

***Barrington Township***  
Barrington, Illinois

**Audited Financial Statements**

For the year ended  
**February 28, 2011**



**BARRINGTON TOWNSHIP**  
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February 28, 2011

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April 20, 2011

Independent Auditors' Report

Board of Trustees  
Barrington Township  
Barrington, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barrington Township as of and for the year ended February 28, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Barrington Township, prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Barrington Township, as of February 28, 2011, and the respective changes in financial position – modified cash basis thereof for the year ended, in conformity with the basis of accounting as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April XX 2011, on our consideration of the Barrington Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and budgetary comparison information on pages 5 through 12 and 27 through 28, 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.

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



Klein, Hall & Associates, LLC  
Aurora, Illinois

April 20, 2011

Report on Internal Control over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards

Board of Trustees  
Barrington Township  
Barrington, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barrington Township as of and for the year ended February 28, 2011, which collectively comprise the Barrington Township's basic financial statements and have issued our report thereon dated April 20, 2011. The report on the basic financial statements was qualified due to the statements being prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than other accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Barrington Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Barrington Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the Management of Barrington Township in a separate letter dated April 20, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Klein, Hall & Associates, LLC". The signature is written in a cursive, flowing style.

Klein, Hall & Associates, LLC  
Aurora, Illinois

**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

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The Management's Discussion and Analysis ("MD&A") is an element of the new financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. In this area Barrington Township (the Township) presents its discussion and analysis of the Township's financial performance and provides an overall review of the Township's financial activities for the fiscal year-end February 28, 2011. The management of the Township encourages readers to consider the information presented herein in conjunction with the basis financial statements to enhance their understanding of the Township's financial performance.

**General Background**

Barrington Township is a local unit of government established in 1850 to serve its residents. Today Barrington Township serves approximately 16,000 residents. The Township covers 36 square miles. Included in its borders are the villages of Barrington, South Barrington, Barrington Hills, Village of Inverness and the Village of Hoffman Estates.

Two taxing bodies collectively comprise the Township's levies, budgets and services: Town Fund and General Assistance Fund. These two funds provide distinct and separate services to Township's residents.

The Town Fund supports, but is not limited to:

- The delivery of services to Township residents through contributions to Health and Human services.
- Assessor's assistance which includes multiple services to include taxpayer record information, assistance with appeals, property characteristics and classification, tax identification numbers to name a few.
- Transportation assistance for senior citizens and the physically challenged.
- Voter registration service.
- Handicap parking tag service.
- Social Worker support.
- Maintenance of Township roads.

The General Assistance Fund supports, but is not limited to:

- Financial support for residents who have limited resources or none.
- Financial support for residents who are unemployed or disable without any other forms of income.
- Emergency aid and assistance.

**Financial Highlights**

Barrington Township continues to operate under the restrictions of the Property Tax Extension Limitation Law (PTELL). The "tax caps" limit the annual growth of the Township's primary revenue source to the annual CPI index factor. This limitation, combined with the recent low rate of return on investments has required the Township to use its fund balances to compensate

**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

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any deficits between revenues received and expenditures disbursed in the operating funds. The Township Board routinely monitors the receipt of revenues and disbursements of expenditures in order to ensure the minimization of a deficit between the revenue and expense levels.

Primary effects on fiscal 2011 operating results include the following:

- The Township's total net assets as of fiscal year end February 28, 2011 for the Town Fund and General Assistance Fund were \$701,243
- The fund balances at the end of the fiscal year were \$641,450, which was comprised of \$301,421 Town Fund and \$340,029 General Assistance Fund.

For purpose of this analysis, the Township considers operating funds to include the General Town and General Assistance Funds.

**Overview of the Financial Statements**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that represent a reporting concept that provides both short-term and long-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that are similar to the historical reporting concept and focus on individual parts of the Township, reporting the Township's operations and in more detail than the government-wide statements.

The fund financial statements have the following two primary components.

- The governmental funds statements tell how basic services were financed in the short term, as well as what remains for future spending.

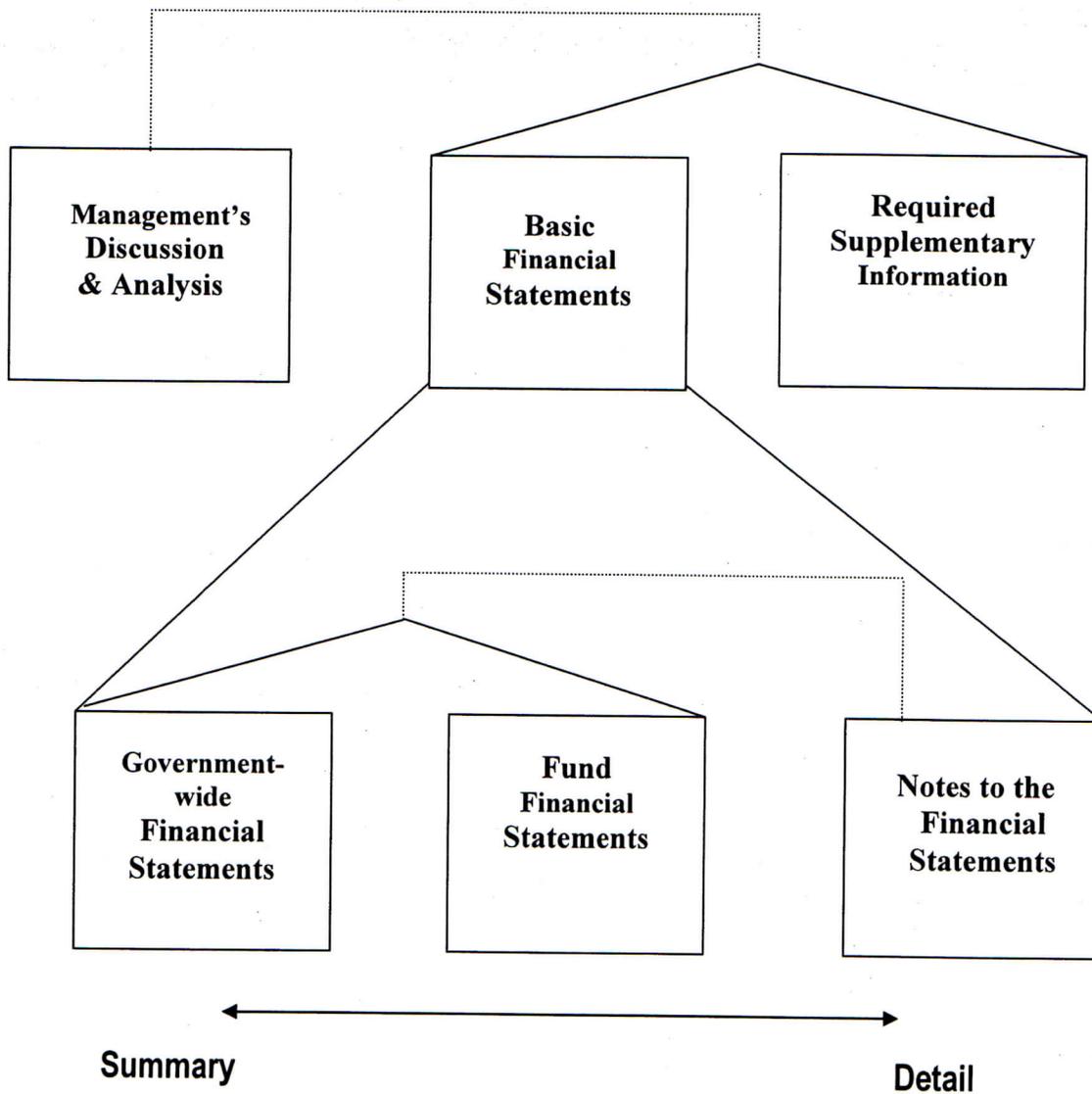
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The reader should refer to these notes for a better understanding of the overall financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

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Figure A-1 summarizes the organization of the Township's financial statements, including the portion of the township's activities they cover and the types of information contained.

*Figure A-1  
Organization of Barrington Township Annual Financial Report*



**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

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Figure A-2 summarizes the major features of the Township's financial statements, including the portion of the Township's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A and analysis highlights the structure and contents of each of the statements.

**Figure A-2  
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Township (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary, such as Town and General Assistance	Instances in which the Township administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of assets, liabilities and fund balances arising from cash transactions</li> <li>• Statement of revenues received, expenditures disbursed, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Cash basis of accounting	Cash basis of accounting	Cash basis of accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses for which cash is received or paid	All revenues and expenses for which cash is received or paid	All revenues and expenses for which cash is received or paid

***Government-wide financial statements***

The Government-wide financial statements are designed to provide readers with a broad overview of the Township's financial position and operations as a whole, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's current and non-current assets and liabilities, with the difference between the two reported as net assets, a concept similar to "equity" in enterprise financial statements.

The statement of activities presents information showing how the Township's net assets changed during the fiscal year being reported. All changes in net assets are reported utilizing the cash basis of accounting.

**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

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Use of the Net Asset concept is one way to measure the Township's financial health or position.

Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

- To assess the Township's overall financial health, consideration also needs to be given to other non-financial factors such as changes in the Township's property tax base, the condition of its facilities and other similar items.

In the Government-wide financial statements, the Township's activities are categorized as follows:

- *Governmental Activities* – Most of the Township's basic services such as transportation and administration are included. Property taxes finance most of these activities. Some support is received from local fees.

***Fund-based 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 Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This accounting presentation also provides information prepared on a consistent method with prior years to facilitate comparative analysis.

*Governmental funds*- These funds are used to account for essentially the same functions reported as governmental activities in the Township-wide financial statements. However, unlike the Township-wide financial statement, governmental fund financial statements focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out of Township operations and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term asset and debt focus of the Government-wide financial statement, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

The financial content of the Government-wide financial statements differs from the financial content of the traditional fund based financial statements primarily due to:

- Recognition in the government-wide financial statements of the cost and related current and accumulated depreciation of long-term assets.
- Recognition in the government-wide financial statements of the remaining liability for the principal payments due that are related to long-term debt obligations.

**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

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Governmental funds are further summarized by a Major funds category and a Non-Major funds category.

- The major funds of the Township include its General Town and General Assistance.
- The Township does not report any non-major funds.

The major and non-major category determinations are made annually based on previously prescribed fund balance materiality criteria. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in the fund balances for the combined total governmental funds and for each summary category of funds.

The Township also adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate actual results compared with this budget.

***Notes to the Financial Statements***

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund-based financial statements.

***Other Information***

In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary financial and statistical information concerning the Township's operations.

**Government-Wide Financial Analysis**

The following is a condensed summary of Net Asset financial information as of February 28, 2011 and 2010.

<b>Table 1 Condensed Statements of Net Assets – Modified Cash Basis</b>		
	2011	2010
Current assets	\$ 641,450	\$ 779,648
Capital assets	59,793	63,377
	<u>\$ 701,243</u>	<u>\$ 843,025</u>
Net assets:		
Invested in Capital assets	\$ 59,793	\$ 63,377
Restricted	340,029	316,675
Unrestricted	301,421	462,973
<b>Total net assets</b>	<b><u>\$ 701,243</u></b>	<b><u>\$ 843,025</u></b>

**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

**Net Assets** – The overall net asset position of the Township as of February 28, 2011 is \$701,243, with \$301,421 being unrestricted. The Township's current assets of \$641,450 consist of liquid investments or cash.

**Changes in net Assets** – The following table provides a condensed government-wide summary of the changes in the net assets of the Township for the 2011 and 2010 fiscal years. The fiscal year financial information is provided for total governmental activities.

	Governmental Activities 2011	Percentage of Total	Governmental Activities 2010	Percentage of Total
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 1,350	0.4%	\$ -	0.0%
Operating grants & contributions	-	0.0	-	0.0
Capital Grants	-	0.0	-	0.0
General revenues:				
Property taxes	326,902	93.2	385,240	92.9
Replacement taxes	3,599	1.0	3,428	0.8
Interest	2,568	0.7	8,128	2.0
Other	16,503	4.7	17,880	4.3
Total Revenues	<u>\$ 350,922</u>	<u>100.0%</u>	<u>\$ 414,676</u>	<u>100.0%</u>
<b>Expenses:</b>				
Administration	\$ 308,071	62.5%	\$ 290,741	64.5%
Health/Social Services	138,654	28.2	116,069	25.7
Cemetery	7,047	1.4	6,007	1.3
Road Maintenance	38,932	7.9	38,367	8.5
Total expenses	<u>492,704</u>	<u>100.0%</u>	<u>451,184</u>	<u>100.0%</u>
<b>Increase (decrease) in net assets</b>	<b><u>\$(141,782)</u></b>		<b><u>\$ (36,508)</u></b>	

**Revenues-** The most substantial portion of Township revenues is derived from property taxes. This revenue source is limited by the State's "tax cap" methodology. In essence, the annual growth in Township property tax revenues is limited to the lower of 5% or the consumer price index, plus a factor as defined for new property, added to the total value of the property in the Township. The resulting total property tax receipts received in fiscal 2011 were \$326,900, or approximately \$58,338 less than the previous year. Due to the use of the modified cash basis of accounting property taxes are only recognized when received by the Township. Delays in collecting and remitting property taxes by the County can cause fluctuations in amounts received in fiscal years.

**Barrington Township  
Management's Discussion and Analysis  
For the Year Ended February 28, 2011**

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Total operating revenues for the 2011 fiscal year were \$350,922 or \$63,754 less than the prior year, partially due to the decrease in property taxes actually received during the year and lower interest rates on cash balances.

*Expenses-* Total operating expenditures for the 2011 fiscal year were \$492,704, an increase of 9.2% over the previous year. This increase was primarily due an increase in agency funding. Overall the Township maintained delivery of its desired and consistent level of quality programs in fiscal 2011 through deficit spending and use of fund balances. This is shown by the \$138,198 decrease in operating fund balances for the 2011 fiscal year.

**General Fund Budgetary Highlights**

The deficit spending and related decrease in the Town Fund fund balance for fiscal year was \$161,552.

**Factors Bearing on the Township's Future**

At the time these financial statements were prepared and audited, the Township was aware of the following items that could significantly affect its future operations and related financial position:

- Increased population growth in the Township service area creates higher demand for services, placing even greater pressure on the limited revenue sources available to the Township.
- Continued deficit spending will require the Township to utilize any potential revenue increase from property taxes by maximizing the new property growth for future levies. Additional exploration of new supplemental revenues from grants and other funding sources will continue to be evaluated.
- As a result of historic and continued sound fiscal management, the Township Board will continue to closely monitor and address budgetary expenditures in an attempt to minimize deficit spending and preserve the appropriate fund balance levels.

**Request for Information**

This financial report is designed to provide the Township's citizens, taxpayers, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions regarding this report, or need additional financial information, contact the Township's Supervisor at (847) 381-5632.

**BARRINGTON TOWNSHIP**  
Statement of Net Assets - Modified Cash Basis  
February 28, 2011

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**Assets**

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Cash and Investments \$ 641,450

Capital Assets:

Land 29,000

Other Capital Assets, Net of Accumulated Depreciation 30,793

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**Total Assets** \$ 701,243

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**Net Assets**

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Invested in Capital Assets \$ 59,793

Restricted 340,029

Unrestricted 301,421

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**Total Net Assets** \$ 701,243

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See Accompanying Notes to Financial Statements

**BARRINGTON TOWNSHIP**  
Statement of Activities - Modified Cash Basis  
Year Ended February 28, 2011

Function/Program	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants	Capital Grants	
<b>Governmental Activities</b>					
Administration	\$ 308,071	\$ 1,350	\$ -	\$ -	\$ (306,721)
Health/Social Services	138,654	-	-	-	(138,654)
Cemetery	7,047	-	-	-	(7,047)
Road Maintenance	38,932	-	-	-	(38,932)
<b>Total Governmental Activities</b>	<b>\$ 492,704</b>	<b>\$ 1,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(491,354)</b>
General Revenues					
Property Taxes					326,902
Replacement Taxes					3,599
Investment Earnings					2,568
Miscellaneous					16,503
<b>Total General Revenues</b>					<b>349,572</b>
Change in Net Assets					(141,782)
Net Assets, Beginning of Year					843,025
Net Assets, End of Year					<b>\$ 701,243</b>

See Accompanying Notes to Financial Statements

**BARRINGTON TOWNSHIP**  
Statement of Assets, Liabilities and Fund Balances Arising from  
Cash Transactions - Governmental Funds  
February 28, 2011

	Total Governmental Funds	General Town Fund	General Assistance Fund
<u>Assets</u>			
Cash and Investments	\$ 641,450	\$ 301,421	\$ 340,029
Total Assets	\$ 641,450	\$ 301,421	\$ 340,029
<u>Liabilities and Fund Equity</u>			
Fund Equity			
Fund Balances	\$ 641,450	\$ 301,421	\$ 340,029
Total Liabilities and Fund Equity	\$ 641,450	\$ 301,421	\$ 340,029

See Accompanying Notes to Financial Statements

**BARRINGTON TOWNSHIP**  
Reconciliation of the Statement of Assets, Liabilities and Fund  
Balances Arising from Cash Transactions of Governmental  
Funds to the Statement of Net Assets  
February 28, 2011

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Total Fund Balance - Governmental Funds \$ 641,450

Amounts reported for governmental  
activities are different because:

Capital assets used in governmental activities are not financial resources, and  
therefore, are not reported in the funds. The cost of the assets is \$168,803 and  
the accumulated depreciation is \$109,010.

59,793

Net Assets of Governmental Activities \$ 701,243

See Accompanying Notes to Financial Statements

**BARRINGTON TOWNSHIP**  
Statement of Revenues Received, Expenditures Disbursed and Changes in  
Fund Balances - Governmental Funds  
Year Ended February 28, 2011

	Total Governmental Funds	General Town Fund	General Assistance Fund
<b>Revenues Received</b>			
Property Taxes	\$ 326,902	\$ 303,919	\$ 22,983
Replacement Taxes	3,599	3,599	-
Interest	2,568	2,132	436
Miscellaneous	17,853	17,853	-
<b>Total Revenues Received</b>	<b>350,922</b>	<b>327,503</b>	<b>23,419</b>
<b>Expenditures Disbursed</b>			
<b>Current Operating</b>			
Administration	304,487	304,422	65
Health/Social Services	138,654	138,654	-
Cemetery	7,047	7,047	-
Road Maintenance	38,932	38,932	-
Home Relief	-	-	-
<b>Total Expenditures Disbursed</b>	<b>489,120</b>	<b>489,055</b>	<b>65</b>
<b>Net Change in Fund Balance</b>	<b>(138,198)</b>	<b>(161,552)</b>	<b>23,354</b>
<b>Fund Balance, Beginning of Year</b>	<b>779,648</b>	<b>462,973</b>	<b>316,675</b>
<b>Fund Balance, End of Year</b>	<b>\$ 641,450</b>	<b>\$ 301,421</b>	<b>\$ 340,029</b>

See Accompanying Notes to Financial Statements

**BARRINGTON TOWNSHIP**

Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and  
Changes in Fund Balance of Governmental Funds to the Statement of Activities  
Year Ended February 28, 2011

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Total Net Change in Fund Balance \$ (138,198)

Amounts reported for governmental  
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial cost of more \$1,000 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	\$ -	
Depreciation Expense	<u>(3,584)</u>	<u>(3,584)</u>

Change in Net Assets of Governmental Activities \$ (141,782)

See Accompanying Notes to Financial Statements

**BARRINGTON TOWNSHIP**  
Notes to Financial Statements (continued)  
February 28, 2011

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

Barrington Township's (the Township) accounting policies conform to the prescribed basis of accounting that demonstrated compliance with the cash basis and budget laws for governments of this type within the State of Illinois. The Governmental Accounting Standards Board, (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

**Principles Used to Determine the Scope of the Reporting Entity**

The Township includes all funds of its governmental operations that are controlled by or dependent upon the Township as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds of the Township as there are no other organizations for which it has financial accountability.

**Fund Accounting**

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following category: Governmental

Governmental funds are used to account for all or most of the Township's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The General (Town) Fund and General Assistance Fund is used to account for all activities for the general government not accounted for in some other fund.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include 1) charges to customers or

**BARRINGTON TOWNSHIP**  
Notes to Financial Statements (continued)  
February 28, 2011

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applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund, which includes the General Assistance Fund is used to account for revenue received from specific revenue sources that are legally restricted to expenditures for specified purposes.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Revenues and additions are recognized and recorded when cash is received and expenditures and deductions are recorded upon disbursement of cash.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting.

The modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with the modified cash basis of accounting. Annual appropriated budgets are adopted at the fund level for the Governmental and Special Revenues Funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end. The budget, which was not amended, was passed on April 13, 2011.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

**BARRINGTON TOWNSHIP**  
Notes to Financial Statements (continued)  
February 28, 2011

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1. Prior to February 1, the Supervisor submits to the Board of Trustees a proposed operating budget for the fiscal year commencing on the following March 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
4. The Board of Trustees may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund.
5. The Board of Trustees may also amend the budget in total by the same procedures of its original adoption.

**Investments**

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. In accordance with the Township investment and cash management policy, the institutions in which investments are made must be approved by the Board of Trustees.

**Capital Assets**

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statement. The Township defines capital assets as assets with an initial, individual cost of more than \$1,000 for furniture, equipment, and buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

**BARRINGTON TOWNSHIP**  
Notes to Financial Statements (continued)  
February 28, 2011

Land is not depreciated. Buildings and improvements and furniture and equipment of the Township are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings and building improvements	39 years
Land improvements	20 years
Furniture, equipment and vehicles	3-10 years

**Property Taxes**

The Township must file its tax levy ordinance by the last Tuesday in December of each year. The Township's property tax is levied each year on all taxable real property located in the Township. The levy becomes an enforceable lien against the property as of January 1 in the year in which the levy is adopted. The property tax levies for the General and Special Revenue Funds were adopted on December 14, 2010.

Property taxes are collected by the Cook County Collector/Treasurer who remits to the Township its share of collections. Taxes levied in one year become due and payable in two installments on March 1 and August 1 during the following year. The first installment is an estimated bill, and is one-half the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill.

Following are the tax rates applicable per \$100 of equalized assessed valuation as it pertains to the 2009 and 2008 tax levy:

	Maximum Percent	Actual Percent	
		<u>2009</u>	<u>2008</u>
Town Fund	.2500	.0200	.0191
General Assistance	none	<u>.0011</u>	<u>.0011</u>
		<u>.0211</u>	<u>.0202</u>

**Personal Property Replacement Tax**

During the year ended February 28, 2011 seven installments of the 2010 and one installment of 2011 Personal Property Replacement Taxes were received in the Town Fund totaling \$3,599.

**BARRINGTON TOWNSHIP**  
Notes to Financial Statements (continued)  
February 28, 2011

**NOTE 2. CASH AND INVESTMENTS**

**Custodial Credit Risk – Deposits**

At February 28, 2011 the carrying amount of the Township's deposits which included both cash and certificates of deposit, totaled \$641,450 and the bank balances totaled \$652,086.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does have a deposit policy for custodial credit risk. As of February 28, 2011 all of the Townships deposits were fully insured or collateralized.

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ended February 28, 2011 was as follows:

	Balance March 1, 2010	Additions	Deletions	Balance February 28, 2011
Capital assets, not being depreciated:				
Land	\$ 29,000	\$ -	\$ -	\$ 29,000
Total capital assets not being depreciated	29,000	-	-	29,000
Capital assets, being depreciated:				
Buildings and Equipment	139,803	-	-	139,803
Total capital assets being depreciated	139,803	-	-	139,803
Accumulated depreciation for:				
Buildings and Equipment	105,426	3,584	-	109,010
Total accumulated depreciation	105,426	3,584	-	109,010
Total capital assets being depreciated, net	34,377	(3,584)	-	30,793
<b>Total</b>	<b>\$ 63,377</b>	<b>\$ (3,584)</b>	<b>\$ -</b>	<b>\$ 59,793</b>

Depreciation expense of \$3,584 was charged to the Administration function for the year ended February 28, 2011.

**BARRINGTON TOWNSHIP**  
Notes to Financial Statements (continued)  
February 28, 2011

**NOTE 4. RETIREMENT FUND COMMITMENTS**

**Illinois Municipal Retirement Fund**

*Plan Description.* The Township's defined benefit pension plan for Regular employees provides retirements and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Township plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), and agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, The Township Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township contribution rate for calendar year 2010 was 3.89 percent. The Township also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required contribution for calendar year 2010 was \$4,186.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$ 4,186	100%	\$0
12/31/2009	1,547	100%	0
12/31/2008	1,680	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The plan's overfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**BARRINGTON TOWNSHIP**  
Notes to Financial Statements (continued)  
February 28, 2011

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*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 132.69 percent funded. The actuarial accrued liability for benefits was \$226,341 and the actuarial value of assets was \$300,336, resulting in an overfunded actuarial accrued liability (UAAL) of \$73,995. The covered payroll (annual payroll of active employees covered by the plan) was \$107,615. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Social Security/Medicare**

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered “nonparticipating employees.” These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The Township paid \$12,572, the total required contribution for the current fiscal year.

**NOTE 5. COMMITMENTS AND SUBSEQUENT EVENTS**

During fiscal year 2010 the Cook County Treasurer demanded a refund payment in the amount of \$32,536 relating to the final tax extension for Barrington Township Road and Bridge. (Agency Number 02-0010-03). The Township has ceased levying for the Road and Bridge several years prior. As of February 28, 2011 the Township is still negotiating with the Cook County Treasurer and no payment has yet been made.

**BARRINGTON TOWNSHIP**  
Schedule of Funding Progress  
Illinois Municipal Retirement Fund  
February 28, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2010	\$ 300,336	\$ 226,341	(\$ 73,995)	132.69%	\$ 107,615	0.00%
12/31/2009	277,148	189,961	( 87,187)	145.90%	105,265	0.00%
12/31/2008	265,311	175,071	( 90,240)	151.54%	106,354	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$324,717. On a market basis, the funded ratio would be 143.46%.

**BARRINGTON TOWNSHIP**Schedule of Revenues Received, Expenditures Disbursed and Changes in  
Fund Balances - Budget and Actual - General and Major Special Revenue Funds  
Year Ended February 28, 2011

	General Fund		
	Original and Final Budget	Actual	Variance Over/Under
Revenues Received			
Property Taxes	\$ 330,000	\$ 303,919	\$ (26,081)
Replacement Taxes	3,000	3,599	599
Interest	8,000	2,132	(5,868)
Miscellaneous	-	17,853	17,853
<b>Total Revenues Received</b>	<b>341,000</b>	<b>327,503</b>	<b>(13,497)</b>
Expenditures Disbursed			
Current Operating			
Administration	401,313	304,422	96,891
Health/Social Services	197,850	138,654	59,196
Cemetery	11,500	7,047	4,453
Road Maintenance	155,000	38,932	116,068
Home Relief	-	-	-
Institutional Care	-	-	-
Provision for Contingencies	5,000	-	5,000
<b>Total Expenditures Disbursed</b>	<b>770,663</b>	<b>489,055</b>	<b>281,608</b>
Net Change in Fund Balance	(429,663)	(161,552)	268,111
Fund Balance, Beginning of Year	462,973	462,973	-
<b>Fund Balance, End of Year</b>	<b>\$ 33,310</b>	<b>\$ 301,421</b>	<b>\$ 268,111</b>

General Assistance Fund

Original and Final Budget	Actual	Variance Over/Under
\$ 18,000	\$ 22,983	\$ 4,983
-	-	-
1,000	436	(564)
-	-	-
<u>19,000</u>	<u>23,419</u>	<u>4,419</u>
10,800	65	10,735
-	-	-
-	-	-
-	-	-
23,500	-	23,500
8,000	-	8,000
4,000	-	4,000
<u>46,300</u>	<u>65</u>	<u>46,235</u>
(27,300)	23,354	50,654
<u>316,675</u>	<u>316,675</u>	<u>-</u>
<u>\$ 289,375</u>	<u>\$ 340,029</u>	<u>\$ 50,654</u>

**BARRINGTON TOWNSHIP**  
Detailed Schedule of Expenditures Disbursed - Budget and Actual  
General (Town) Fund  
Year Ended February 28, 2011

	Budget	Actual	Variance Over/Under
Town Division			
Administration			
Salaries			
Supervisor	\$ 47,042	\$ 47,042	\$ -
Clerk	9,800	9,800	-
Assessor	27,500	27,319	181
Board of trustees	16,800	16,800	-
Employees	80,520	61,876	18,644
Collector	1	-	1
Social security	10,900	10,189	711
Medicare	2,650	2,383	267
Municipal retirement	3,500	4,383	(883)
Unemployment insurance	400	171	229
Building maintenance	15,000	11,628	3,372
Dues and subscriptions	5,500	4,397	1,103
Equipment maintenance	2,500	1,891	609
Legal	30,000	4,069	25,931
Office supplies	8,000	6,109	1,891
Telephone	3,500	2,172	1,328
Travel and convention	6,000	4,354	1,646
School	4,000	1,121	2,879
Meetings	2,000	122	1,878
Utilities	10,000	6,328	3,672
Plan commission	500	-	500
Auditing/accounting	16,400	15,595	805
Building improvements	6,000	-	6,000
Equipment purchases	6,000	1,348	4,652
Furniture purchases	2,000	-	2,000
Equipment rental	1,000	1,381	(381)
General insurance	12,000	5,353	6,647
Hospitalization	40,000	40,584	(584)
Miscellaneous	10,000	3,921	6,079
Official bonding	2,500	1,382	1,118
Printing/newsletter	16,000	12,704	3,296
Computer maintenance	3,000	-	3,000
Election expense	300	-	300
<b>Total administration</b>	<b>\$ 401,313</b>	<b>\$ 304,422</b>	<b>\$ 96,891</b>

(Continued)

**BARRINGTON TOWNSHIP**  
Detailed Schedule of Expenditures Disbursed - Budget and Actual  
General (Town) Fund  
Year Ended February 28, 2011

	Budget	Actual	Variance Over/Under
<b>Town Division (continued)</b>			
<b>Health/Social Services</b>			
Alexian Center for Mental Health	\$ -	\$ -	\$ -
Barrington High Pre-Vocational	500	500	-
Access to Care	1,750	1,750	-
Taxi	450	216	234
Barrington Career Center	5,000	5,000	-
Barrington Area Council on Aging	23,250	23,250	-
Barrington Giving Day	500	500	-
Barrington Youth Service	25,000	25,000	-
Catholic Charities	1,750	1,750	-
Children's Advocacy Center	1,000	1,000	-
Community Social Services	200	-	200
Countryside Association	7,250	7,250	-
Hospice of Northeastern Illinois	6,250	6,250	-
Family Service of Lake County	4,750	4,750	-
Journey from PADS to Hope	2,250	2,250	-
Last Chance House	3,500	3,500	-
Northern Illinois Special Recreation	10,800	10,800	-
Ecker Center	7,800	7,800	-
Intergovernmental Grant Fund	70,850	11,512	59,338
Village of Barrington/PACE Transportation	25,000	25,576	(576)
<b>Total Health/Social Services</b>	<b>197,850</b>	<b>138,654</b>	<b>59,196</b>
<b>Cemetery</b>			
Cemetery trustees	1,500	1,500	-
Cemetery maintenance	10,000	5,547	4,453
<b>Total Cemetery</b>	<b>11,500</b>	<b>7,047</b>	<b>4,453</b>
<b>Total Town Division</b>	<b>610,663</b>	<b>450,123</b>	<b>160,540</b>
<b>Road Maintenance Division</b>			
Contractual	100,000	36,995	63,005
Drainage	50,000	-	50,000
Street lighting	5,000	1,937	3,063
<b>Total Road Maintenance Division</b>	<b>155,000</b>	<b>38,932</b>	<b>116,068</b>
<b>Provision for Contingencies</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>
<b>Total General Fund</b>	<b>\$ 770,663</b>	<b>\$ 489,055</b>	<b>\$ 281,608</b>

(Concluded)

**BARRINGTON TOWNSHIP**  
Detailed Schedule of Expenditures Disbursed - Budget and Actual  
General Assistance Fund  
Year Ended February 28, 2011

	Budget	Actual	Variance Over/Under
<b>Administration</b>			
Social Worker	\$ 400	\$ -	\$ 400
Building maintenance	4,000	-	4,000
Dues	300	-	300
Legal	2,000	-	2,000
Office supplies	600	-	600
Telephone	600	-	600
Travel and convention	400	-	400
School	300	65	235
Equipment purchases	600	-	600
Miscellaneous	600	-	600
Hearing officer	1,000	-	1,000
<b>Total Administration</b>	<b>10,800</b>	<b>65</b>	<b>10,735</b>
<b>Home Relief</b>			
Burial expense	3,000	-	3,000
Personal incidentals	500	-	500
Food	1,000	-	1,000
Medical care	5,000	-	5,000
Shelter	5,000	-	5,000
Telephone	500	-	500
Transient	500	-	500
Travel	1,000	-	1,000
Utilities	2,000	-	2,000
Emergency Assistance	5,000	-	5,000
<b>Total Home Relief</b>	<b>23,500</b>	<b>-</b>	<b>23,500</b>
<b>Institutional Care</b>			
Cook County Hospital	1,000	-	1,000
Convalescent Home	1,000	-	1,000
Private Hospital	5,000	-	5,000
Ambulance Service	1,000	-	1,000
<b>Total Institutional Care</b>	<b>8,000</b>	<b>-</b>	<b>8,000</b>
Provision for Contingencies	4,000	-	4,000
<b>Total General Assistance Fund</b>	<b>\$ 46,300</b>	<b>\$ 65</b>	<b>\$ 46,235</b>

**BARRINGTON TOWNSHIP**  
Schedule of Insurance Coverage  
February 28, 2011

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	<u>Coverage</u>
Multi-Class General Liability Policy	
General Liability	\$ 5,000,000
Employment Practices Liability	1,000,000
Employee Benefits Errors or Omissions Liability	1,000,000
Auto Liability	1,000,000
Property and Inland Marine Policy	575,000
Computer Policy	
Hardware	10,000
Software	1,500
Worker's Compensation Policy	1,000,000
Supervisors Bond	1,175,000

