

VILLAGE OF NORTH  
BARRINGTON, ILLINOIS

---

ANNUAL FINANCIAL REPORT

VILLAGE OF  NORTH BARRINGTON

FOR THE FISCAL YEAR ENDED

APRIL 30, 2020

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**TABLE OF CONTENTS**

---

---

	<b>PAGE</b>
<b><u>FINANCIAL SECTION</u></b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3 - 10
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position – Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Activities	16
Statement of Fiduciary Net Position - Custodial Fund	17
Statement of Changes in Fiduciary Net Position - Custodial Fund	18
Notes to Financial Statements	19 - 30
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund	31
Motor Fuel Tax - Special Revenue Fund	32
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues – Budget and Actual – General Fund	33
Schedule of Expenditures – Budget and Actual – General Fund	34
Consolidated Year-End Financial Report	35

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

November 9, 2020

The Honorable Village President  
Members of the Board of Trustees  
Village of North Barrington, 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 North Barrington, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 North Barrington, Illinois, as of April 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of North Barrington, Illinois' basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT DISCUSSION AND ANALYSIS**

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Management's Discussion and Analysis April 30, 2020

---

Our discussion and analysis of the Village of North Barrington's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2020. Please read it in conjunction with financial statements, which begin on page 11.

### FINANCIAL HIGHLIGHTS

- The Village's net position decreased as a result of this year's operations. Net position of the governmental activities decreased by \$127,538, or 3.7 percent.
- During the year, government-wide revenues for the primary government totaled \$1,548,628, while expenses totaled \$1,676,166, resulting in a decrease to net position of \$127,538.
- The Village's net position totaled \$3,362,794 on April 30, 2020, which includes \$1,033,409 investment in capital assets, \$87,707 subject to external restrictions, and \$2,241,678 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit this year of \$20,217, resulting in ending fund balance of \$2,241,678, a decrease of less than one percent.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11-12) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

#### Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 11-12 of this report.

The Statement of Net Position reports information on all of the Village's assets and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, is needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year.



# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Management's Discussion and Analysis

April 30, 2020

---

### USING THIS ANNUAL REPORT – Continued

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

### 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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village are reported as governmental 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, 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 the Village'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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Motor Fuel Tax Fund, which are considered major funds. The Village adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 13-16 of this report.

### Fiduciary Funds

Fiduciary funds are used to account for resources held in a custodial capacity 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 basic fiduciary fund financial statements can be found on pages 17-18 of this report.

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Management's Discussion and Analysis

April 30, 2020

---

### USING THIS ANNUAL REPORT – Continued

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-30 of this report.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary comparison schedules for the General Fund and Motor Fuel Tax Fund. Required supplementary information can be found on pages 31-32 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets exceeded liabilities/deferred inflows by \$3,362,794.

	Net Position	
	2020	2019
Assets		
Current Assets	\$ 3,416,616	3,863,149
Capital Assets	1,033,409	1,076,734
Total Assets	<u>4,450,025</u>	<u>4,939,883</u>
Liabilities/Deferred Inflows of Resources		
Other Liabilities	398,388	464,954
Deferred Inflows of Resources	688,843	673,316
Total Liabilities/Deferred Inflows	<u>1,087,231</u>	<u>1,138,270</u>
Net Position		
Investment in Capital Assets	1,033,409	1,076,734
Restricted	87,707	459,754
Unrestricted	<u>2,241,678</u>	<u>2,265,125</u>
Total Net Position	<u>3,362,794</u>	<u>3,801,613</u>

A large portion of the Village's net position, \$1,033,409 or 30.7 percent, reflects its investment in capital assets (for example, land, building improvements, land improvements, equipment, furniture, and fixtures), less any related debt used to acquire those assets that is still outstanding. The Village currently does not have any capital-related debt outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Management's Discussion and Analysis April 30, 2020

---

---

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$87,707 or 2.6 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining 66.7 percent, or \$2,241,678, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Change in Net Position	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 150,020	220,530
Operating Grants/Contrib.	112,439	77,347
General Revenues		
Property Taxes	700,280	700,102
Personal Property Replacement Taxes	4,672	3,563
State Income Taxes - Unrestricted	330,246	315,228
Sales and Use Taxes - Unrestricted	186,520	166,142
Other General Revenues	64,451	57,773
Total Revenues	<u>1,548,628</u>	<u>1,540,685</u>
Expenses		
General Government	589,574	924,329
Public Safety	418,345	388,469
Streets and Roads	668,247	693,205
Total Expenses	<u>1,676,166</u>	<u>2,006,003</u>
Change in Net Position	(127,538)	(465,318)
Net Position - Beginning as Restated	<u>3,490,332</u>	<u>4,266,931</u>
Net Position - Ending	<u>3,362,794</u>	<u>3,801,613</u>

Net position of the Village's governmental activities decreased by 3.7 percent (\$3,490,332 in 2019, as restated, compared to \$3,362,794 in 2020). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$2,241,678 at April 30, 2020.

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Management's Discussion and Analysis April 30, 2020

---

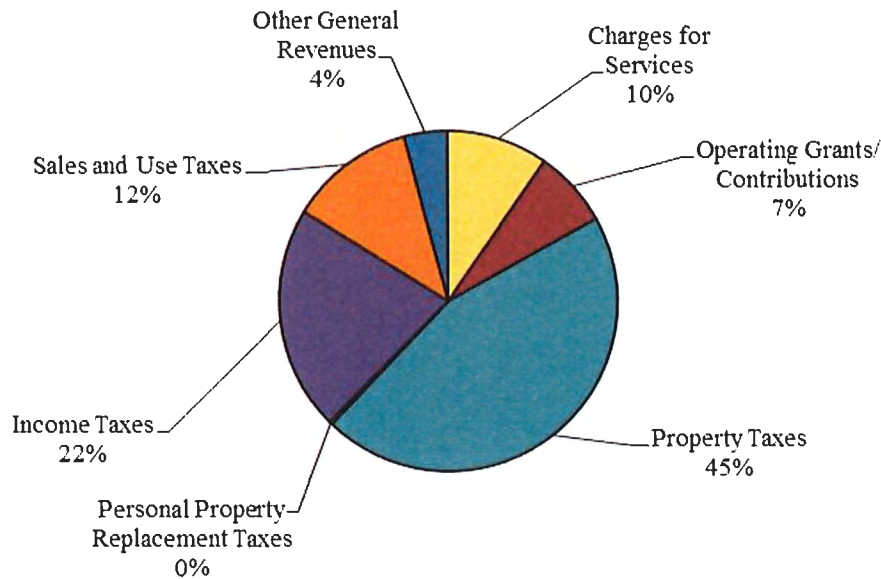
### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities

Revenues for governmental activities totaled \$1,548,628, while the cost of all governmental functions totaled \$1,676,166. This results in a deficit of \$127,538. In 2019, expenses of \$2,006,003 exceeded revenues of \$1,540,685, resulting in a deficit of \$465,318. Revenues for state shared revenues, including income and states/use taxes increased by \$15,018 and \$20,378, respectively.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes, income taxes and sales/use taxes to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from charges for services and operating grants/contributions.

**Revenues by Source - Governmental Activities**



# VILLAGE OF NORTH BARRINGTON, ILLINOIS

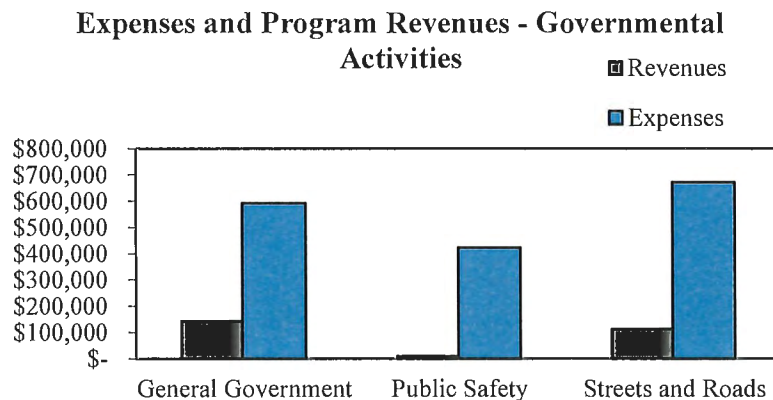
## Management's Discussion and Analysis April 30, 2020

---

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

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

The Village's governmental funds reported combining ending fund balances of \$2,329,385, which is \$84,213, or 3.5 percent, lower than last year's restated total of \$2,413,598. Of the \$2,329,385 total, \$2,241,678, or approximately 96.2 percent, of the fund balance constitutes unassigned fund balance.

Beginning fund balance in the General Fund was restated to correct an error in recognition of receivables related state shared revenues and to move special service area related activity to a custodial fund.

The General Fund reported a negative change in fund balance for the year of \$20,217, a decrease of less than one percent. The Village was budgeting for a decrease in fund balance of \$422,500. Actual revenues came in \$85,124 over budget and actual expenditures came in \$317,159 under budget. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance on page 31.

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Management's Discussion and Analysis April 30, 2020

---

---

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

#### Governmental Funds – Continued

The General Fund is the chief operating fund of the Village. At April 30, 2020, unassigned fund balance in the General Fund was \$2,241,678, which represents 100.0 percent of the total fund balance of the General Fund, and represents 154.3 percent of expenditures.

The Motor Fuel Tax Fund reported decrease in fund balance for the year of \$63,996. Ending fund balance of \$87,707 is restricted for future streets and roads qualifying expenditures.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not make any budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$1,432,624, compared to budgeted revenues of \$1,347,500. Taxes and intergovernmental state shared revenues were over budget, while licenses, fees and permits, as well as interest income, were under budget for the year.

The General Fund actual expenditures for the year were \$317,159 lower than budgeted (\$1,452,841 actual compared to \$1,770,000 budgeted), due primarily to the Village implementing cost controlling measures during the fiscal year.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The Village's investment in capital assets as of April 30, 2020 was \$1,033,409 (net of accumulated depreciation). This investment in capital assets includes land, building improvements, land improvements, and equipment/furniture/fixtures.

	Capital Assets - Net of Depreciation	
	2020	2019
Land	\$ 402,902	402,902
Building Improvements	509,132	532,233
Land Improvements	79,790	87,859
Equipment/Furniture/Fixtures	41,585	53,740
Total	1,033,409	1,076,734

There were no capital asset additions in the current year.

Additional information on the Village's capital assets can be found in note 3 of this report.

## **VILLAGE OF NORTH BARRINGTON, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2020**

---

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued**

##### **Debt Administration**

At year-end, the Village had no outstanding debt.

State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$21,969,182.

Additional information on the Village's legal debt margin can be found in Note 3 of this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget, including tax rates and fees that will be charged for its various activities. One of those factors is the local economy. The Village is faced with a similar economic environment as many other local municipalities, including the impact of the COVID-19 pandemic. As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Village Hall at 111 Old Barrington Road, North Barrington, Illinois 60010.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



VILLAGE OF NORTH BARRINGTON, ILLINOIS

Statement of Net Position  
April 30, 2020

---

---

<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 2,619,552
Receivables - Net of Allowances	
Property Taxes	688,843
Other Taxes	89,854
Accounts	18,367
Total Current Assets	<u>3,416,616</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	402,902
Depreciable	<u>1,479,094</u>
	1,881,996
Accumulated Depreciation	<u>(848,587)</u>
Total Noncurrent Assets	<u>1,033,409</u>
Total Assets	<u>4,450,025</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	22,881
Other Payables	206,307
Unearned Revenue	30,000
Deposits Payable	<u>139,200</u>
Total Current Liabilities	398,388
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>688,843</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,087,231</u>
<b>NET POSITION</b>	
Investment in Capital Assets	1,033,409
Restricted	
Streets and Roads	87,707
Unrestricted	<u>3,508,909</u>
Total Net Position	<u>3,362,794</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF NORTH BARRINGTON, ILLINOIS

Statement of Activities  
For the Fiscal Year Ended April 30, 2020

	Expenses	Program Revenues			Net (Expenses)/ Revenues
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Governmental Activities					
General Government	\$ 589,574	141,725	-	-	(447,849)
Public Safety	418,345	8,295	-	-	(410,050)
Streets and Roads	668,247	-	112,439	-	(555,808)
Total Governmental Activities	<u>1,676,166</u>	<u>150,020</u>	<u>112,439</u>	<u>-</u>	<u>(1,413,707)</u>
		General Revenues			
		Taxes			
				Property Taxes	700,280
				Personal Property Replacement Taxes	4,672
		Intergovernmental - Unrestricted			
				State Income Taxes	330,246
				Sales and Use Taxes	186,520
				Interest Income	51,116
				Miscellaneous	13,335
					<u>1,286,169</u>
				Change in Net Position	(127,538)
				Net Position - Beginning as Restated	<u>3,490,332</u>
				Net Position - Ending	<u><u>3,362,794</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Balance Sheet - Governmental Funds  
April 30, 2020**

	General	Special Revenue Motor Fuel Tax	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 2,370,588	248,964	2,619,552
Receivables - Net of Allowances			
Property Taxes	688,843	-	688,843
Other Taxes	71,111	18,743	89,854
Accounts	18,367	-	18,367
Due from Other Funds	180,000	-	180,000
Total Assets	<u>3,328,909</u>	<u>267,707</u>	<u>3,596,616</u>
<b>LIABILITIES</b>			
Accounts Payable	22,881	-	22,881
Due to Other Funds	-	180,000	180,000
Other Payables	206,307	-	206,307
Unearned Revenue	30,000	-	30,000
Deposits Payable	139,200	-	139,200
Total Liabilities	<u>398,388</u>	<u>180,000</u>	<u>578,388</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	688,843	-	688,843
Total Liabilities and Deferred Inflows of Resources	<u>1,087,231</u>	<u>180,000</u>	<u>1,267,231</u>
<b>FUND BALANCES</b>			
Restricted	-	87,707	87,707
Unassigned	2,241,678	-	2,241,678
Total Fund Balances	<u>2,241,678</u>	<u>87,707</u>	<u>2,329,385</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>3,328,909</u>	<u>267,707</u>	<u>3,596,616</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to the  
Statement of Net Position - Governmental Activities**

**April 30, 2020**

---

---

<b>Total Governmental Fund Balances</b>	\$ 3,596,616
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>1,033,409</u>
<b>Net Position of Governmental Activities</b>	<u><u>4,630,025</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2020**

	General	Special Revenue Motor Fuel Tax	Totals
<b>Revenues</b>			
Taxes	\$ 704,952	-	704,952
Intergovernmental	516,766	112,439	629,205
Licenses, Fees and Permits	141,725	-	141,725
Fines and Forfeitures	8,295	-	8,295
Interest	47,551	3,565	51,116
Miscellaneous	13,335	-	13,335
Total Revenues	1,432,624	116,004	1,548,628
<b>Expenditures</b>			
Current			
General Government	546,249	-	546,249
Public Safety	418,345	-	418,345
Streets and Roads	488,247	180,000	668,247
Total Expenditures	1,452,841	180,000	1,632,841
Net Change in Fund Balances	(20,217)	(63,996)	(84,213)
Fund Balances - Beginning as Restated	2,261,895	151,703	2,413,598
Fund Balances - Ending	2,241,678	87,707	2,329,385

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities**

**For the Fiscal Year Ended April 30, 2020**

---

---

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (84,213)</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	<u>(43,325)</u>
<b>Changes in Net Position of Governmental Activities</b>	<u><u>(127,538)</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF NORTH BARRINGTON, ILLINOIS

Statement of Fiduciary Net Position - Custodial Fund  
April 30, 2020

---

---

	<u>Special Service Areas</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,524,332
Due from Other Governments	<u>42,634</u>
Total Assets	<u><u>4,566,966</u></u>
<b>NET POSITION</b>	
Net Position	
Restricted for Others	<u><u>4,566,966</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF NORTH BARRINGTON, ILLINOIS

Statement of Changes in Fiduciary Net Position - Custodial Fund  
For the Fiscal Year Ended April 30, 2020

---

---

	<u>Special Service Areas</u>
Additions	
Property Taxes	\$ 261,030
Interest	85,513
Bond Proceeds - SSA Bonds	10,645,000
Bond Premium - SSA Bonds	854,521
Miscellaneous - SSA Rebate	42,634
Total Additions	<u>11,888,698</u>
Deductions	
General Government	200,035
Public Works	3,697,136
Debt Service	
Principal Retirement	220,000
Interest and Fiscal Charges	272,039
Payment to Escrow Agent	3,778,294
Total Deductions	<u>8,167,504</u>
Change in Net Position	3,721,194
Net Position - Beginning as Restated	<u>845,772</u>
Net Position - Ending	<u><u>4,566,966</u></u>

The notes to the financial statements are an integral part of this statement.



## VILLAGE OF NORTH BARRINGTON, ILLINOIS

### Notes to the Financial Statements April 30, 2020

---

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of North Barrington (Village), Illinois operates under a Board of Trustees form of government. The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

#### REPORTING ENTITY

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). The Village's general government, public safety and streets and roads services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions (general government, public safety, streets and roads, etc.). These functions are supported by general government revenues (property taxes, certain intergovernmental revenues, and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The net costs (by function) are normally covered by general revenue (property tax, intergovernmental revenues, interest income, etc.). The Village does not allocate indirect costs. This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Notes to the Financial Statements April 30, 2020

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. The Village's funds are all reported as governmental funds. The emphasis in fund financial statements is on the major funds.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses) for the determination of major funds.

A fund is considered major if it is the primary operating fund of the Village or total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds combined.

The various funds are reported by generic classification within the financial statements. The following fund type is used by the Village:

##### Governmental Funds

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

*General fund* accounts for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one special revenue fund. The Motor Fuel Tax Fund accounts for state shared motor fuel tax revenues that are legally restricted to maintenance and construction of streets, sidewalks, alleys and traffic signals.

##### Fiduciary Funds

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

*Custodial Funds* are used to account for assets held by the Village in a purely custodial capacity. The Special Service Areas Fund accounts for the collection of property taxes within special taxing districts and payments of related special service areas debt.

## VILLAGE OF NORTH BARRINGTON, ILLINOIS

### Notes to the Financial Statements April 30, 2020

---

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Fiduciary Funds – Continued

The Village’s custodial fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (private parties) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

##### Measurement Focus

The government-wide Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

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

Custodial funds utilize an “economic resources” measurement focus. The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

##### Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflows are incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Notes to the Financial Statements April 30, 2020

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Basis of Accounting – Continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount.

Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due, as applicable. In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, licenses and interest revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All custodial funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

For purpose of the Statement of Net Position, the Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### Receivables

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

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Notes to the Financial Statements

April 30, 2020

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

##### Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

##### Capital Assets

Capital assets purchased or acquired with an original cost of more than \$500 are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

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

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Building Improvements	10-50 Years
Land Improvements	15 Years
Equipment/Furniture/Fixtures	5-10 Years

##### Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “investment in capital assets.”

## VILLAGE OF NORTH BARRINGTON, ILLINOIS

### Notes to the Financial Statements April 30, 2020

---

---

#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### BUDGETARY INFORMATION

All departments of the Village submit budget requests for appropriation to the Board of Trustees for review and approval. The Board of Trustees holds public hearings and formally approves the budget. The budget is based on the cash basis of accounting, which does not differ significantly from the basis used for financial statement reporting. The budget lapses at fiscal year-end. Expenditures may not legally exceed budgeted appropriations at the fund level.

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

##### **Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits totaled \$2,619,552 and the bank balances totaled \$2,637,373.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment states that the Village's investment portfolio shall remain sufficiently liquid to enable the Village to meet all operating requirements which may be reasonably anticipated in any Village fund.

# VILLAGE OF NORTH BARRINGTON, ILLINOIS

## Notes to the Financial Statements April 30, 2020

---

---

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk – Continued

*Concentration Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that investments shall be diversified to eliminate the risk of loss resulting on over concentration in a specific maturity, issuer, or class of securities. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in securities authorized by State Statutes, the Village's investment policy does not further limit investment choices.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third-party institution in the name of the Village. The collateralization level will be 100%-110% of the deposit balance, depending on the type of security for collateralization. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Village's investment policy states that all security transactions, including collateral for repurchase agreements, entered in to by the Village shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by an independent, third-party custodian designated by the Village and evidenced by safekeeping receipts and a written custodial agreement.

#### PROPERTY TAXES

Property taxes for the 2019 levy attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Lake County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

VILLAGE OF NORTH BARRINGTON, ILLINOIS

Notes to the Financial Statements  
April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND BALANCES

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Motor Fuel Tax	<u>\$ 180,000</u>

CAPITAL ASSETS

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 402,902	-	-	402,902
Depreciable Capital Assets				
Building Improvements	1,091,028	-	-	1,091,028
Land Improvements	121,484	-	-	121,484
Equipment/Furniture/Fixtures	266,582	-	-	266,582
	<u>1,479,094</u>	<u>-</u>	<u>-</u>	<u>1,479,094</u>
Less Accumulated Depreciation				
Building Improvements	558,795	23,101	-	581,896
Land Improvements	33,625	8,069	-	41,694
Equipment/Furniture/Fixtures	212,842	12,155	-	224,997
	<u>805,262</u>	<u>43,325</u>	<u>-</u>	<u>848,587</u>
Total Net Depreciable Capital Assets	<u>673,832</u>	<u>(43,325)</u>	<u>-</u>	<u>630,507</u>
Total Net Capital Assets	<u>1,076,734</u>	<u>(43,325)</u>	<u>-</u>	<u>1,033,409</u>

Depreciation expense of \$43,325 is charged to the general government function.



**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

---

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT**

**Noncommitment Debt - Special Service Area Bonds**

Special service area bonds outstanding as of the date of this report totaled \$10,425,000. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

**Legal Debt Margin**

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2019	<u>\$ 254,715,153</u>
Legal Debt Limit - 8.625% of Assessed Value	<u>21,969,182</u>
Amount of Debt Applicable to Limit	
None	<u>-</u>
Legal Debt Margin	<u>21,969,182</u>

**FUND BALANCE CLASSIFICATIONS**

In the governmental fund financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

VILLAGE OF NORTH BARRINGTON, ILLINOIS

Notes to the Financial Statements  
April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

	General	Special Revenue Motor Fuel Tax	Totals
Fund Balances			
Restricted			
Streets and Roads	\$ -	87,707	87,707
Unassigned	2,241,678	-	2,241,678
Total Fund Balances	2,241,678	87,707	2,329,385

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

**FUND BALANCE/NET POSITION RESTATEMENT**

Beginning net position was restated due to correct an error in recognition of receivable for state shared revenues and franchise fees and activity related to the special service areas.

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

---

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE/NET POSITION RESTATEMENT – Continued**

The following is a summary of the net position as originally reported and as restated:

Net Position/Fund Balance	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ 3,801,613	3,490,332	(311,281)
General	2,573,176	2,261,895	(311,281)
Special Service Areas Custodial Fund	-	845,772	845,772

**NOTE 4 – OTHER INFORMATION**

**CONTINGENT LIABILITIES**

**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; natural disasters; and injuries to the Village’s employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

**Litigation**

The Village is not a defendant in any lawsuits.

**Grants**

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

**Financial Impact of COVID-19**

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Village’s operations and financial position cannot be determined.

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Notes to the Financial Statements**  
**April 30, 2020**

---

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, there is minimal participation. As the Village provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2020.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules

General Fund

Motor Fuel Tax - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF NORTH BARRINGTON, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 685,500	685,500	704,952
Intergovernmental	410,000	410,000	516,766
Licenses, Fees and Permits	191,000	191,000	141,725
Fines and Forfeitures	7,000	7,000	8,295
Interest	50,000	50,000	47,551
Miscellaneous	4,000	4,000	13,335
Total Revenues	<u>1,347,500</u>	<u>1,347,500</u>	<u>1,432,624</u>
Expenditures			
Current			
General Government	827,000	827,000	546,249
Public Safety	390,000	390,000	418,345
Streets and Roads	553,000	553,000	488,247
Total Expenditures	<u>1,770,000</u>	<u>1,770,000</u>	<u>1,452,841</u>
Net Change in Fund Balance	<u>(422,500)</u>	<u>(422,500)</u>	(20,217)
Fund Balance - Beginning as Restated			<u>2,261,895</u>
Fund Balance - Ending			<u>2,241,678</u>

VILLAGE OF NORTH BARRINGTON, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax	\$ 72,000	72,000	112,439
Interest	-	-	3,565
Total Revenues	<u>72,000</u>	<u>72,000</u>	<u>116,004</u>
Expenditures			
Streets and Roads	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Net Change in Fund Balance	<u>(108,000)</u>	<u>(108,000)</u>	(63,996)
Fund Balance - Beginning			<u>151,703</u>
Fund Balance - Ending			<u><u>87,707</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Individual Fund Budgetary Comparison Schedules  
General Fund
- Consolidated Year-End Financial Report



## INDIVIDUAL FUND SCHEDULES

---

### GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

---

### SPECIAL REVENUE FUND

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

#### Motor Fuel Tax Fund

The Motor Fuel Tax Fund accounts for state shared motor fuel tax revenues that are legally restricted to maintenance and construction of streets, sidewalks, alleys and traffic signals.

---

### FIDUCIARY FUND

#### CUSTODIAL FUND

#### Special Service Areas Fund

The Special Service Areas Fund is used to account for the collection of property taxes within special taxing districts and payments of related special service areas noncommitment debt.

---

VILLAGE OF NORTH BARRINGTON, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 683,000	683,000	700,280
Personal Property Replacement Taxes	2,500	2,500	4,672
Total Taxes	685,500	685,500	704,952
Intergovernmental			
State Income Tax	260,000	260,000	330,246
State Sales and Use Tax	150,000	150,000	186,520
Total Intergovernmental	410,000	410,000	516,766
Licenses, Fees and Permits	191,000	191,000	141,725
Fines and Forfeitures	7,000	7,000	8,295
Interest	50,000	50,000	47,551
Miscellaneous			
Other	4,000	4,000	13,335
Total Revenues	1,347,500	1,347,500	1,432,624

VILLAGE OF NORTH BARRINGTON, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
General Government			
Salaries and Benefits	\$ 248,000	248,000	217,656
Stormwater Management	70,000	70,000	20,614
Legal	50,000	50,000	56,483
Building Department	75,000	75,000	48,952
Administration	53,000	53,000	26,934
Village Hall	40,000	40,000	16,204
Forester	45,000	45,000	28,529
Parks	30,000	30,000	21,125
Mosquito Abatement	40,000	40,000	22,097
Contingency	40,000	40,000	1,451
Internet Technology	35,000	35,000	25,399
Barrington Area Council of Governments	22,000	22,000	20,000
Flint Creek Resoration	20,000	20,000	3,500
Insurance	19,000	19,000	14,494
Health and Sanitation	12,000	12,000	8,205
Emergency Services	10,000	10,000	2,657
Audit	11,000	11,000	10,000
Environmental	6,000	6,000	-
Plan Commission	500	500	-
Board of Appeals	500	500	395
Miscellaneous	-	-	1,554
Total General Government	<u>827,000</u>	<u>827,000</u>	<u>546,249</u>
Public Safety			
Police Services	<u>390,000</u>	<u>390,000</u>	<u>418,345</u>
Streets and Roads	<u>553,000</u>	<u>553,000</u>	<u>488,247</u>
Total Expenditures	<u>1,770,000</u>	<u>1,770,000</u>	<u>1,452,841</u>

**VILLAGE OF NORTH BARRINGTON, ILLINOIS**

**Consolidated Year-End Financial Report  
April 30, 2020**

---

---

CSFA #	Program Name	State	Federal	Other	Total
494-00-1488	Motor Fuel Tax Program	\$ 180,000	-	-	180,000
	All Other Costs Not Allocated	-	-	1,496,166	1,496,166
	Totals	180,000	-	1,496,166	1,676,166

---

---

VILLAGE OF NORTH  
BARRINGTON, ILLINOIS

---

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2020



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

668 N. RIVER ROAD • NAPERVILLE, ILLINOIS 60563

PHONE 630.393.1483 • FAX 630.393.2516

[www.lauterbachamen.com](http://www.lauterbachamen.com)

November 9, 2020

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

In planning and performing our audit of the financial statements of the Village of North Barrington, Illinois, for the fiscal year ended April 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board of Trustees, management, and others within the Village of North Barrington, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We appreciate the courtesy and assistance given to us by the entire Village staff.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## CURRENT RECOMMENDATIONS

### 1. CAPITAL ASSET POLICY

During our current year-end audit procedures, we noted the Village does not have a formal capital asset policy to provide guidance on the financial aspects and stewardship of capital assets. With respect to the financial aspects, guidance should be provided on the minimum dollar amount and minimum useful life for an item to be capitalized as a capital asset. Stewardship issues include the physical custody of capital assets.

#### Recommendation

We recommend that the Village adopt a capital asset policy, which addresses both financial, and stewardship issues. As part of developing the capital asset policy, a review of the current capitalization amount and estimated useful life should be performed for both financial reporting and stewardship. The capital asset policy should also establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. Once the policy has been established, we recommend the Village undertake a complete inventory of capital assets to create detail capital asset records that are in compliance with the new policy.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

### 2. FUND BALANCE POLICY

During our current year-end audit procedures, we noted that the Village does not have a formal fund balance policy. A fund balance policy establishes a minimum level at which the projected end-of-year fund balance should be maintained, taking into account the constraints imposed upon the resources reported by the governmental funds. A fund balance policy assists in providing financial stability, cash flow for operations, and the assurance that the Village will be able to respond to emergencies with fiscal strength.

It is essential to maintain adequate levels of funds balance to mitigate current and future risks and to ensure tax rates. Fund balance levels are also crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance and unassigned fund balance in the General Fund to evaluate the Village's continued creditworthiness.

#### Recommendation

We recommend the Village create and adopt a fund balance policy to be in compliance with GASB Statement No. 54. The Village should address fund balance reporting categories (nonspendable, restricted, committed, assigned, and unassigned) as well as review minimum fund balance policies.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

## **CURRENT RECOMMENDATIONS – Continued**

### 3. **COMMINGLED CASH – SSA FUNDS**

#### Comment

During our current year-end audit procedures, we noted that the Village is SSA related monies in a cash account that is commingled with the Village's General Fund.

#### Recommendation

In accordance with legal and Governmental Accounting Standards Board (GASB) reporting requirements, monies related to the operation of Special Service Areas are restricted and are required to be held separately from other funds of the Village.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

### 4. **BANK RECONCILIATIONS**

#### Comment

During our current year-end audit procedures, we noted that the general checking account on the Village's trial balances did not tie to the ending reconciled balance on the bank reconciliation. Therefore, a material adjustment was required in order to balance to the bank reconciliation as provided by the Village.

#### Recommendation

Final monthly bank reconciliations should tie to general ledger cash balances. We recommend as a means of better control, that bank reconciliations be performed each month, reviewed by another Village staff member, and any variances be investigated and adjusted immediately.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.



## **CURRENT RECOMMENDATIONS – Continued**

### **5. ESCROW DEPOSITS AND DEPOSITS HELD FOR REFUND**

#### Comment

During our current year-end audit procedures, we noted that the Village does not reconcile escrow deposits or the deposits held for refund to the general ledger on a monthly basis.

#### Recommendation

We recommend that the Village reconcile the escrow deposits and deposits held for refund on a monthly basis.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

### **6. POLICY AND PROCEDURE MANUAL**

#### Comment

During our current year-end audit procedures, the Village does not have a policy and procedure manual. Written procedures, instructions and assignments of duties will prevent or reduce misunderstanding, error; inefficient or wasted effort duplicated or omitted procedures and other situations that can result in inaccurate or untimely accounting records. A policy and procedure manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions that management currently performs.

A policy and procedure manual will require a substantial investment of time and effort for management to develop. However, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures, for the purpose of developing the manual, management may discover procedures that can be eliminated or improved to make the system more efficient and effective.

#### Recommendation

A sample of areas that should be covered as the accounting portion of the procedure manual is as follows:

- Job descriptions
- Flow charts and descriptions of the accounting cycles, such as:
  - Cash receipts process – collections, deposits, bank reconciliations, etc.
  - Cash disbursements and accounts payable process – approvals, coding, purchasing, check preparation, invoice cancellation, general ledger posting, etc.
  - Payroll process – hiring, employee files, time cards, distribution, etc.
- Description of standard entries and allocations
- Description of other specific accounting areas of unusual nature

## **CURRENT RECOMMENDATIONS – Continued**

### **6. POLICY AND PROCEDURE MANUAL – Continued**

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

### **7. SEGREGATION OF DUTIES**

#### Comment

During our current year-end audit procedures, we noted a lack of segregation of duties. Segregation of duties is one of the most integral components of an internal control system. Segregation of duties ensures that no one individual has access to resources (e.g., cash and investments) if the individual also is responsible for processing, summarizing and reporting information or authorizing transactions. Certain functions, such as segregating cash receipts and cash disbursements from anyone with the ability and/or responsibility to record these transactions in the general ledger and/or reconcile accounts in the general ledger provides a mechanism for preventing or detecting on a timely basis any errors or irregularities. Currently, the Village has a breakdown in the segregation of duties due to the limited staffing of the finance department.

#### Recommendation

We recommend that the organization of the finance department and the functions assigned to the individual staff and the Treasurer be reviewed and possibly modified to improve internal controls and the segregation of duties.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

### **8. INFORMATION TECHNOLOGY**

#### Comment

During our current year-end audit procedures, we noted deficiencies in internal controls over the Village's information technology. These controls would provide the appropriate security for the Village's financial information to prevent unauthorized access or data loss.

#### Recommendation

We recommend that the following controls be reviewed and considered: monitoring of access to financial information, restriction of physical access to Village data, computer access password controls, and the Village strengthen and test firewall protection by reviewing threat logs on a daily basis.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.