ 14,659,175</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 652,863
Contributions - member	175,420
Contributions - other	50
Net investment income	375,634
Benefit payments, including refunds of member contributions	(310,872)
Administrative expense	<u>(28,485)</u>
Net change in plan fiduciary net position	864,610
Plan fiduciary net position - beginning	<u>7,146,078</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u><u>\$ 8,010,688</u></u>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<u><u>\$ 6,648,487</u></u>
Plan fiduciary net position as a percentage of the total pension liability	54.6%
Covered-employee payroll	\$ 1,522,210
Employer's net pension liability as a percentage of covered-employee payroll	436.8%

(See independent auditor's report.)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF INVESTMENT RETURNS

December 31, 2014

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	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.14%

(See independent auditor's report.)



**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes	\$ 3,168,007	\$ 3,178,711
Fees, permits and licenses	221,200	197,203
Charges for services	72,850	82,372
Fines and forfeitures	122,000	109,374
Intergovernmental	434,041	410,813
Investment income	6,500	10,095
Miscellaneous	16,200	18,589
Total revenues	4,040,798	4,007,157
<b>EXPENDITURES</b>		
Current		
General government	2,066,130	1,889,591
Public safety	1,609,929	1,507,521
Health services	7,500	2,869
Capital outlay	202,964	179,205
Total expenditures	3,886,523	3,579,186
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		
	154,275	427,971
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	6,500
Transfers (out)	(15,000)	-
Proceeds from the disposal of capital assets	12,000	15,016
Total other financing sources (uses)	(3,000)	21,516
<b>NET CHANGE IN FUND BALANCE</b>		
	\$ 151,275	449,487
<b>FUND BALANCE, JANUARY 1</b>		
		1,430,890
Prior year period		73,998
		1,504,888
<b>FUND BALANCE, JANUARY 1, AS RESTATED</b>		
		1,504,888
<b>FUND BALANCE, DECEMBER 31</b>		
		\$ 1,954,375

(See independent auditor's report.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PUBLIC SAFETY FUND**

For the Year Ended December 31, 2014

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	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Property taxes	\$ 2,556,035	\$ 2,532,182
VOIP surcharges	15,000	12,432
Wireline surcharges	37,000	25,252
Wireless surcharges	3,200	17,027
Special detail	5,000	8,450
Drug/gang/DUI fund	4,000	5,522
Interest income	26	76
Other	500	-
	<hr/>	<hr/>
Total revenues	2,620,761	2,600,941
<b>EXPENDITURES</b>		
Current		
Crossing guard		
Regular salaries	2,400	2,400
	<hr/>	<hr/>
Police Protection		
Regular salaries	2,444,886	2,393,259
Overtime	87,000	89,156
Longevity awards	29,750	30,250
Education benefits	2,000	2,158
	<hr/>	<hr/>
Total police protection	2,563,636	2,514,823
Emergency 911		
Ameritech line charges	10,500	11,114
Equipment maintenance	14,000	11,381
Miscellaneous	7,500	2,062
	<hr/>	<hr/>
Total emergency 911	32,000	24,557
	<hr/>	<hr/>
Drug/Gang/DUI	12,000	3,338
	<hr/>	<hr/>
Capital outlay	5,000	-
	<hr/>	<hr/>

(This schedule is continued on the following page.)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
PUBLIC SAFETY FUND

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES (Continued)</b>		
Debt service		
Principal	\$ 20,765	\$ 20,765
Interest	3,735	3,685
	<hr/>	<hr/>
Total debt service	24,500	24,450
	<hr/>	<hr/>
Total expenditures	2,639,536	2,569,568
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,775)	31,373
	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	15,000	-
Transfers (out)	-	(6,500)
	<hr/>	<hr/>
Total other financing sources (uses)	15,000	(6,500)
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (3,775)</u>	24,873
	<hr/>	<hr/>
FUND BALANCE, JANUARY 1		1,416,410
		<hr/>
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 1,441,283</u>

(See independent auditor's report.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ROADS AND BRIDGES FUND**

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Property taxes	\$ 1,262,000	\$ 1,250,262
Road and bridge taxes	75,000	79,082
Motor fuel tax interest	25	32
Federal grant revenue	-	98,709
Motor fuel tax allotments	102,475	140,471
Total revenues	<u>1,439,500</u>	<u>1,568,556</u>
<b>EXPENDITURES</b>		
Current		
Road maintenance	560,000	622,807
Snow plowing	200,000	206,445
Mowing	40,000	40,015
Sign purchase and installation	14,000	15,387
Drainage management	200,000	3,577
Engineering fees	180,000	296,920
Road striping	30,000	19,536
Equipment maintenance	4,000	3,069
Road patching	20,000	4,304
Bridge inspections	12,000	11,500
Motor fuel expenses	250,000	250,000
Cuba Road bridge	75,000	-
Capital outlay	2,000	-
Total expenditures	<u>1,587,000</u>	<u>1,473,560</u>
NET CHANGE IN FUND BALANCE	<u>\$ (147,500)</u>	94,996
FUND BALANCE, JANUARY 1		<u>3,456</u>
FUND BALANCE, DECEMBER 31		<u>\$ 98,452</u>

(See independent auditor's report.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2014

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**BUDGETS**

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

**SUPPLEMENTARY INFORMATION**

VILLAGE OF BARRINGTON HILLS, ILLINOIS

DETAILED SCHEDULE OF REVENUES -  
BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes		
Property	\$ 2,488,007	\$ 2,464,644
Sales	30,152	50,038
Use	77,848	77,848
Replacement	42,000	37,958
Utility	530,000	548,223
Total taxes	<u>3,168,007</u>	<u>3,178,711</u>
Fees, permits and licenses		
Building permits	140,000	110,085
Liquor and scavenger licenses	1,200	1,110
Vehicle stickers	32,700	31,579
Security link system fees	9,800	8,148
Zoning and petition fees	500	4,065
Overweight permit fees	37,000	42,216
Total fees, permits and licenses	<u>221,200</u>	<u>197,203</u>
Charges for services		
Police accident reports	1,000	1,959
Copy fees	250	280
Franchise fees	70,000	78,291
Rental income	1,600	1,842
Total charges for services	<u>72,850</u>	<u>82,372</u>
Fines and forfeitures		
Traffic fines - Cook County	60,000	30,580
Civil fine collections	-	750
Supervision fees	6,500	3,563
Police "C" tickets	55,000	74,481
Forfeited drug revenue	500	-
Total fines and forfeitures	<u>122,000</u>	<u>109,374</u>
Intergovernmental		
State income tax	426,215	402,987
Grant revenue - public safety equipment	7,826	7,826
Total intergovernmental	<u>434,041</u>	<u>410,813</u>
Investment income	<u>6,500</u>	<u>10,095</u>
Miscellaneous revenue		
Police training reimbursements	500	-
Animal services reimbursements	1,200	2,314
Subdivision reimbursements	2,500	-
Contributions/donations	5,000	5,100
Other	7,000	11,175
Total miscellaneous revenue	<u>16,200</u>	<u>18,589</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,040,798</u>	<u>\$ 4,007,157</u>

(See independent auditor's report.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended December 31, 2014

---

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>GENERAL GOVERNMENT</b>		
Administration	\$ 491,618	\$ 459,257
Building department	172,000	186,644
Insurance and risk	664,262	593,414
Legal	533,250	459,929
Municipal building and grounds	124,200	111,814
Zoning and planning development	80,800	78,533
	<hr/>	<hr/>
Total general government	2,066,130	1,889,591
	<hr/>	<hr/>
<b>PUBLIC SAFETY</b>		
Police department	1,609,929	1,507,521
	<hr/>	<hr/>
<b>HEALTH SERVICES</b>	7,500	2,869
	<hr/>	<hr/>
<b>CAPITAL OUTLAY</b>	202,964	179,205
	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,886,523</b>	<b>\$ 3,579,186</b>

(See independent auditor's report.)



**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>GENERAL GOVERNMENT</b>			
Administration			
Salaries	\$ 260,943	\$ 260,943	\$ -
Social Security	34,200	32,239	1,961
IMRF	21,700	20,418	1,282
Unemployment taxes	3,500	2,281	1,219
Office/computer supplies	4,500	4,769	(269)
Rental of office equipment	2,750	2,623	127
Telephones and fees	10,000	7,995	2,005
Vehicle stickers	2,100	1,590	510
Barrington Area Council of Governments	25,000	24,705	295
Audit	24,000	24,000	-
Hardware/software	4,000	3,303	697
Finance consulting	300	-	300
Dues and subscriptions	11,500	4,749	6,751
Tuition and travel	11,000	3,117	7,883
Newsletter and website	12,300	11,511	789
Vehicle	3,500	1,585	1,915
Postage	3,500	3,067	433
Clerical services	20,000	18,907	1,093
Communications committee	500	-	500
Messenger service	700	119	581
Payroll	3,600	3,547	53
Broadband data	17,000	11,428	5,572
Web services	6,000	2,154	3,846
Merchant fees	25	70	(45)
Special events	5,000	5,814	(814)
Other/meetings expenditures	4,000	8,323	(4,323)
<b>Total administration</b>	<b>491,618</b>	<b>459,257</b>	<b>32,361</b>
Building department			
Salaries	75,000	73,550	1,450
Outside services	47,000	53,891	(6,891)
Printing and office supplies	1,100	1,674	(574)
Field/office equipment	700	-	700
Automobile expenditures	100	-	100
Planning/zoning information specialist	18,600	25,421	(6,821)
Plumbing inspections	20,000	25,471	(5,471)
Records management	5,000	4,830	170
Surveying services	3,000	867	2,133
Office expenditures	1,000	940	60
Overtime	500	-	500
<b>Total building department</b>	<b>172,000</b>	<b>186,644</b>	<b>(14,644)</b>

(This schedule is continued on the following pages.)

VILLAGE OF BARRINGTON HILLS, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>GENERAL GOVERNMENT (Continued)</b>			
Insurance and risk			
Workers' compensation insurance	\$ 112,641	\$ 124,268	\$ (11,627)
Employee medical and life	702,000	589,645	112,355
Wellness program	2,400	3,600	(1,200)
Employee dental plan	63,115	57,795	5,320
Vehicle/physical damage	6,708	7,914	(1,206)
Surety bonds	2,500	2,500	-
Long-term disability	19,606	19,917	(311)
Property/inland marine	6,733	6,785	(52)
Asset inventory	11,770	5,044	6,726
General liability insurance	13,696	13,696	-
Vehicle liability insurance	16,963	16,963	-
Employment practice liability	4,458	4,458	-
Law enforcement insurance	12,767	12,767	-
Public officials insurance	2,383	2,383	-
Excess liability insurance	44,201	44,201	-
Deductible payments	-	1,008	(1,008)
Public safety portion	(357,679)	(319,530)	(38,149)
	<hr/>	<hr/>	<hr/>
Total insurance and risk	664,262	593,414	70,848
Legal			
Village attorney	221,750	88,557	133,193
Court attorney	65,000	65,000	-
Other legal fees	25,000	10,685	14,315
Litigation expenses	100,000	116,573	(16,573)
Publications	2,000	2,410	(410)
Expert witnesses	8,500	837	7,663
Court reporters	6,000	7,324	(1,324)
Labor relations	60,000	47,536	12,464
FOIA records management	40,000	66,567	(26,567)
Planning/zoning	5,000	54,440	(49,440)
	<hr/>	<hr/>	<hr/>
Total legal	533,250	459,929	73,321
Municipal building and grounds			
Interior building and maintenance	36,500	34,750	1,750
Exterior building and maintenance	25,000	20,177	4,823
Grounds maintenance	8,000	11,525	(3,525)
Contractual services	5,000	3,012	1,988
Parking lot maintenance	4,000	1,952	2,048

(This schedule is continued on the following pages.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>GENERAL GOVERNMENT (Continued)</b>			
Municipal building and grounds (Continued)			
Taxes	\$ 5,000	\$ 2,831	\$ 2,169
Landscape restoration work	22,000	22,669	(669)
Landscape irrigation	1,500	1,584	(84)
Snow removal	15,000	10,887	4,113
Street lighting	2,200	2,427	(227)
Total municipal building and grounds	124,200	111,814	12,386
Zoning and planning department			
Regular salaries	18,600	18,564	36
Overtime	1,000	872	128
Minutes and transcripts	8,000	18,660	(10,660)
Supplies/maps/printing	38,000	36,148	1,852
Engineering services	5,000	1,255	3,745
Subdivision review costs	5,000	264	4,736
Equestrian Commission	100	-	100
Development Commission	100	-	100
Professional services	5,000	2,770	2,230
Total zoning and planning department	80,800	78,533	2,267
Total general government	2,066,130	1,889,591	176,539
<b>PUBLIC SAFETY</b>			
Police department			
Social security	193,800	182,686	11,114
IMRF	40,300	37,919	2,381
Gasoline	108,000	75,972	32,028
Squad car repairs	28,000	27,217	783
Tires	3,000	2,467	533
Telephone	20,000	17,341	2,659
UHF network	16,500	20,383	(3,883)
Radio maintenance	12,000	12,986	(986)
Re-install radios	4,200	3,866	334
Nextel contract	6,750	7,196	(446)
Radar repairs	500	353	147
Security maintenance	9,000	6,080	2,920
Jail service contract	750	511	239
Membership and dues	12,900	10,340	2,560
Uniforms	13,500	12,465	1,035
I.T. consultant	39,000	26,421	12,579
Marking vehicles	1,200	1,190	10
Training and travel	11,000	11,709	(709)

(This schedule is continued on the following page.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>PUBLIC SAFETY (Continued)</b>			
Police department (Continued)			
Shooting program and armory	\$ 7,000	\$ 7,070	\$ (70)
Purchase of vehicular accessories	5,200	3,594	1,606
Employee recognition awards	1,400	2,289	(889)
Office expenditures	8,100	7,938	162
Office supplies	6,000	6,002	(2)
Other expenses	25,000	27,388	(2,388)
Towing	750	170	580
Recruitment	2,500	-	2,500
Professional service/consulting	5,000	7,760	(2,760)
Drug education	1,000	918	82
Disaster and emergency services	6,000	4,980	1,020
CALEA expenditures	8,000	4,934	3,066
Live-scan monthly fees	4,900	4,983	(83)
Restitution exchange and bond transfer	1,000	-	1,000
Insurance	357,679	319,530	38,149
Pension contribution	650,000	652,863	(2,863)
Total public safety	<u>1,609,929</u>	<u>1,507,521</u>	<u>102,408</u>
<b>HEALTH SERVICES</b>			
Miscellaneous	<u>7,500</u>	<u>2,869</u>	<u>4,631</u>
Total health services	<u>7,500</u>	<u>2,869</u>	<u>4,631</u>
<b>CAPITAL OUTLAY</b>	<u>202,964</u>	<u>179,205</u>	<u>23,759</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,886,523</u>	<u>\$ 3,579,186</u>	<u>\$ 307,337</u>

(See independent auditor's report.)

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND**

For the Year Ended December 31, 2014

---

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Property taxes	\$ 259,230	\$ 256,826
Total revenues	<u>259,230</u>	<u>256,826</u>
<b>EXPENDITURES</b>		
Debt Service		
Principal retirement	210,000	210,000
Interest and fiscal charges	49,230	49,230
Total expenditures	<u>259,230</u>	<u>259,230</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	(2,404)
FUND BALANCE, JANUARY 1		<u>101,782</u>
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 99,378</u>

(See independent auditor's report.)

## **OTHER INFORMATION**

**VILLAGE OF BARRINGTON HILLS, ILLINOIS**

**COMMUNICATION OF MATERIAL  
WEAKNESSES IN INTERNAL CONTROL**

December 31, 2014



630.566.8400 // [www.sikich.com](http://www.sikich.com)

1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Barrington Hills, Illinois (the Village) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's 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 the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

The Village's written responses to the deficiencies in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the President, the Board of Trustees and the management of the Village and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read 'A. L. 22P'.

Naperville, Illinois  
May 4, 2015



## **MATERIAL WEAKNESSES**

### **1. Internal Controls**

A system of internal control provides for a proper segregation of the accounting functions. This system would segregate recording of transactions, custody of assets, and authorization of transactions. Proper segregation is not always possible in smaller entities, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. At the Village, there is a lack of segregation of duties due to the number of personnel performing the accounting functions. The Treasurer conducts the vast majority of data entry, processing and reconciliations of the various transaction cycles. The Village does have significant compensating controls, such as Board approval of bills lists and oversight by the Village's Finance Committee. We recommend that management continuously review the current assignments of accounting functions and, when possible, segregate duties and/or implement compensating controls to reduce the risk of errors or fraud.

During our review of the Village's internal control processes, we identified the following opportunities to enhance and strengthen the Village's internal controls:

The Chair of the Finance Committee is provided with a monthly listing of all journal entries posted to the Village's accounting system, however, the formal approval of the entries is not documented and retained. We recommend that evidence of such review and approval be maintained as part of the month-end and year-end files.

The Village does not utilize a formal purchasing policy/purchasing manual. While we noted that due to the Village's size, the Treasurer does require written requests prior to initiating any purchases, we would advise the Village to adopt a formal purchasing policy/manual, and strongly recommend that this policy/manual include the use of purchase orders. The purchase orders should be pre-numbered, include information on the items to be purchased, and include the authorizing signature of a Department Head or other personnel authorized to initiate the purchase. Additionally, we noted that the signature stamp for the Village President is not locked in a secure location. Sikich recommends that the Village President's signature stamp be kept in a locked location at all times.

#### **Management Response**

The Village will review existing procedures and consider implementing the suggestions presented. The Village has already implemented the procedure to keep the signature stamp in a secured location.

### **2. Prior Period Adjustments**

During our testing of governmental revenues, we noted that the Village was recording certain taxes, state shared revenues and grants using the incorrect recognition period. This recording was not in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. We proposed prior period adjusting journal entries which the Village posted to properly record this revenue. We recommend that the Village review its revenue recognition policies in order to ensure that all revenues are being properly recorded in accordance with the respective GASB guidance.

## **MATERIAL WEAKNESSES (Continued)**

### **2. Prior Period Adjustments (Continued)**

We also noted during our testing of the Village's long-term debt activity, that the Village was the lessee in a capital lease that had not been recorded on the general ledger in the previous fiscal year. Sikich proposed a prior period adjusting entry to record the opening balance of the capital asset (net of accumulated depreciation) and the capital lease liability.

VILLAGE OF BARRINGTON HILLS, ILLINOIS

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

December 31, 2014

COUNTY	Tax Year 2013									
	Cook		McHenry		Lake		Kane		Total	
<b>ASSESSED VALUATION</b>	<u>\$ 217,695,579</u>		<u>\$ 108,921,489</u>		<u>\$ 78,558,720</u>		<u>\$ 9,461,821</u>		<u>\$ 414,637,609</u>	
	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>
<b>FUNDS</b>										
General	0.3879	\$ 844,377	0.2947	\$ 320,958	0.3010	\$ 236,462	0.2881	\$ 27,255	1.2717	\$ 1,429,052
Police protection	0.6977	1,518,966	0.5301	577,377	0.5400	424,217	0.5182	49,030	2.2860	2,569,590
Police pension	0.1776	386,636	0.1349	146,965	0.1370	107,625	0.1319	12,480	0.5814	653,706
Social security	0.0623	135,620	0.0473	51,551	0.0490	38,494	0.0463	4,378	0.2049	230,043
Audit	0.0077	16,834	0.0060	6,399	0.0070	5,499	0.0057	543	0.0264	29,275
Streets and bridge	0.3448	750,669	0.2620	285,339	0.2690	211,323	0.2139	20,239	1.0897	1,267,570
Street lighting	0.0006	1,309	0.0005	497	0.0010	786	0.0004	43	0.0025	2,635
Crossing guard	0.0007	1,428	0.0005	543	0.0010	786	0.0005	46	0.0027	2,803
Unemployment insurance	0.0010	2,082	0.0007	792	-	-	0.0007	67	0.0024	2,941
Liability insurance	0.0258	56,192	0.0196	21,360	0.0200	15,712	0.0192	1,814	0.0846	95,078
IMRF	0.0169	36,879	0.0129	14,018	0.0150	11,783	0.0126	1,190	0.0574	63,870
Prior year adjustment	-	-	-0.1049	(114,237)	-	-	0.0620	5,865	-0.0429	(108,372)
Bond and interest	0.0722	157,191	0.0538	58,612	0.0560	43,993	0.0531	5,027	0.2351	264,823
<b>TOTAL</b>	1.795	\$ 3,908,183	1.2581	\$ 1,370,174	1.3960	\$ 1,096,680	1.3526	\$ 127,977	5.8019	\$ 6,503,014
<b>TAX COLLECTIONS</b>										
Cash collected through December 31, 2014		\$ 3,824,516		\$ 1,360,898		\$ 1,080,499		\$ 127,977		\$ 6,393,890
Receivable at December 31, 2014		<u>66,258</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>66,258</u>
<b>TOTAL TAX COLLECTIONS</b>		<u>\$ 3,890,774</u>		<u>\$ 1,360,898</u>		<u>\$ 1,080,499</u>		<u>\$ 127,977</u>		<u>\$ 6,460,148</u>
<b>PERCENT COLLECTED</b>		99.55%		99.32%		98.52%		100.00%		99.34%

Note: The Illinois Department of Revenue is required by law to calculate an equalization factor, known as the multiplier, to achieve uniform property assessment throughout the state. The final 2013 equalization factor for Cook County was 2.6621, which is used to bring the average level of assessment to the required 33 1/3% level mandated by state law.

(See independent auditor's report.)