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Village of Port Barrington, Illinois

Annual Financial Report
For the Year Ended April 30, 2018

VILLAGE OF PORT BARRINGTON, ILLINOIS

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Year Ended April 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the President
and Members of the Village of Port Barrington Board
Port Barrington, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Port Barrington, Illinois (Village) as of and for the year ended April 30, 2018, which collectively comprise the Village's basic financial statements as listed in the accompanying 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 the modified cash basis of accounting as described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 entity'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

entity'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 financial statement 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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Port Barrington as of April 30, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the modified cash basis of accounting as described in Note 1.

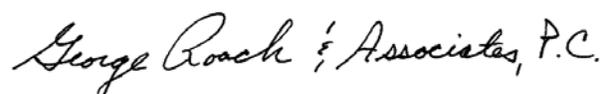
Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Port Barrington financial statements. The other information (OI) as described in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. We have applied certain limited procedures to the other 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 other information because the limited procedures do not provide us sufficient evidence to express an opinion or provide any assurance.



George Roach & Associates, P.C.
Crystal Lake, Illinois
June 25, 2018

OTHER INFORMATION
MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

VILLAGE OF PORT BARRINGTON, ILLINOIS

*Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018*

As management of the Village of Port Barrington (the Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2018.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities and deferred inflows at April 30, 2018 by \$3,549,899 (Net Position). Of this amount, \$1,028,359 (Unrestricted Net Position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$147,180.
- At April 30, 2018, the Village's governmental funds reported combined ending fund balances of \$1,557,879, an increase of \$9,808 from the prior year.
- The Village's total net capital assets decreased by \$178 during the year ended April 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The Statement of Net Position - Modified Cash Basis, presents information on all of the Village's assets and liabilities, 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.

The Statement of Activities - Modified Cash Basis, presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs and the related cash flow occurs. Thus, revenues and expenses are not reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet – Modified Cash Basis and the governmental fund Statement of Revenues Received, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains various 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, which is considered to be the Village's main major fund. Data from the other governmental funds are shown on the combining statement.

The basic governmental fund financial statements can be found on pages 14 through 18 of this report.

Proprietary funds - The Village maintains no proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village utilizes no fiduciary funds.

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 through 33 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information concerning the Village's progress in meeting its obligation to provide as fully adequate as possible services to its residents.

The Village adopts an annual budget for all funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget. The budgetary comparison for the general fund can be found in the other information section, as listed in the contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$3,549,899 at April 30, 2018.

Of the Village's net position, \$1,922,020 reflects its investment in capital assets (e.g., land, construction in progress, buildings, systems and equipment); less any related outstanding debt used to acquire those assets. 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 PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Village of Port Barrington - Net Position	
	Governmental Activities	
	2018	2017
Current assets	\$ 1,568,607	\$ 1,554,820
Capital assets - net	2,724,653	2,724,831
Net Total Assets	4,293,260	4,279,651
Current liabilities	150,424	144,299
Noncurrent liabilities	592,937	732,633
Total Liabilities	743,361	876,932
Net Position		
Net investment in capital assets	1,992,020	1,854,648
Restricted	529,520	527,649
Unrestricted	1,028,359	1,020,422
Total Net Position	\$ 3,549,899	\$ 3,402,719

An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,028,359) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2018, the Village is able to report positive balances in two categories of net position. The Village's net position increased by \$147,180 during the year ended April 30, 2018.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

	Governmental Activities	
	2018	2017
Revenues Received		
Property taxes	\$ 301,409	\$ 299,537
Other taxes	354,549	356,228
Charges for services	45,920	31,576
Capital grants	-	-
Other	56,426	48,781
Interest	13,823	7,385
Total Revenues Received	<u>772,127</u>	<u>743,507</u>
Expenditures		
Administration	341,791	303,330
Building and zoning	23,395	23,571
Health and safety	18,046	9,688
Parks and beaches	13,124	14,429
Police	87,176	71,454
Streets and roads	38,113	28,131
Special projects	7,898	26,144
Interest	10,015	12,099
Unallocated depreciation	85,389	80,572
Total Expenditures Disbursed	<u>624,947</u>	<u>569,418</u>
Change in Net Position	147,180	174,089
Beginning Net Position	<u>3,402,719</u>	<u>3,228,630</u>
Ending Net Position	<u>\$ 3,549,899</u>	<u>\$ 3,402,719</u>

Governmental activities

Governmental activities increased the Village's net position by \$147,180. The most significant revenue change from the prior year was the decrease in capital grants and contributions revenue. Key elements of the increase to net position by governmental and business type activities are on the following page.

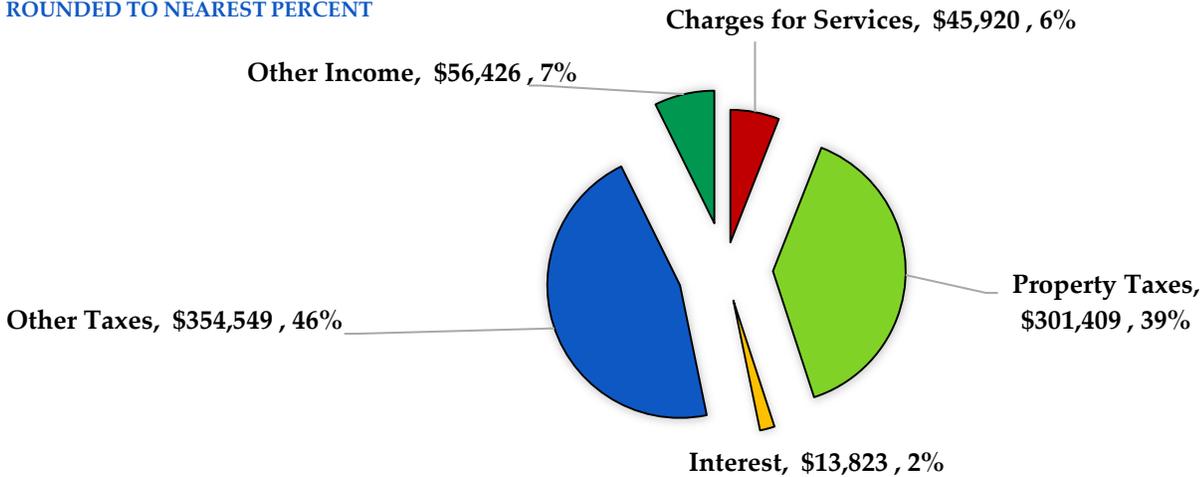
VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

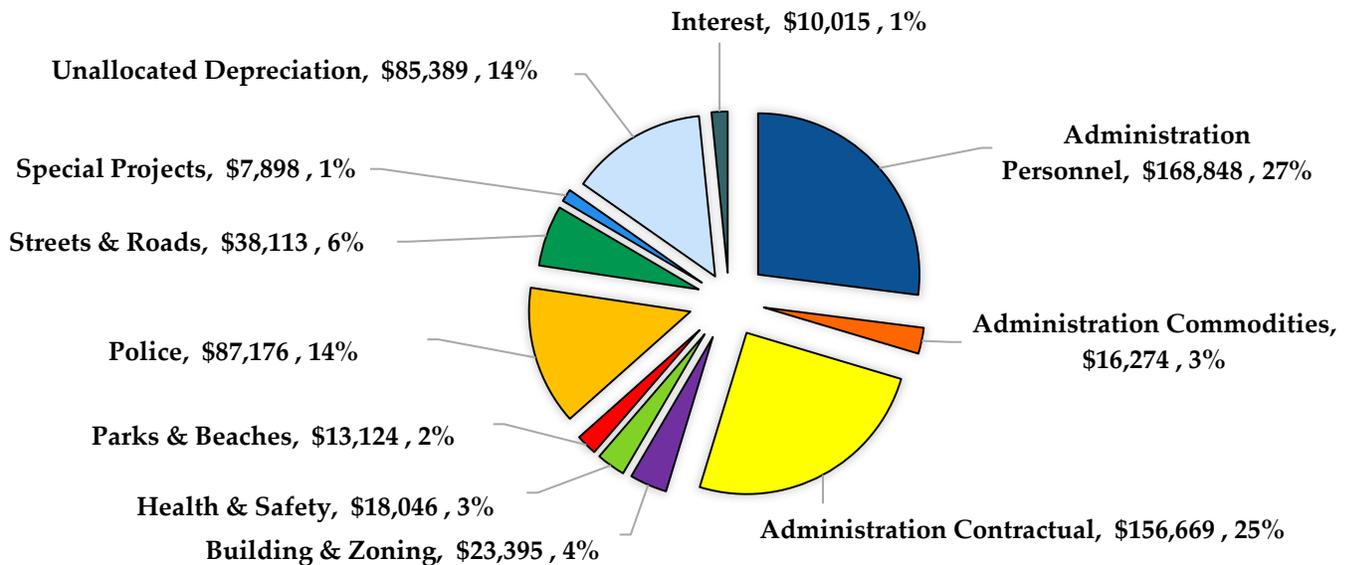
2018 REVENUES

ROUNDED TO NEAREST PERCENT



2018 EXPENSES

ROUNDED TO NEAREST PERCENT



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental funds

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

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (CONCLUDED)

At April 30, 2018, the Village's governmental funds reported combined ending fund balances of \$1,557,879 an increase of \$9,808 in comparison with the prior year. The fund balance in the motor Fuel Tax Fund is restricted for the specific purpose of maintaining roadways and the fund balances in the Debt Service Funds are restricted for the repayment of debt.

At April 30, 2018, the fund balance of the General Fund was \$987,294. This represents a decrease of \$33,128 compared to the prior fiscal year. This fund balance is unassigned and not allocated for any specific purpose.

General Fund Budgetary Highlights

There were no changes in the original budget. The actual expenditures were less than the budgeted expenditures by \$66,393.

CAPITAL ASSETS

The Village's capital assets for its governmental activities as of April 30, 2018 amounts to \$2,724,653 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, infrastructure and equipment.

	Village of Port Barrington - Capital Assets	
	Governmental Activities	
	2018	2017
Land	\$ 29,242	\$ -
Construction in progress	47,178	-
Building and improvements	409,334	407,119
Equipment	301,216	294,640
Sewer system	2,947,182	2,947,182
Vehicles	79,014	79,014
Total Capital Assets	<u>3,813,166</u>	<u>3,727,955</u>
Accumulated depreciation	<u>1,088,513</u>	<u>1,003,124</u>
Total Net Capital Assets	<u>\$ 2,724,653</u>	<u>\$ 2,724,831</u>

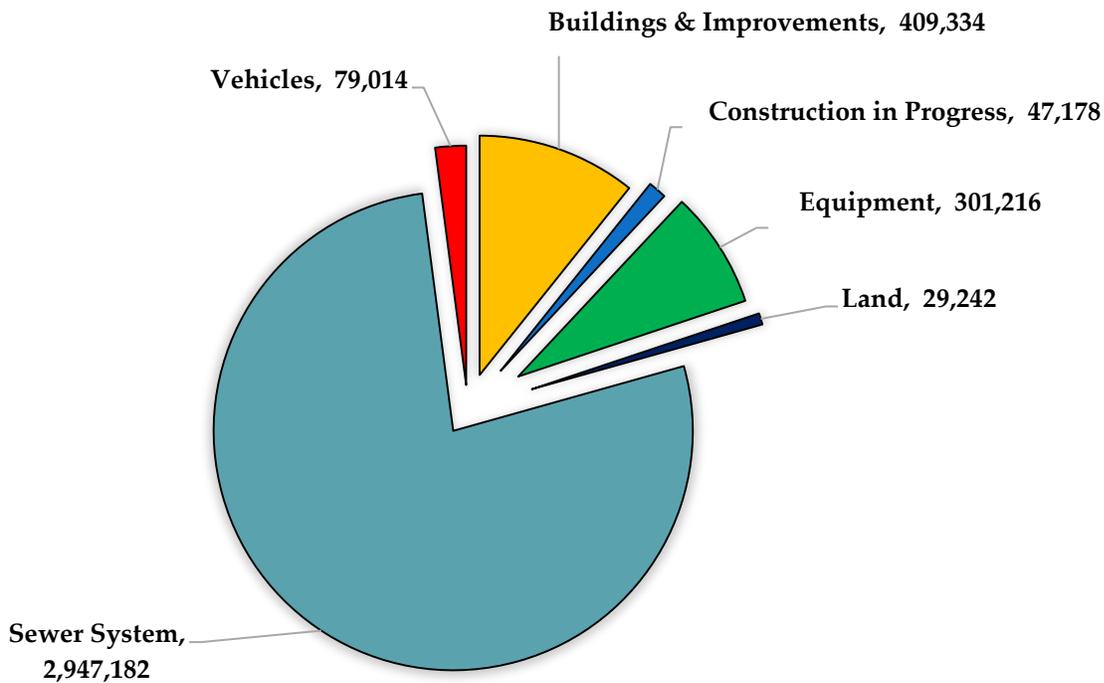
Additional information on the Village's capital assets can be found in note 2.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

CAPITAL ASSETS (CONCLUDED)

CAPITAL ASSETS (COST)



ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Village for 2017 is \$46,841,500. This represents an increase in EAV of \$2,334,888 over the prior year's EAV. Taxes recorded in these financial statements are from the 2016 levy.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

ECONOMIC FACTORS AND PROPERTY TAXES (CONTINUED)

Assessed Valuations and Extensions by Fund

Levy Year County	Property Tax Rates (per \$100 of assessed valuation)								
	2017			2016			2015		
	Lake	McHenry	Total	Lake	McHenry	Total	Lake	McHenry	Total
Village Assessed Valuation	\$ 20,621,361	\$ 26,220,139	\$ 46,841,500	\$ 19,615,900	\$ 24,890,712	\$ 44,506,612	\$ 18,216,221	\$ 23,262,233	\$ 41,478,454
Fund Extension									
General	\$ 53,593	\$ 68,145	\$ 121,738	\$ 52,392	\$ 66,480	\$ 118,872	\$ 51,371	\$ 65,602	\$ 116,973
Police Protection	6,782	8,624	15,406	6,684	8,482	15,166	6,724	8,586	15,310
Liability Insurance	6,557	8,337	14,894	6,462	8,200	14,662	6,501	8,301	14,802
Social Security	2,809	3,571	6,380	2,768	3,512	6,280	2,784	3,556	6,340
Total Funds	\$ 69,741	\$ 88,677	\$ 158,418	\$ 68,306	\$ 86,674	\$ 154,980	\$ 67,380	\$ 86,045	\$ 153,425
SSA Assessed Valuation	\$ -	\$ 10,455,904	\$ 9,253,695	\$ -	\$ 9,854,271	\$ 9,253,695	\$ -	\$ 9,253,695	\$ 9,253,695
Special Service Area #3	\$ -	\$ 79,560	\$ 79,560	\$ -	\$ 79,560	\$ 79,560	\$ -	\$ 79,560	\$ 79,560
Special Service Area #4	\$ -	\$ 57,817	\$ 57,817	\$ -	\$ 57,817	\$ 57,817	\$ -	\$ 57,817	\$ 57,817

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended April 30, 2018

ECONOMIC FACTORS AND PROPERTY TAXES (CONTINUED)

Tax Rates and Percentages - Allocated by Fund

Lake County	2017 Levy		2016 Levy		2015 Levy	
	Rate	Percentage	Rate	Percentage	Rate	Percentage
General	0.259893	76.85%	0.267087	76.70%	0.282009	76.24%
Police Protection	0.032890	9.73%	0.034075	9.79%	0.036910	9.98%
Liability Insurance	0.031796	9.40%	0.032944	9.46%	0.035687	9.65%
Social Security	0.013621	4.03%	0.014111	4.05%	0.015286	4.13%
Totals	<u>0.338200</u>	<u>100.00%</u>	<u>0.348217</u>	<u>100.00%</u>	<u>0.369892</u>	<u>100.00%</u>

McHenry County	Rate	Percentage	Rate	Percentage	Rate	Percentage
General	0.259894	76.85%	0.267089	76.70%	0.282008	76.24%
Police Protection	0.032889	9.72%	0.034076	9.79%	0.036910	9.98%
Liability Insurance	0.031796	9.40%	0.032944	9.46%	0.035686	9.65%
Social Security	0.013621	4.03%	0.014111	4.05%	0.015286	4.13%
Totals	<u>0.338200</u>	<u>100.00%</u>	<u>0.348220</u>	<u>100.00%</u>	<u>0.369890</u>	<u>100.00%</u>

Special Service Area #3	<u>1.48466</u>	<u>1.55588</u>	<u>1.6598</u>
Special Service Area #4	<u>1.13431</u>	<u>1.21958</u>	<u>1.29625</u>

Description of Current or Expected Conditions

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Village in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended April 30, 2018

ECONOMIC FACTORS AND PROPERTY TAXES (CONCLUDED)

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 its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Donna Erfort, Village Treasurer, Village of Port Barrington, 69 South Circle Avenue, Port Barrington, IL 60010-1001.

BASIC FINANCIAL STATEMENTS

VILLAGE OF PORT BARRINGTON, ILLINOIS

Government-wide Statement of Net Position - Modified Cash Basis

April 30, 2018

Assets	
Cash and investments	\$ 1,568,607
Capital assets, net	2,724,653
Total Assets	<u><u>\$ 4,293,260</u></u>
Liabilities	
Accrued payroll liabilities	\$ 10,728
Non-Current Liabilities:	
Due within one year	139,696
Due in more than one year	592,937
Total Liabilities	<u><u>743,361</u></u>
Net Position	
Net investment in capital assets	1,992,020
Restricted	529,520
Unrestricted	1,028,359
Total Net Position	<u><u>\$ 3,549,899</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Government-wide Statement of Activities and Changes in Net Position - Modified Cash Basis

Year Ended April 30, 2018

Functions/Programs Governmental Activities	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Position
Administration	\$ 341,791	\$ 19,815	\$ -	\$ -	\$ (321,976)
Building and zoning	23,395	25,760	-	-	2,365
Health and safety	18,046	-	-	-	(18,046)
Parks and beaches	13,124	-	-	-	(13,124)
Police	87,176	345	-	-	(86,831)
Streets and roads	38,113	-	-	-	(38,113)
Special projects	7,898	-	-	-	(7,898)
Debt Service - interest	10,015	-	-	-	(10,015)
Unallocated depreciation	85,389	-	-	-	(85,389)
Total Governmental Activities	\$ 624,947	\$ 45,920	\$ -	\$ -	(579,027)
General Revenues:					
					301,409
					870
					38,582
					53,597
					20,687
					80,124
					160,689
					25,957
					13,823
					30,469
					726,207
					147,180
					3,402,719
					\$ 3,549,899

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Governmental Fund Types

Balance Sheet - Modified Cash Basis

April 30, 2018

	General Fund	Special	Debt Service Funds		Total
		Revenue Fund Motor Fuel Tax Fund	SSA#3 Fund	SSA#4 Fund	
Assets					
Cash	\$ 1,000,162	\$ 499,186	\$ 51,012	\$ 18,247	\$ 1,568,607
Interfund receivables	749	-	2,889	-	3,638
Total Assets	<u>\$ 1,000,911</u>	<u>\$ 499,186</u>	<u>\$ 53,901</u>	<u>\$ 18,247</u>	<u>\$ 1,572,245</u>
Liabilities					
Accrued payroll liabilities	\$ 10,728	\$ -	\$ -	\$ -	\$ 10,728
Interfund payables	2,889	649	-	100	3,638
Total Liabilities	<u>13,617</u>	<u>649</u>	<u>-</u>	<u>100</u>	<u>14,366</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	498,537	53,901	18,147	570,585
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	987,294	-	-	-	987,294
Total Fund Balance	<u>987,294</u>	<u>498,537</u>	<u>53,901</u>	<u>18,147</u>	<u>1,557,879</u>
Total Liabilities and Fund Balance	<u>\$ 1,000,911</u>	<u>\$ 499,186</u>	<u>\$ 53,901</u>	<u>\$ 18,247</u>	<u>\$ 1,572,245</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Governmental Fund Types - Statement of Revenue, Expenditures and Changes in Fund Balances - Modified Cash Basis

Year Ended April 30, 2018

	General Fund	Motor Fuel Tax Fund	SSA#3 Debt Service Fund	SSA#4 Debt Service Fund	Total
Revenue					
Property taxes	\$ 164,107	\$ -	\$ 79,503	\$ 57,799	\$ 301,409
Replacement taxes	870	-	-	-	870
Motor Fuel taxes	-	38,582	-	-	38,582
Utility taxes	53,597	-	-	-	53,597
Telecom taxes	20,687	-	-	-	20,687
Sales taxes	80,124	-	-	-	80,124
Income taxes	160,689	-	-	-	160,689
Licenses and permits	45,575	-	-	-	45,575
Fines, fees and forfeitures	345	-	-	-	345
Video gaming	25,957	-	-	-	25,957
Interest income	7,859	5,529	271	164	13,823
Special events	1,488	-	-	-	1,488
REC Committee income	3,453	-	-	-	3,453
Senior services	199	-	-	-	199
Miscellaneous revenue	25,329	-	-	-	25,329
Total Revenue	<u>590,279</u>	<u>44,111</u>	<u>79,774</u>	<u>57,963</u>	<u>772,127</u>
Expenditures					
Administrative	341,791	-	-	-	341,791
Building and zoning	23,395	-	-	-	23,395
Health and safety	18,046	-	-	-	18,046
Parks and beaches	10,274	-	-	-	10,274
Police	87,176	-	-	-	87,176
Streets and roads	37,846	-	-	-	37,846
Special projects	7,865	-	-	-	7,865
Debt Service - principal	7,493	-	70,704	59,353	137,550
Debt Service - interest	1,160	-	8,855	-	10,015
Capital	88,361	-	-	-	88,361
Total Expenditures	<u>623,407</u>	<u>-</u>	<u>79,559</u>	<u>59,353</u>	<u>762,319</u>
Net Change in Fund Balance	(33,128)	44,111	215	(1,390)	9,808
Fund Balance					
Balance, beginning of year	<u>1,020,422</u>	<u>454,426</u>	<u>53,686</u>	<u>19,537</u>	<u>1,548,071</u>
Total Fund Balance	<u>\$ 987,294</u>	<u>\$ 498,537</u>	<u>\$ 53,901</u>	<u>\$ 18,147</u>	<u>\$ 1,557,879</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PORT BARRINGTON, ILLINOIS

*Reconciliations of the Governmental Fund Statements to the
Statement of Net Position and the Statements of Activities
Year Ended April 30, 2018*

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total Fund Balances - Total Governmental Funds	\$ 1,557,879
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	2,724,653
Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position	<u>(732,633)</u>
Total Net Position of Governmental Activities	<u><u>\$ 3,549,899</u></u>

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to Governmental Statement of Activities and Changes in Net Position

Net Change in Fund Balance	
Governmental Funds	\$ 9,808
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life. (amount shown is net of depreciation)	(178)
Governmental funds report the payment of debt and leases as an expenditure; however the Statement of Activities records the payment as a reduction in the debt liability.	<u>137,550</u>
Changes in Net Position Governmental Funds	<u><u>\$ 147,180</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC
FINANCIAL STATEMENTS

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Port Barrington, Illinois, (the Village) is a municipal corporation governed by an elected president and a Board of Trustees. The Village's major operations include police safety, street and road maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, waterworks services and general administrative services.

The government-wide financial statements are prepared in accordance with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY –

The Village's financial reporting entity comprises the following:

Primary Government Village –

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units- an Amendment of GASB Statement No. 14," 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. 39, there are no component units included in the reporting entity.

FINANCIAL STATEMENT 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). Both the government-wide and fund financial statements categorize primary activities as governmental. The Village's police, street and road maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities.

In the Government-Wide Statement of Net Position – Modified Cash Basis, the governmental activities are: (a) presented on a consolidated basis by column, and (b) reported on a modified cash basis, economic resource basis, which recognizes all long-term assets as well as long-term debts.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Village's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities, followed by unrestricted resources.

The Government-Wide Statement of Activities – Modified Cash Basis, reports both the gross and net cost of each of the Village's functions (general government, public safety, parks and beaches, etc.) The functions are supported by general government revenues (property, sales and use taxes, fines, permits and charges, etc.).

The Government Wide Statement of Activities – Modified Cash Basis, 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, sales tax, intergovernmental revenues, interest income, etc.).

This government-wide focus concentrates 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.

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, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, all as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

General fund –

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

Special revenue funds –

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one major special revenue funds. The Motor Fuel Tax Fund is used to account for restricted funds received from the State of Illinois Motor Fuel Tax to be used for operating and maintaining local streets and roads.

Debt service funds –

The debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Special Service Area (SSA) Funds are used to account for restricted funds received from the specific residents within each special service area to be used for the debt service principal and interest associated with the sewer system lines of each area.

Proprietary Funds –

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village has no proprietary funds.

Fiduciary Funds –

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

position and is reported using accounting principles similar to proprietary funds. The Village has no fiduciary funds.

MEASUREMENT FOCUS, 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.

On the Government-Wide Statement of Net Position – Modified Cash Basis and the Statement of Activities and Changes in Fund Balance – Modified Cash Basis, governmental activities are presented using the economic resources measurement focus as defined on the following pages.

Measurement Focus –

The fund financial statements focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses). Accordingly, they are said to present a summary of sources and uses of “available resources” during a period.

Basis of Accounting –

In the Government-Wide Statement of Net Position – Modified Cash Basis and Statement of Activities and Changes in Net Position – Modified Cash Basis, governmental activities are presented using the modified cash basis of accounting. Under the modified cash basis of accounting, revenues are recognized when received and expenditures are recorded when paid. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund result from previous cash transactions. Modified cash basis financial statements omit recognition of receivables and payables and other accrued or deferred items that do not arise from previous cash transactions.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY -

Cash and Investments –

Cash and cash equivalents on the Statement of Net Position – Modified Cash Basis, are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND RECEIVABLES, PAYABLES AND ACTIVITY –

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

CAPITAL ASSETS –

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market 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 expensed as incurred.

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

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

Buildings and improvements	10-50 Years
Machinery and equipment	5-20 Years
Vehicles	5-10 Years

LONG-TERM OBLIGATIONS –

In the government-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net position – modified cash basis. In the fund financial statements, statement of activities and changes in net position – modified cash basis, the debt service payments for principal and interest are recognized as expenditures. The face amount of debt issued is reported as other financing sources.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY –

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

Net investment in capital assets –

Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets –

Consists of net assets 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 net assets –

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

FUND BALANCE CLASSIFICATION –

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Village classifies governmental fund balances as follows:

Non-spendable –

Consists of fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted –

Consists of fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed –

Consists of fund balance amounts that are constrained for specific purposes that are internally imposed by the government through the adoption of a resolution by the Board of Trustees, the highest level of authority, and does not lapse at year-end.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Assigned –

Consists of fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Board of Trustees, the highest level of decision making authority, may authorize by resolution the Village President to assign portions of fund balance for specific purposes.

Unassigned –

Consists of positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Expenditures of Fund Balance – unless specifically identified, expenditures reduce restricted balances first, then committed balances, then assigned balances and finally unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 2 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS

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.

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. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

VILLAGE INTEREST RATE RISK, CREDIT RISK, CUSTODIAL CREDIT RISK AND CONCENTRATION RISK

Deposits –

At year-end, the carrying amount of the Village's deposits for governmental activities totaled \$1,568,607 (including petty cash of \$300) and the bank balances totaled \$1,683,462. All Cash and cash equivalents are short-term in nature and are stated at cost, which approximates market value.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 2 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS (CONTINUED)

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's cash was invested in bank savings accounts.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Village's investment policy does not further limit investment instrument choices. At April 30, 2018, the Village's invested its cash in bank savings accounts.

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. At year-end, the entire amount of the bank balance of deposits was covered by 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 investments or collateral securities that are in the possession of an outside party. At year-end, \$139,877 of the Village's cash is FDIC insured and \$1,543,585 is collateralized in the bank's trust department, not in the name of the Village.

Concentration Credit Risk –

This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village carries no investments and all of the Village's cash and cash equivalents are FDIC insured or collateralized.

PROPERTY TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by the last Tuesday in December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, 2017 and September 1, 2017. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience. The 2017 tax levy was passed on December 20, 2017.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 2 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS (CONTINUED)

CAPITAL ASSETS -

Governmental Activities –

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Non-Depreciable Capital Assets				
Land	\$ -	\$ 29,242	\$ -	\$ 29,242
Construction in progress	-	47,178	-	47,178
Depreciable Capital Assets				
Building & improvements	407,119	2,215	-	409,334
Equipment	294,640	6,576	-	301,216
Sewer system	2,947,182	-	-	2,947,182
Vehicles	79,014	-	-	79,014
Total Capital Assets	<u>3,727,955</u>	<u>85,211</u>	<u>-</u>	<u>3,813,166</u>
Accumulated Depreciation				
Building & improvements	236,249	11,035	-	247,284
Equipment	182,885	15,410	-	198,295
Sewer system	504,976	58,944	-	563,920
Vehicles	79,014	-	-	79,014
Total Accumulated Depreciation	<u>1,003,124</u>	<u>85,389</u>	<u>-</u>	<u>1,088,513</u>
Total Net Capital Assets	<u>\$ 2,724,831</u>	<u>\$ (178)</u>	<u>\$ -</u>	<u>\$ 2,724,653</u>

Depreciation expense was charged to governmental activities as follows:

Unallocated	<u>\$ 85,389</u>
Total Governmental Activities Depreciation Expense	<u>\$ 85,389</u>

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 2 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS (CONTINUED)

LONG- TERM DEBT -

Notes Payable –

The Village issued notes payable to the Illinois Environmental Protection Agency (IEPA) to provide funds for the acquisition of the sewer system. Notes payable currently outstanding are as follows:

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
2007 Note Payable of \$962,657 for Phase I of the sewer system with semi-annual payments and an interest rate of 2.50% through March 19, 2022.	SSA #3	\$ 371,757	\$ -	\$ 70,704	\$ 301,053
2010 Note Payable of \$860,619 for Phase II of the sewer system with semi-annual payments and an interest rate of 0% through April 28, 2025.	SSA #4	474,823	-	59,353	415,470
Totals		<u>\$ 846,580</u>	<u>\$ -</u>	<u>\$ 130,057</u>	<u>\$ 716,523</u>

Capital Lease Payable –

The Village also entered into a lease agreement as the lessee for capital equipment, in which the general fund will be used to pay debt service on the lease. Capital leases currently outstanding are as follows:

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
2013 Capital Lease for an industrial backhoe with an initial present value of future minimum lease payments (\$44,042) at 4.8% interest, and paid with an annual payment of \$8,652 until 2020.	General	\$ 23,603	\$ -	\$ 7,493	\$ 16,110
Totals		<u>\$ 23,603</u>	<u>\$ -</u>	<u>\$ 7,493</u>	<u>\$ 16,110</u>

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 2 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS (CONTINUED)

Long-Term Liability Activity –

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deletions	Ending Balances	Amounts Due within One Year
Special Assessment Debt					
IEPA SSA #3	\$ 371,757	\$ -	\$ 70,704	\$ 301,053	\$ 72,482
IEPA SSA #4	474,823	-	59,353	\$ 415,470	59,353
Capital Lease	23,603	-	7,493	\$ 16,110	7,861
	<u>\$ 870,183</u>	<u>\$ -</u>	<u>\$ 137,550</u>	<u>\$ 732,633</u>	<u>\$ 139,696</u>

Payments on the notes payable are made by the SSA #3 and SSA #4 Debt service funds, while the capital lease payments are made by the general fund and allocated to multiple departments.

Debt Service Requirements to Maturity –

The annual debt service requirements to maturity, including principal and interest, are as follows, with the exception of the variable rate bonds, in which future interest payments are not known:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
Ending April 30,			
2019	139,696	7,867	147,563
2020	141,907	5,658	147,565
2021	135,527	3,384	138,911
2022	137,444	1,467	138,911
2023	59,353	-	59,353
2024	59,353	-	59,353
2025	59,353	-	59,353
	<u>\$ 732,633</u>	<u>\$ 18,376</u>	<u>\$ 751,009</u>

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 2 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS (CONTINUED)

FUND BALANCE -

Investment in capital assets – net of related debt, was comprised of the following as of

April 30, 2018:

Governmental activities		
Capital assets - net of accumulated depreciation		\$ 2,724,653
Less capital related debt:		
Notes payable	\$ (716,523)	
Capital lease payable	(16,110)	<u>(732,633)</u>
Net investment in capital assets		<u><u>\$ 1,992,020</u></u>

Fund Balance Classifications -

The Village implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended April 30, 2018. In the governmental funds financial statements, the Village first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 2 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS (CONTINUED)

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

	Special Revenue Fund				Total
	General	Motor	Debt Service Funds		
		Fuel Tax	SSA #3	SSA #4	
Fund Balances					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Property tax levies:					
Highways and streets	-	498,537	-	-	498,537
Debt service	-	-	53,901	18,147	72,048
Total Restricted	-	498,537	53,901	18,147	570,585
Unassigned	987,294	-	-	-	987,294
Total Fund Balances	\$ 987,294	\$ 498,537	\$ 53,901	\$ 18,147	\$ 1,557,879

INTERFUND LOANS –

The Village has the following interfund loans outstanding as of April 30, 2018:

Fund	Interfund Receivables
SSA #3 Debt Service Fund	\$ 2,889
General Fund	749
Total	\$ 3,638

Fund	Interfund Payables
Motor Fuel Tax Fund	\$ 649
SSA #4 Debt Service Fund	100
General Fund	2,889
Total	\$ 3,638

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND DEPOSITS (CONCLUDED)

The interfund loans are the result of expenditures paid through the General Fund to pay operating expenses of the Motor Fuel Tax Fund and the SSA #4 Debt Service Fund. The SSA #3 Debt Service Fund is owed from the General Fund for expenditures related to opening the account used to service debt that do not qualify for the restricted purpose of the SSA #3 Debt Service Fund. None of the interfund loans are expected to be repaid within one year.

NOTE 4 – RISK MANAGEMENT AND OTHER INFORMATION

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 purchases workers' compensation insurance from a commercial insurance company. The Village pays an annual premium for its insurance coverage based on total payroll of the Village for each plan year. Additionally, the Village's blanket insurance policy contains individual liability coverage on all employees. The Village purchases coverage against all other risks of loss from a commercial insurance company.

The Village currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverage from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

The Illinois Municipal League Risk Management Association (IMLRMA) –

The Village is a member of the Illinois Municipal League Risk Management Association (IMLRMA), which has been formed to provide casualty, property and liability protections and to administer some or all insurance coverage and protection other than health, life and accident coverage. It is intended that IMLRMA will provide a way for members to equalize annual fluctuations in insurance costs and risks.

Complete financial statements for IMLRMA can be obtained from its administrator, 1101 West Lake Street, Chicago, IL 60607-1609.

CONTINGENT LIABILITIES -

Litigation –

The Village has, in the past been involved in lawsuits. There are no known matters that will not have a material adverse effect on the financial condition of the Village.

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

NOTE 4 – RISK MANAGEMENT AND OTHER INFORMATION (CONCLUDED)

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies –

The Village does not provide post-employment health care insurance benefits (OPEB) for its retired employees. Therefore, no liability is recognized for the Village for such benefit.

SUBSEQUENT EVENTS –

Subsequent events are events or transactions that occur after the fiscal year end but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the fiscal year end) and non-recognized (events or conditions that did not exist at the fiscal year end, but arose after that date). The Village did not have any subsequent financial related events of material nature from April 30, 2018 to the date of the Independent Auditor's Report.

OTHER INFORMATION

VILLAGE OF PORT BARRINGTON, ILLINOIS

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

Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Property taxes	\$ 179,000	\$ 179,000	\$ 164,107
Replacement taxes	600	600	870
Utility taxes	60,000	60,000	53,597
Telecom taxes	51,500	51,500	20,687
Sales taxes	80,000	80,000	80,124
Income taxes	165,000	165,000	160,689
Licenses and permits	39,975	39,975	45,575
Fines, fees, and forfeitures	10,000	10,000	345
Special events	1,000	1,000	1,488
Video gaming	25,000	25,000	25,957
Interest income	500	500	7,859
REC Committee income	-	-	3,453
Senior Services	-	-	199
Miscellaneous revenue	2,000	2,000	25,329
Total Revenues	<u>614,575</u>	<u>614,575</u>	<u>590,279</u>
General and Administrative			
Personnel			
Salaries	130,000	130,000	137,529
Payroll taxes	10,500	10,500	11,260
Retirement	13,500	13,500	13,234
Elected officials	7,300	7,300	6,825
Total personnel	<u>161,300</u>	<u>161,300</u>	<u>168,848</u>
Contractual services			
Maintenance - buildings	5,000	5,000	1,135
Engineering services	10,000	10,000	2,357
Legal services	35,000	35,000	34,065
Utilities	25,000	25,000	27,977
Computer services	4,000	4,000	1,707
Liability/property and health insurance	74,000	74,000	79,332
Scholarship	-	-	500
Professional services	7,000	7,000	6,088
REC committee/special events	-	-	3,508
Total contractual services	<u>160,000</u>	<u>160,000</u>	<u>156,669</u>

continued

VILLAGE OF PORT BARRINGTON, ILLINOIS

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Commodities			
Office supplies	\$ 6,000	\$ 6,000	\$ 8,495
Dues	3,500	3,500	2,485
Training and education	3,000	3,000	1,624
Scholarship	500	500	-
Other miscellaneous	2,000	2,000	3,670
Total commodities	<u>15,000</u>	<u>15,000</u>	<u>16,274</u>
Total General and Administrative	<u>336,300</u>	<u>336,300</u>	<u>341,791</u>
Building and Zoning			
Contractual services			
Legal services	3,000	3,000	2,781
Professional services - engineering	2,000	2,000	5,397
Inspection services	30,500	30,500	14,952
Total contractual services	<u>35,500</u>	<u>35,500</u>	<u>23,130</u>
Commodities			
Office supplies	1,000	1,000	265
Total commodities	<u>1,000</u>	<u>1,000</u>	<u>265</u>
Total Building and Zoning	<u>36,500</u>	<u>36,500</u>	<u>23,395</u>
Health and Safety			
Personnel			
Salaries	500	500	1,320
Total personnel	<u>500</u>	<u>500</u>	<u>1,320</u>
Contractual Services			
Mosquito abatement	1,000	1,000	497
Trash collection	2,000	2,000	4,694
Equipment & Supplies	-	-	671
Emergency Management	2,000	2,000	5,360
Community education	500	500	-
PBERT	500	500	-
Swalco dues	1,500	1,500	704

continued

VILLAGE OF PORT BARRINGTON, ILLINOIS

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
Health and Safety (Continued)			
Contractual Services			
Channel maintenance	\$ 5,000	\$ 5,000	\$ 4,800
Total contractual services	12,500	12,500	16,726
Capital expenditures			
Equipment	1,000	1,000	-
Total capital expenditures	1,000	1,000	-
Total Health and Safety	14,000	14,000	18,046
Parks and Beaches			
Contractual services			
Equipment repairs	1,500	1,500	68
Building maintenance	500	500	40
Geese Control	1,500	1,500	-
Trail construction & fencing	500	500	-
Landscaping	1,500	1,500	-
Rentals	1,500	1,500	1,557
Total contractual services	7,000	7,000	1,665
Commodities			
Fuel	3,500	3,500	2,231
Sand, gravel and topsoil	5,000	5,000	1,381
Total commodities	8,500	8,500	3,612
Capital expenditures			
Park development	3,500	3,500	14,515
Equipment	14,000	14,000	9,268
Total capital expenditures	17,500	17,500	23,783
Debt Service			
Principal	-	-	2,297
Interest	-	-	356
Total debt services	-	-	2,653
Other expenditures			
Special events	6,500	6,500	4,997
Total other expenditures	6,500	6,500	4,997
Total Parks and Beaches	39,500	39,500	36,710

continued

VILLAGE OF PORT BARRINGTON, ILLINOIS

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
Police (Continued)			
Contractual services			
Other professional services	\$ 12,000	\$ 12,000	\$ 2,576
McHenry Co. Sheriff	43,000	43,000	46,800
Lake Co. Sheriff	38,000	38,000	37,800
Total contractual services	93,000	93,000	87,176
Total Police	93,000	93,000	87,176
Streets and Roads			
Personnel			
Salaries	13,000	13,000	9,113
Total personnel	13,000	13,000	9,113
Contractual services			
Other road gravel	500	500	-
Maintenance - equipment	5,500	5,500	1,500
Maintenance - snow removal & salt	16,000	16,000	16,775
Road patching	10,000	10,000	426
Signs	1,500	1,500	393
Engineering services	1,000	1,000	5,770
Resurface	7,000	7,000	-
Street sweeping	1,000	1,000	1,720
Plantings and trees	500	500	-
Total contractual services	43,000	43,000	26,584
Commodities			
Fuel	3,500	3,500	2,149
Total commodities	3,500	3,500	2,149
Capital expenditures			
Equipment	5,000	5,000	267
Total capital expenditures	5,000	5,000	267

continued

VILLAGE OF PORT BARRINGTON, ILLINOIS

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

Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
Streets and Roads (Concluded)			
Debt service			
Principal	\$ -	\$ -	\$ 2,598
Interest	-	-	402
Total debt services	-	-	3,000
Total Streets and Roads	64,500	64,500	41,113
Special Projects			
Contractual services			
Engineering services	5,000	5,000	-
Landscaping	2,500	2,500	-
Sampling and testing	3,500	3,500	2,496
Tree maintenance	6,000	6,000	1,500
Plantings	4,000	4,000	3,869
Street lighting	16,000	16,000	-
Special Projects	5,000	5,000	-
Total contractual services	42,000	42,000	7,865
Capital expenditures			
Equipment	4,000	4,000	33
Land	-	-	14,884
Building improvements	60,000	60,000	49,394
Total capital expenditures	64,000	64,000	64,311
Debt Service			
Principal	-	-	2,598
Interest	-	-	402
Total debt services	-	-	3,000
Total Special Projects	106,000	106,000	75,176
Total Expenditures	689,800	689,800	623,407
Net Change in Fund Balance	\$ (75,225)	\$ (75,225)	\$ (33,128)

concluded

VILLAGE OF PORT BARRINGTON, ILLINOIS

Motor Fuel Tax Fund - Statement of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Motor fuel taxes	\$ -	\$ -	\$ 38,582
Interest income	-	-	5,529
Total Revenues	<u>-</u>	<u>-</u>	<u>44,111</u>
Expenditures			
Capital expenditures			
New projects	230,000	230,000	-
Total capital expenditures	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Total Expenditures	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Excess of Revenues Received Over Expenditures	<u>(230,000)</u>	<u>(230,000)</u>	<u>44,111</u>
Other Financing Sources (Uses)			
Interfund transfer out	(42,000)	(42,000)	-
Total Other Financing Sources (Uses)	<u>(42,000)</u>	<u>(42,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (272,000)</u>	<u>\$ (272,000)</u>	<u>\$ 44,111</u>

VILLAGE OF PORT BARRINGTON, ILLINOIS

SSA#3 Debt Service Fund - Statement of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Property taxes	\$ 79,269	\$ 79,269	\$ 79,503
Interest income	-	-	271
Total revenue	<u>79,269</u>	<u>79,269</u>	<u>79,774</u>
Expenditures			
Debt service			
Principal	79,269	79,269	70,704
Interest	-	-	8,855
Total debt services	<u>79,269</u>	<u>79,269</u>	<u>79,559</u>
Total Expenditures	<u>79,269</u>	<u>79,269</u>	<u>79,559</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215</u>

VILLAGE OF PORT BARRINGTON, ILLINOIS

SSA#4 Debt Service Fund - Statement of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

Year Ended April 30, 2018

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Property taxes	\$ 59,353	\$ 59,353	\$ 57,799
Interest income	-	-	164
Total revenue	<u>59,353</u>	<u>59,353</u>	<u>57,963</u>
Expenditures			
Debt service			
Principal	<u>59,353</u>	<u>59,353</u>	<u>59,353</u>
Total debt services	<u>59,353</u>	<u>59,353</u>	<u>59,353</u>
Total Expenditures	<u>59,353</u>	<u>59,353</u>	<u>59,353</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,390)</u>

NOTES TO OTHER
INFORMATION

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Other Information
Year Ended April 30, 2018

The accounting policies of the Village include the preparation of financial statements on the modified cash basis of accounting. The Village also prepares its budget on the modified cash basis of accounting, allowing for comparability between the budget and actual amounts. The budget was passed on July 19, 2017.

All budgets are adopted on a basis consistent with the cash basis of accounting. Annual appropriated budgets are adopted for the general, special revenue and debt service. All annual appropriations lapse at the fiscal year end.

During the first quarter of each year, the Board of Trustees, working in conjunction with the Village Treasurer, drafts an appropriation ordinance to be adopted by the Village Board. The ordinance also specifies the objects and purposes for which these appropriations are made and the amount appropriated for each.

Prior to adoption of the appropriation ordinance, the Village makes the proposed ordinance conveniently available for public inspection and holds at least one hearing subsequent to published notice. Subsequent to the public hearing and before final action is taken on the appropriation ordinance, the Village Board may revise, alter, increase, or decrease the items contained therein. Final action to adopt the appropriation for the year ended the following April 30th, is taken by the Board before July 31st.

The Board may subsequently transfer appropriation amounts to other appropriations. Furthermore, under certain conditions, it may pass a supplemental appropriation; however, a supplemental appropriation was not passed during the fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplemental appropriations were made.

Budgetary Compliance -

The Village's budgetary comparison schedules are presented using the appropriations ordinance of the Village, the legal spending limit of the Village is outlined in the Appropriation Ordinance. The following funds have expenditures over the appropriations ordinance, but under the legal spending limit detailed in the Appropriation Ordinance.

<u>Fund</u>	<u>Final Appropriation</u>	<u>Actual Expenditures</u>	<u>Over Expenditure</u>
SSA #3	\$ 79,269	\$ 79,558	\$ (289)

VILLAGE OF PORT BARRINGTON, ILLINOIS

Notes to Other Information

Year Ended April 30, 2018

Under the modified cash basis of accounting revenues are recognized when received and expenditures are recognized when paid.

- Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.
- The Village procedures in establishing the budgetary data reflected in the General Fund Financial Statements are presented below:
 - Prior to July 15th the Village Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on preceding May 1st. The operating budget includes proposed expenditures and the means of financing them.
 - A public hearing is conducted at a public meeting to obtain taxpayers comments.
 - The budget is legally enacted through passage of an ordinance prior to July 31st.
 - The Village Treasurer, in consultation with the Board, is authorized to expense the un-expensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
 - The original budget was not amended during the fiscal year.
 - Formal budgetary integration is not employed as a management control device during the year for any fund.
 - Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis of accounting. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
 - Expenditures cannot legally exceed appropriations at the fund level.
 - All appropriations lapse at year-end.