

VILLAGE OF HAMPSHIRE, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2017

VILLAGE OF HAMPSHIRE, ILLINOIS

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

List of Principal Officialsi

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT1 - 2

MANAGEMENT'S DISCUSSION AND ANALYSIS MD&A 1 - 12

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position3 - 4
Statement of Activities.....5 - 6

Fund Financial Statements

Balance Sheet – Governmental Funds7 - 8
Reconciliation of Total Governmental Fund Balance to the
Statement of Net Position – Governmental Activities9
Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds10 - 11
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities – Governmental Activities..... 12
Statement of Net Position – Proprietary Funds.....13 - 14
Statement of Revenues, Expenses and Changes in
Net Position – Proprietary Funds 15
Statement of Cash Flows – Proprietary Funds..... 16
Statement of Fiduciary Net Position 17
Statement of Changes in Fiduciary Net Position 18

Notes to the Financial Statements19 - 55

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

Illinois Municipal Retirement Fund..... 56
Police Pension Fund..... 57

Schedule of Changes in the Employer's Net Pension Liability

Illinois Municipal Retirement Fund.....58
Police Pension Fund.....59

VILLAGE OF HAMPSHIRE, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

REQUIRED SUPPLEMENTARY INFORMATION – Continued

Schedule of Investment Returns
Police Pension Fund..... 60
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund..... 61

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues – Budget and Actual – General Fund 62
Schedule of Expenditures – Budget and Actual – General Fund..... 63
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Transportation Impact Fees – Capital Projects Fund 64
SSA #14 Improvements 65
Public Use – Capital Projects Fund 66
Combining Balance Sheet – Nonmajor Governmental Funds 67 - 68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds..... 69 - 70
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Motor Fuel Tax – Special Revenue Fund 71
Road and Bridge – Special Revenue Fund 72
Revolving Loan – Special Revenue Fund..... 73
Special Service Areas – Special Revenue Fund 74
Evidence – Special Revenue Fund..... 75
Tax Increment Financing – Special Revenue Fund 76
Hotel/Motel Tax – Special Revenue Fund..... 77
TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit – Capital Projects Fund..... 78
Capital Bonds – Capital Projects Fund 79
Equipment Replacement – Capital Projects Fund 80
Early Warning Impact Fees – Capital Projects Fund..... 81
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual
Water and Sewer – Enterprise Fund 82
Schedule of Operating Expenses – Budget and Actual – Water and Sewer – Enterprise Fund 83
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual
Garbage – Enterprise Fund 84
Schedule of Changes in Fiduciary Net Position – Budget and Actual
Police Pension – Pension Trust Fund..... 85
Statement of Changes in Assets and Liabilities – Agency Fund 86

VILLAGE OF HAMPSHIRE, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

SUPPLEMENTAL SCHEDULES

Schedule of Tax Data – Last Ten Tax Levy Years	87 - 88
Schedule of Water/Sewer Data	89
Long Term Debt Requirements	
Dodge Charger Installment Contract of 2016	90
Panasonic Toughbook 31 Installment Contract of 2015	91
Dodge Charger Installment Contract of 2017	92
Snow Plow Installment Contract of 2017.....	93
Taxable General Obligation Alternate Bonds of 2010.....	94
General Obligation (Alternate Revenue Source) Refunding Bonds of 2012	95
General Obligation (Alternate Revenue Source) Refunding Bonds of 2016	96
TIF Revenue Bonds of 2009A.....	97
IEPA Loan of 2002.....	98

INTRODUCTORY SECTION

VILLAGE OF HAMPSHIRE, ILLINOIS

**List of Principal Officials
April 30, 2017**

VILLAGE PRESIDENT

Jeffrey Magnussen

VILLAGE BOARD OF TRUSTEES

Christine Klein

Toby Koth

Ryan Krajecki

Janet Kraus

Michael Reid Jr.

Erik Robinson

ADMINISTRATIVE

Linda R. Vasquez, Village Clerk

Lori A. Lyons, Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

November 29, 2018

The Honorable Village President
Members of the Board of Trustees
Village of Hampshire, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hampshire, Illinois, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hampshire, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hampshire, Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

Our discussion and analysis of the Village of Hampshire's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2017. Please read it in conjunction with the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village's net position increased as a result of this year's operations. Net position of the governmental activities increased by \$477,952, or 1.5 percent and net position of the business-type activities decreased by \$291,254, or 0.6 percent.
- During the year, government-wide revenues for the primary government totaled \$7,105,467 while expenses totaled \$6,918,769, resulting in an increase to net position of \$186,698.
- The Village's net position totaled \$79,768,119 on April 30, 2017, which includes \$74,948,990 net investment in capital assets, \$3,936,921 subject to external restrictions, and \$882,208 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported an increase in fund balance this year of \$491,842, resulting in ending fund balance of \$1,460,668, an increase of 50.8 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 6) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 6 of this report.

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, highways and streets, police protection, and economic development. The business-type activities of the Village include water, sewer, and garbage operations.

Fund Financial Statements

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

Governmental Funds

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The Village maintains eighteen 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, SSA 13 Improvements, Transportation Impact Fees, SSA 16-19 Improvement, SSA 14 Improvements, and Public Use Funds, all of which are considered major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for all of the governmental funds, except the SSA 13 Improvements Fund, the SSA 16 - 19 Improvements Fund, and the Capital Improvements Fund. A budgetary comparison schedule for the budgeted funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 - 12 of this report.

Proprietary Funds

The Village maintains two proprietary fund types: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its water, sewer and garbage operations. The Village utilizes a health insurance fund to mitigate the burden of increases in health insurance costs.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the Village. The health insurance fund is reported separately as an internal service fund.

The basic proprietary fund financial statements can be found on pages 13 - 16 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village of Hampshire's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17 - 18 of this report.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's General Fund budgetary comparison schedule and disclosures regarding the Village's Illinois Municipal Retirement Fund and Police Pension Fund. Required supplementary information can be found on pages 56 - 61 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 62 - 86 of this report.

VILLAGE OF HAMPSHIRE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the Village, assets/deferred outflows exceeded liabilities/deferred inflows by \$79,768,119.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 7,095,279	6,097,358	1,462,653	817,535	8,557,932	6,914,893
Capital Assets	30,421,725	30,769,724	49,494,695	50,826,813	79,916,420	81,596,537
Total Assets	37,517,004	36,867,082	50,957,348	51,644,348	88,474,352	88,511,430
Deferred Outflows	418,016	339,635	54,161	58,921	472,177	398,556
Total Assets/Deferred Outflows	37,935,020	37,206,717	51,011,509	51,703,269	88,946,529	88,909,986
Long-Term Debt	3,637,962	3,665,342	2,444,104	2,889,908	6,082,066	6,555,250
Other Liabilities	1,080,283	880,705	674,357	629,059	1,754,640	1,509,764
Total Liabilities	4,718,245	4,546,047	3,118,461	3,518,967	7,836,706	8,065,014
Deferred Inflows	1,341,704	1,263,551	-	-	1,341,704	1,263,551
Total Liabilities/Deferred Inflows	6,059,949	5,809,598	3,118,461	3,518,967	9,178,410	9,328,565
Net Position						
Net Investment in						
Capital Assets	28,344,203	28,635,072	46,604,787	47,486,915	74,948,990	76,121,987
Restricted	3,936,921	3,633,023	-	-	3,936,921	3,633,023
Unrestricted (Deficit)	(406,053)	(870,976)	1,288,261	697,387	882,208	(173,589)
Total Net Position	31,875,071	31,397,119	47,893,048	48,184,302	79,768,119	79,581,421

A large portion of the Village’s net position, \$74,948,990 or 94.0 percent, reflects its investment in capital assets (for example, land, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village’s investment in 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.

An additional portion, \$3,936,921 or 4.9 percent, of the Village’s net position represents resources that are subject to external restrictions on how they may be used, specifically for debt service requirements. The remaining \$882,208 or 1.1 percent represents unrestricted net position and may be used to meet the government’s ongoing obligations to citizens and creditors.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management’s Discussion and Analysis
 April 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 737,456	765,547	3,037,595	2,507,974	3,775,051	3,273,521
Operating Grants/Contrib.	152,216	153,502	-	-	152,216	153,502
General Revenues						
Property and Replacement Taxes	1,051,107	1,017,888	-	-	1,051,107	1,017,888
Sales and Use Taxes	732,307	784,890	-	-	732,307	784,890
Income Taxes	662,763	592,862	-	-	662,763	592,862
Utility Taxes	423,532	401,317	-	-	423,532	401,317
Interest Income	17,427	4,578	13	16	17,440	4,594
Miscellaneous	251,491	226,932	39,560	25	291,051	226,957
Total Revenues	4,028,299	3,947,516	3,077,168	2,508,015	7,105,467	6,455,531
Expenses						
General Government	761,548	838,536	-	-	761,548	838,536
Police Protection	1,677,234	1,741,011	-	-	1,677,234	1,741,011
Highways and Streets	1,121,773	747,945	-	-	1,121,773	747,945
Planning and Zoning	1,183	345	-	-	1,183	345
Interest on Long-Term Debt	73,343	81,829	-	-	73,343	81,829
Water and Sewer	-	-	2,766,372	2,538,611	2,766,372	2,538,611
Garbage	-	-	517,316	500,860	517,316	500,860
Total Expenses	3,635,081	3,409,666	3,283,688	3,039,471	6,918,769	6,449,137
Change in Net Position Before Transfers	393,218	537,850	(206,520)	(531,456)	186,698	6,394
Transfers	84,734	(7,643)	(84,734)	7,643	-	-
Change in Net Position	477,952	530,207	(291,254)	(523,813)	186,698	6,394
Net Position - Beginning	31,397,119	30,866,912	48,184,302	48,708,115	79,581,421	79,575,027
Net Position-Ending	31,875,071	31,397,119	47,893,048	48,184,302	79,768,119	79,581,421

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

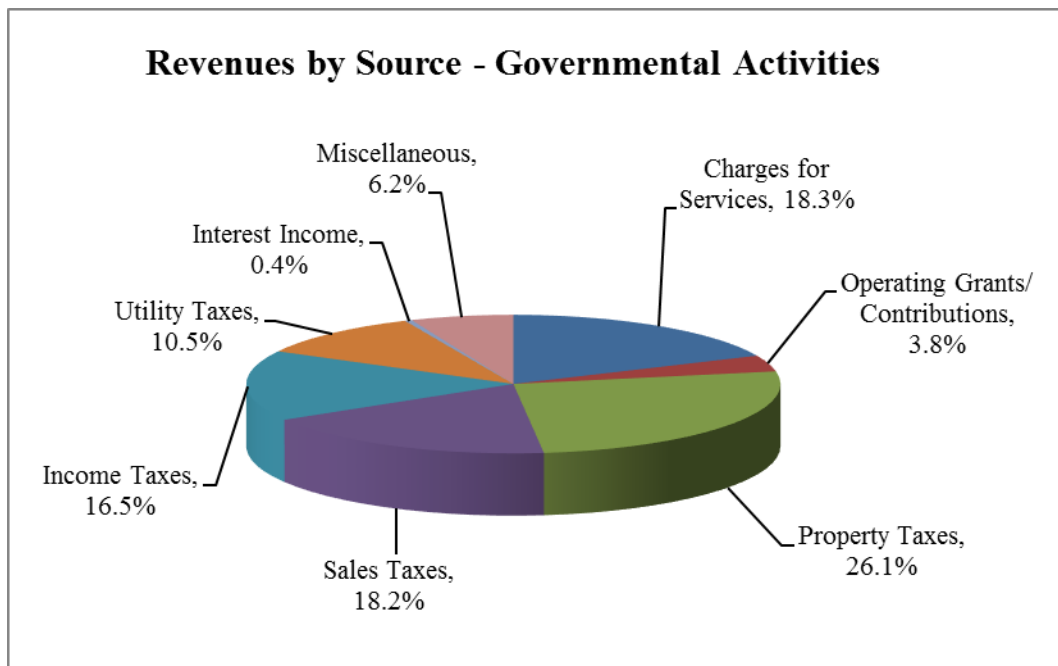
Net position of the Village's governmental activities increased by 1.5 percent (\$31,875,071 in 2017 compared to \$31,397,119 in 2016). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, was a deficit of \$406,053 at April 30, 2017.

Net position of business-type activities decreased by 0.6 percent (\$47,893,048 in 2017 compared to \$48,184,302 in 2016).

Governmental Activities

Revenues for governmental activities totaled \$4,028,299, while the cost of all governmental functions totaled \$3,635,081. This results in an increase of \$393,218 prior to transfers in of \$84,734. In 2016, revenues of \$3,947,516 were more than expenses of \$3,409,666 resulting in an increase of \$537,850 prior to transfers out of \$7,643. During 2017, the Village continued to see increases in some of its state shared revenues. However, revenues for the governmental activities increased \$80,783 and expenses increased \$225,415

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes and state shared revenues to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from utility taxes and telecommunication taxes.



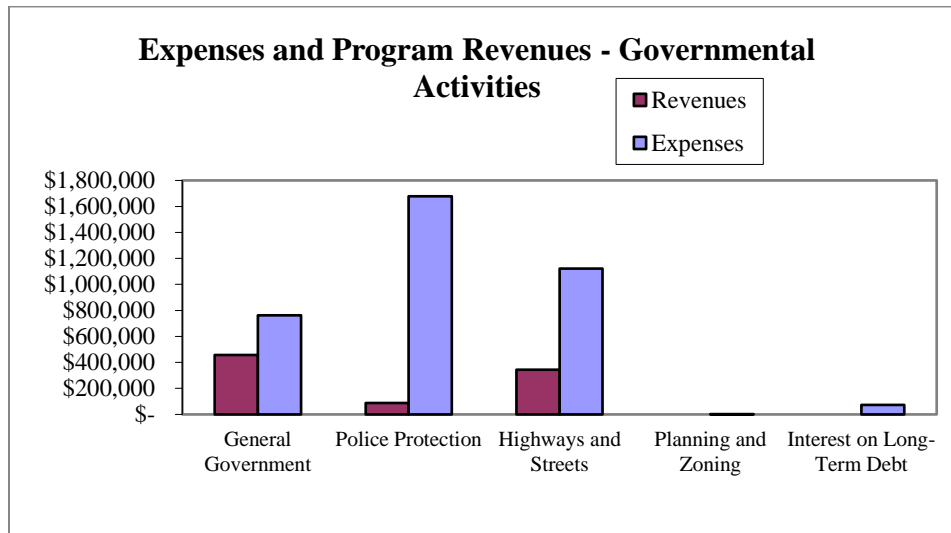
VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

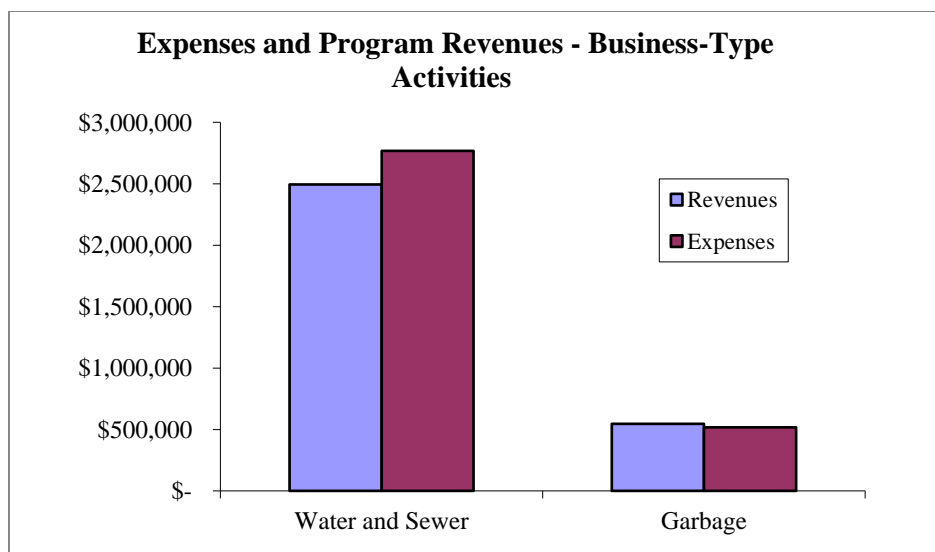
Governmental Activities – Continued

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



Business-Type activities

Business-Type activities reported total revenues of \$3,077,168, while the cost of all business-type activities totaled \$3,283,688. This results in a decrease in net position of \$206,520 prior to transfers out of \$84,734. In 2016, revenues of \$2,508,015 were less than expenses of \$3,039,471, resulting in a decrease in net position of \$531,456 prior to transfers in of \$7,643. The decrease in the current year is a result of non-cash depreciation expense.



The above graph compares program revenues to expenses for utility operations.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The Village's governmental funds reported combining ending fund balances of \$4,974,794, which is \$812,730 higher than last year's total of \$4,162,064. Of the \$4,974,794 total, the Village has an unassigned fund balance of \$988,207.

The General Fund reported fund balance for the year of \$1,460,668. Total revenues in the General Fund were \$304,553 greater than the amount budgeted due primarily to the number of building permits issued and conservative budgeting for State shared revenues. In addition, expenditures were \$189,942 less than budgeted. These factors resulted in an overall increase in fund balance of \$491,842 or 50.8%.

The General Fund is the chief operating fund of the Village. At April 30, 2017, unassigned fund balance in the General Fund was \$1,293,771 which represents 88.6 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 42.4 percent of total General Fund expenditures.

The Village reports five capital projects funds as major funds: SSA 13 Improvement Fund, Transportation Impact Fees Fund, SSA 16 - 19 Improvements Fund, SSA 14 Improvements Fund, and Public Use Fund. The SSA 13 Improvement reported no change in fund balance. The Transportation Impact Fees Fund reported an increase in fund balance of \$189,777 due to the Village not spending in this fund during the current year. The SSA 16 - 19 Improvement Fund reported a deficit change of \$24 in fund balance while SSA 14 Improvement Fund reported a \$438 increase. The Public Use Fund reported a decrease of \$55,995.

All other governmental funds of the Village are reported as nonmajor funds, including the Motor Fuel Tax Fund, Road and Bridge Fund, Revolving Loan Fund, Special Service Areas Fund, Evidence Fund, Tax Increment Financing Fund, Hotel/Motel Tax Fund, Capital Improvements Fund, TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund, Capital Bonds Fund, Equipment Replacement Fund, and Early Warning Impact Fee Fund.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Water and Sewer Fund as a major proprietary fund that account for the provision of water and sewer services to the residents of the Village. In the current year, the Water and Sewer Fund reported a decrease in net position of \$318,535 due mainly to depreciation costs.

The Village also reports the Garbage fund as a major proprietary fund, which accounts for the provision of garbage service to the residents of the Village. In the current year, the Garbage Fund reported an increase in net position of \$27,281 due to collections exceeding garbage expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

No amendments were made to the General Fund budget during the year. General Fund actual revenues for the year totaled \$3,463,835 compared to budgeted revenues of \$3,159,279. Taxes, licenses and permits, and miscellaneous revenues were all higher than budgeted due to the number of building permits issued and very conservative budgeting for State Income Taxes which were threatened to be reduced by 50%.

The General Fund actual expenditures for the year were \$3,052,267 with budgeted expenditures of \$3,242,209. The Village worked during the year to control costs in the General Fund and experienced less personnel costs than budget expectations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2017 was \$79,916,420 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, and underground water and sewer lines.

	Capital Assets - Net of Depreciation					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 20,868,259	20,868,259	1,201,448	1,201,448	22,069,707	22,069,707
Construction in Progress	-	-	168	168	168	168
Buildings	8,480	9,540	22,032,233	22,584,713	22,040,713	22,594,253
Machinery and Equipment	448,095	360,050	128,618	154,048	576,713	514,098
Underground Water and Sewer Lines	9,096,891	9,531,875	26,132,228	26,886,436	35,229,119	36,418,311
Total	30,421,725	30,769,724	49,494,695	50,826,813	79,916,420	81,596,537

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

This year's major additions included:

Vehicles, Machinery and Equipment	<u>\$ 292,655</u>
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Additional information on the Village's capital assets can be found in note 3 on pages 33 - 34 of this report.

Debt Administration

At year-end, the Village had total outstanding debt of \$4,967,430 as compared to \$5,474,550 the previous year, a decrease of 9.3 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Installment Contracts	\$ 159,455	54,285	-	-	159,455	54,285
General Obligations/ Alternate Revenue Bonds	1,888,067	2,020,367	1,245,872	1,484,980	3,133,939	3,505,347
TIF Revenue Bonds	30,000	60,000	-	-	30,000	60,000
IEPA Loans	-	-	1,644,036	1,854,918	1,644,036	1,854,918
Total	<u>2,077,522</u>	<u>2,134,652</u>	<u>2,889,908</u>	<u>3,339,898</u>	<u>4,967,430</u>	<u>5,474,550</u>

During the year the Village issued installment contracts of \$150,000 and made annual payments on all other long-term debt issuances. State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$14,747,046.

Additional information on the Village's long-term debt can be found in Note 3 on pages 36 - 41 of this report.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The downturn in the economy during the Great Recession affected the Village most notably in the slowdown of new residential development. While Village annexed several acres of commercial and residential property and for a time virtually all new residential and commercial development ceased. With more than one hundred new residential building permits issued, the Village is experiencing a promising upturn in the housing market.

The Village considered many factors when adopting the fiscal year 2018 budget, including tax rates, fees for services and the overall economy of the area. The Village continues to be conservative with General Fund financial resources and is focusing on improving fund balance for future economic downturns. Much focus has been on sustaining the current level of services while being more efficient in providing those services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Lori Lyons, Finance Director, Village of Hampshire, 234 S. State Street, PO Box 457, Hampshire, IL 60140.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Position

April 30, 2017

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Net Position
April 30, 2017**

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 3,506,817	2,554,070	6,060,887
Receivables - Net of Allowances	1,438,665	489,554	1,928,219
Notes Receivable	158,142	-	158,142
Prepays	49,666	46,179	95,845
Internal Balances	1,721,619	(1,721,619)	-
Total Current Assets	6,874,909	1,368,184	8,243,093
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	20,868,259	1,201,616	22,069,875
Depreciable Capital Assets	12,835,687	64,525,499	77,361,186
Accumulated Depreciation	(3,282,221)	(16,232,420)	(19,514,641)
Total Capital Assets	30,421,725	49,494,695	79,916,420
Other Assets			
Net Pension Asset	220,370	94,469	314,839
Total Noncurrent Assets	30,642,095	49,589,164	80,231,259
Total Assets	37,517,004	50,957,348	88,474,352
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	126,346	54,161	180,507
Deferred Items - Police Pension	291,670	-	291,670
Total Deferred Outflows of Resources	418,016	54,161	472,177
Total Assets and Deferred Outflows of Resources	37,935,020	51,011,509	88,946,529

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

	Governmental Activities	Business- Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 220,143	155,760	375,903
Accrued Payroll	35,479	4,741	40,220
Accrued Interest Payable	23,321	30,920	54,241
Deposits Payable	453,174	-	453,174
Other Liabilities	25,831	22,263	48,094
Current Portion of Long-term Debt	322,335	472,568	794,903
Total Current Liabilities	<u>1,080,283</u>	<u>686,252</u>	<u>1,766,535</u>
Noncurrent Liabilities			
Net Pension Liability - Police Pension	1,787,478	-	1,787,478
Installment Contracts	99,717	-	99,717
General Obligation Alternate Revenue Bonds	1,750,767	1,004,734	2,755,501
IEPA Loan	-	1,427,475	1,427,475
Total Noncurrent Liabilities	<u>3,637,962</u>	<u>2,432,209</u>	<u>6,070,171</u>
Total Liabilities	<u>4,718,245</u>	<u>3,118,461</u>	<u>7,836,706</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - Police Pension	271,513	-	271,513
Property Taxes	1,070,191	-	1,070,191
Total Deferred Inflows of Resources	<u>1,341,704</u>	<u>-</u>	<u>1,341,704</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,059,949</u>	<u>3,118,461</u>	<u>9,178,410</u>
NET POSITION			
Net Investment in Capital Assets	28,344,203	46,604,787	74,948,990
Restricted			
Police Impound Fees	49,009	-	49,009
Tree Replacement	68,222	-	68,222
Highways and Streets	2,123,477	-	2,123,477
Public Safety	5,163	-	5,163
Subdivision Maintenance	48,906	-	48,906
Economic Development	1,024,052	-	1,024,052
Tourism	68,484	-	68,484
Public Use	549,608	-	549,608
Unrestricted	<u>(406,053)</u>	<u>1,288,261</u>	<u>882,208</u>
Total Net Position	<u>31,875,071</u>	<u>47,893,048</u>	<u>79,768,119</u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2017**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Primary Government				
Governmental Activities				
General Government	\$ 761,548	458,009	-	-
Police Protection	1,677,234	88,942	-	-
Highways and Streets	1,121,773	190,505	152,216	-
Planning and Zoning	1,183	-	-	-
Interest on Long-Term Debt	73,343	-	-	-
Total Governmental Activities	3,635,081	737,456	152,216	-
Business-Type Activities				
Water and Sewer	2,766,372	2,492,998	-	-
Garbage	517,316	544,597	-	-
Total Business-Type Activities	3,283,688	3,037,595	-	-
Total Primary Government	6,918,769	3,775,051	152,216	-
			General Revenues	
			Taxes	
			Property Taxes	
			Replacement Taxes	
			Sales and Use Taxes	
			Income Taxes	
			Utility Taxes	
			Investment Income	
			Miscellaneous	
			Transfers - Internal Activity	
			Change in Net Position	
			Net Position - Beginning	
			Net Position - Ending	

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(303,539)	-	(303,539)
(1,588,292)	-	(1,588,292)
(779,052)	-	(779,052)
(1,183)	-	(1,183)
(73,343)	-	(73,343)
(2,745,409)	-	(2,745,409)
-	(273,374)	(273,374)
-	27,281	27,281
-	(246,093)	(246,093)
(2,745,409)	(246,093)	(2,991,502)
1,027,296	-	1,027,296
23,811	-	23,811
732,307	-	732,307
662,763	-	662,763
423,532	-	423,532
17,427	13	17,440
251,491	39,560	291,051
84,734	(84,734)	-
3,223,361	(45,161)	3,178,200
477,952	(291,254)	186,698
31,397,119	48,184,302	79,581,421
31,875,071	47,893,048	79,768,119

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Governmental Funds - Balance Sheet
April 30, 2017**

	General	SSA 13 Improvement	Transportation Impact Fees
ASSETS			
Cash and Investments	\$ 1,543,174	1	716,956
Receivables - Net of Allowances			
Property Taxes	894,979	-	-
Other Taxes	356,294	-	-
Due from Other Funds	1,881,796	-	134,532
Notes Receivable	-	-	-
Prepays	49,666	-	-
Total Assets	4,725,909	1	851,488
LIABILITIES			
Accounts Payable	183,237	-	-
Accrued Payroll	34,765	-	-
Deposits Payable	453,174	-	-
Other Liabilities	25,831	-	-
Due to Other Funds	1,577,958	-	101,355
Compensated Absences Payable	95,297	-	-
Total Liabilities	2,370,262	-	101,355
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	894,979	-	-
Total Liabilities and Deferred Inflows of Resources	3,265,241	-	101,355
FUND BALANCES			
Nonspendable	49,666	-	-
Restricted	117,231	1	750,133
Unassigned	1,293,771	-	-
Total Fund Balances	1,460,668	1	750,133
Total Liabilities, Deferred Inflows of Resources and Fund Balances	4,725,909	1	851,488

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

Capital Projects				
SSA 16 - 19 Improvements	SSA 14 Improvements	Public Use	Nonmajor	Totals
-	169,156	(84,241)	1,161,771	3,506,817
-	-	-	175,212	1,070,191
-	-	-	12,180	368,474
-	-	913,720	1,516,273	4,446,321
-	-	-	158,142	158,142
-	-	-	-	49,666
-	169,156	829,479	3,023,578	9,599,611
-	-	3,507	25,345	212,089
-	-	-	714	35,479
-	-	-	-	453,174
-	-	-	-	25,831
-	-	276,364	777,079	2,732,756
-	-	-	-	95,297
-	-	279,871	803,138	3,554,626
-	-	-	175,212	1,070,191
-	-	279,871	978,350	4,624,817
-	-	-	-	49,666
-	169,156	549,608	2,350,792	3,936,921
-	-	-	(305,564)	988,207
-	169,156	549,608	2,045,228	4,974,794
-	169,156	829,479	3,023,578	9,599,611

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

VILLAGE OF HAMPSHIRE, ILLINOIS

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

April 30, 2017

Total Governmental Fund Balances \$ 4,974,794

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 30,421,725

A net pension asset is not considered to represent a financial resource and
therefore is not reported in the funds. 220,370

Deferred outflows (inflows) of resources related to the pensions not
reported in the funds.

Deferred Items - IMRF	126,346
Deferred Items - Police Pension	20,157

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Net Pension Liability - Police Pension	(1,787,478)
Installment Contracts	(159,455)
General Obligation/Alternate Revenue Bonds	(1,888,067)
TIF Revenue Bonds	(30,000)
Accrued Interest Payable	<u>(23,321)</u>

Net Position of Governmental Activities 31,875,071

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2017**

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2017**

	General	SSA 13 Improvement	Transportation Impact Fees
Revenues			
Taxes	\$ 2,673,692	-	-
Charges for Services	201,025	-	189,777
Intergovernmental	-	-	-
Licenses and Permits	241,792	-	-
Fines and Forfeits	86,622	-	-
Investment Income	9,210	-	-
Miscellaneous	251,491	-	-
Total Revenues	3,463,832	-	189,777
Expenditures			
Current			
General Government	715,513	-	-
Highways and Streets	651,301	-	-
Police Protection	1,628,014	-	-
Planning and Zoning	1,183	-	-
Debt Service			
Principal Retirement	48,743	-	-
Interest and Fiscal Charges	7,513	-	-
Total Expenditures	3,052,267	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	411,565	-	189,777
Other Financing Sources (Uses)			
Debt Issuance	150,000	-	-
Disposal of Capital Assets	46,150	-	-
Transfers In	-	-	-
Transfers Out	(115,873)	-	-
	80,277	-	-
Net Change in Fund Balances	491,842	-	189,777
Fund Balances - Beginning	968,826	1	560,356
Fund Balances - Ending	1,460,668	1	750,133

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

Capital Projects				
SSA 16 - 19 Improvements	SSA 14 Improvements	Public Use	Nonmajor	Totals
-	-	-	196,017	2,869,709
-	-	15,192	728	406,722
-	-	-	154,536	154,536
-	-	-	-	241,792
-	-	-	-	86,622
-	438	313	7,466	17,427
-	-	-	-	251,491
-	438	15,505	358,747	4,028,299
-	-	1,500	11,267	728,280
24	-	-	223,445	874,770
-	-	-	-	1,628,014
-	-	-	-	1,183
-	-	-	158,387	207,130
-	-	-	49,563	57,076
24	-	1,500	442,662	3,496,453
(24)	438	14,005	(83,915)	531,846
-	-	-	-	150,000
-	-	-	-	46,150
-	-	-	270,607	270,607
-	-	(70,000)	-	(185,873)
-	-	(70,000)	270,607	280,884
(24)	438	(55,995)	186,692	812,730
24	168,718	605,603	1,858,536	4,162,064
-	169,156	549,608	2,045,228	4,974,794

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

VILLAGE OF HAMPSHIRE, ILLINOIS

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

For the Fiscal Year Ended April 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 812,730
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	270,181
Depreciation Expense	(559,203)
Disposals - Cost	(123,492)
Disposals - Accumulated Depreciation	64,515

An addition to a net pension asset is not considered to be an increase in a
financial asset in the governmental funds.

Additions to Net Pension Asset - IMRF	(17,811)
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The net effect of deferred outflows (inflows) of resources related to the
pensions not reported in the funds.

Change in Deferred Items - IMRF	(15,457)
Change in Deferred Items - Police Pension	67,476

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Deductions to Net Pension Liability - Police Pension	(61,850)
Debt Issuance	(150,000)
Retirement of Debt	207,130

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

<u>(16,267)</u>

Changes in Net Position of Governmental Activities

<u><u>477,952</u></u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2017

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Net Position - Proprietary Funds
April 30, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Garbage	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 2,539,052	15,018	2,554,070
Receivables - Net of Allowances			
Accounts	398,037	91,517	489,554
Due from Other Funds	96,704	33,697	130,401
Prepays	46,179	-	46,179
Total Current Assets	<u>3,079,972</u>	<u>140,232</u>	<u>3,220,204</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	1,201,616	-	1,201,616
Depreciable Capital Assets	64,525,499	-	64,525,499
Accumulated Depreciation	(16,232,420)	-	(16,232,420)
Total Capital Assets	49,494,695	-	49,494,695
Other Assets			
Net Pension Asset	94,469	-	94,469
Total Noncurrent Assets	<u>49,589,164</u>	<u>-</u>	<u>49,589,164</u>
Total Assets	52,669,136	140,232	52,809,368
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	54,161	-	54,161
Total Assets and Deferred Outflows of Resources	<u>52,723,297</u>	<u>140,232</u>	<u>52,863,529</u>

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

	Business-Type Activities - Enterprise		
	Water and		
	Sewer	Garbage	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 113,561	42,199	155,760
Accrued Payroll	4,741	-	4,741
Accrued Interest Payable	30,920	-	30,920
Other Liabilities	22,263	-	22,263
Due to Other Funds	1,773,356	78,664	1,852,020
Compensated Absences Payable	14,869	-	14,869
General Obligation Bonds	241,138	-	241,138
IEPA Loan	216,561	-	216,561
Total Current Liabilities	2,417,409	120,863	2,538,272
Noncurrent Liabilities			
General Obligation Bonds	1,004,734	-	1,004,734
IEPA Loan	1,427,475	-	1,427,475
Total Noncurrent Liabilities	2,432,209	-	2,432,209
Total Liabilities	4,849,618	120,863	4,970,481
NET POSITION			
Net Investment in Capital Assets	46,604,787	-	46,604,787
Unrestricted	1,268,892	19,369	1,288,261
Total Net Position	47,873,679	19,369	47,893,048

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Garbage	Totals
Operating Revenues			
Charges for Services	\$ 2,271,928	544,597	2,816,525
Operating Expenses			
Operations			
Water Department	535,967	-	535,967
Sewer Department	558,571	517,316	1,075,887
Water Reconstruction	141,160	-	141,160
System Improvements	56,615	-	56,615
Depreciation	1,395,262	-	1,395,262
Total Operating Expenses	2,687,575	517,316	3,204,891
Operating Income (Loss)	(415,647)	27,281	(388,366)
Nonoperating Revenues (Expenses)			
Tap On Fees	221,070	-	221,070
Investment Income	13	-	13
Other Income	39,560	-	39,560
Interest and Fiscal Charges	(78,797)	-	(78,797)
	181,846	-	181,846
Income (Loss) Before Transfers	(233,801)	27,281	(206,520)
Transfers Out	(84,734)	-	(84,734)
Change in Net Position	(318,535)	27,281	(291,254)
Net Position - Beginning	48,192,214	(7,912)	48,184,302
Net Position - Ending	47,873,679	19,369	47,893,048

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended April 30, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Garbage	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 2,420,647	517,132	2,937,779
Payments to Employees	(155,820)	-	(155,820)
Payments to Suppliers	(647,011)	(502,114)	(1,149,125)
	<u>1,617,816</u>	<u>15,018</u>	<u>1,632,834</u>
Cash Flows from Noncapital Financing Activities			
Transfers Out	(84,734)	-	(84,734)
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(63,144)	-	(63,144)
Principal on Capital Debt	(449,990)	-	(449,990)
Interest on Capital Debt	(78,797)	-	(78,797)
	<u>(591,931)</u>	<u>-</u>	<u>(591,931)</u>
Cash Flows from Investing Activities			
Interest Received	13	-	13
Net Change in Cash and Cash Equivalents	941,164	15,018	956,182
Cash and Cash Equivalents - Beginning	<u>1,597,888</u>	<u>-</u>	<u>1,597,888</u>
Cash and Cash Equivalents - Ending	<u>2,539,052</u>	<u>15,018</u>	<u>2,554,070</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(415,647)	27,281	(388,366)
Adjustments to Reconcile Operating Income to Net Income to Net Cash			
Provided by (Used In) Operating Activities:			
Depreciation Expense	1,395,262	-	1,395,262
Other Income (Expenses)	260,630	-	260,630
(Increase) Decrease in Current Assets	(111,911)	(27,465)	(139,376)
Increase (Decrease) in Current Liabilities	489,482	15,202	504,684
Net Cash Provided by Operating Activities	<u>1,617,816</u>	<u>15,018</u>	<u>1,632,834</u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Fiduciary Net Position

April 30, 2017

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 1,379,295	2,989,824
Due from Other Funds	<u>-</u>	<u>34,022</u>
Total Assets	<u>1,379,295</u>	<u>3,023,846</u>
LIABILITIES		
Account Payable	223	-
Due to Park District and Village Parks	-	476,285
Due to School Districts	-	180,237
Due to Library Districts	-	105,759
Due to Fire Districts	-	121,522
Due to Others	-	8,162
Due to Other Funds	-	25,968
Due to Bondholders	<u>-</u>	<u>2,105,913</u>
Total Liabilities	<u>223</u>	<u>3,023,846</u>
NET POSITION		
Net Position Restricted for Pensions	<u>1,379,072</u>	

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2017**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 200,000
Contributions - Plan Members	<u>83,612</u>
Total Contributions	<u>283,612</u>
Investment Income	
Interest Earned	385
Net Change in Fair Value	<u>-</u>
	385
Less Investment Expenses	<u>-</u>
Net Investment Income	<u>385</u>
Total Additions	<u>283,997</u>
Deductions	
Administration	5,882
Benefits and Refunds	<u>14,029</u>
Total Deductions	<u>19,911</u>
Change in Fiduciary Net Position	264,086
Net Position Restricted for Pensions	
Beginning	<u>1,114,986</u>
Ending	<u><u>1,379,072</u></u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Hampshire (Village), Illinois, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police protection, highway and street maintenance and reconstruction, planning and zoning, economic development, water, sewer and garbage services and general administrative services.

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

REPORTING ENTITY

The Village's financial reporting entity comprises the primary government, the Village of Hampshire.

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

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President and three elected police employees constitute the pension board. There were no retirees in fiscal year-end April 30, 2017, therefore, no elected pension beneficiary. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels.

Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police protection, highway and street maintenance and reconstruction, planning and zoning, economic development and general administrative services are classified as governmental activities. The Village's water, sewer and garbage services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, police protection, highways and streets, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, interest income, etc.). The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund. 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.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

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

Total assets/deferred outflows, liabilities/deferred inflows, 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.

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

Governmental Funds

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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 seven non-major special revenue funds.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains five major capital projects funds, the SSA 13 Improvement, Transportation Impact Fees, SSA 16 - 19 Improvements, SSA 14 Improvements and Public Use Funds. The SSA 13 Improvement Fund is used to account for the proceeds from the SSA 13 bond issue and the capital improvements benefiting SSA 13. The Transportation Impact Fees Fund is used to account for the proceeds of transportation impact fees and the improvements funded by the fees. The SSA 16 - 19 Improvements Fund is used to account for the proceeds from the SSA 16-19 bond issue and the capital improvements benefiting SSA 16 - 19. The SSA 14 Improvements Fund is used to account for the proceeds from the SSA 14 bond issue received by the Village and the capital improvements benefiting SSA 14. The Public Use Fund is used to account for the proceeds of public use impact fees and the improvements funded by the fees. The Village also maintains five non-major capital projects funds.

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 following is a description of the proprietary fund of the Village:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains two major enterprise funds, the Water and Sewer Fund and the Garbage Fund. The Water and Sewer Fund is used to account for the provision of potable water and sewer services to the residents and businesses of the Village. The Garbage Fund is used to account for the provision of solid waste services to the residents and businesses of the Village financed by user fees.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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 position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund is used to account for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. Financing is provided by employee contributions, the Village's contribution and investment income.

Agency funds are used to account for assets held by the Village in a purely custodial capacity. The agency fund is used to account for the collection and remittance of impact fees for the Park District, Library Districts, School District, and Fire Protection District and collection of taxes from special service areas 9, 14 and 16 through 19 and remittance to bondholders.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus – Continued

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

All proprietary and fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents 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.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Village's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Prepays

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – 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. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. 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 or proprietary 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 \$10,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are 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, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

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
Vehicles, Machinery and Equipment	5 - 20 Years
Underground Water/Sewer Lines	25 - 50 Years
Infrastructure	25 - 50 Years

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

Net Position

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. All departments of the Village submit requests for budgets so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested budgets for the next fiscal year.

The proposed budget is presented to the Village Board for review. The Village Board holds public hearings and may add to, subtract from, or change budgeted amounts, but may not change the form of the budget.

The Finance Director is authorized to transfer budgeted amounts within any fund; however, the Board of Trustees must approve any revisions that alter the total expenditures of any fund. State statues establish that expenditures may not legally exceed budgeted appropriations at the fund level. Appropriations lapse at the end of the fiscal year. No supplemental appropriations were made during the year.

Budgets are prepared for all funds except the SSA 13 Improvement Fund, the SSA 16 - 19 Improvements Fund, and the Capital Improvements Fund.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget for the fiscal year:

<u>Fund</u>	<u>Excess</u>
Public Use	\$ 1,500
Road and Bridge	139,164
Hotel/Motel Tax	3
Garbage	23,666

DEFICIT FUND BALANCE

The following funds reported deficit fund equity at year-end:

<u>Fund</u>	<u>Deficit</u>
Tax Increment Financing	\$ 305,564

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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 and business-type activities totaled \$4,972,145 and the bank balances totaled \$5,121,776. The Village also has \$1,088,742 invested in the Illinois Funds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that the portfolio should be structured to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market and limiting investments to a maximum maturity of three years from purchase, unless designated for a specific purpose. The Village's investment in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village limits its exposure to credit risk by primarily investing in external investment pools. The Village's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian designated by the treasurer and evidenced by safekeeping receipts and a custodial agreement. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance. The Village's investment in the Illinois Funds is not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that investments shall be diversified to the best of the Village's ability based on the type of funds invested and the cash flow needs of those funds. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$1,379,295 and the bank balances totaled \$1,379,641.

Interest Rate Risk. The Fund’s investment policy states assets shall be sufficiently liquid to enable the Fund to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of bank failure, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fund’s investment policy states that investment contracts and agreements of life insurance companies licensed to do business in the state of Illinois shall be rated at least A+ by Moody’s and AA+ by Standard and Poor’s, and securities issued by the state of Illinois, or any county, township, or municipal corporation within the state of Illinois should not be rated less than Aa by Moody’s or AA+ by Standard and Poor’s.

Credit Risk. The Fund’s investment policy limits credit risk by restricting investments to those allowed by the Illinois Pension Code, Illinois Compiled Statutes Chapter 40 Act 5 Articles 1 and 3, and the Public Funds Investment Act.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Fund’s investment in a single issuer. The Fund’s investment policy states that investments shall be undertaken in a manner that seeks to ensure the preservation of capital. As such, the Board has consciously diversified the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio when possible. Diversification is to be interpreted to include diversification by asset type, characteristics, number of investments, and in the case of investment money managers, by investment style. At year-end, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	100%	0.0%

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk – Continued. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of April 30, 2017 are listed in the table on the previous page.

Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by County Collector and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

COMMUNITY DEVELOPMENT ASSISTANCE PROGRAM – REVOLVING LOAN FUND

The Village provides financing for qualified recipients under the Community Development Assistance Program (CDAP). Principal balances outstanding as of April 30, 2017 total \$158,142. Minimum future receipts from recipients under this program are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 158,142	9,960	168,102

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 20,868,259	-	-	20,868,259
Depreciable Capital Assets				
Buildings and Improvements	58,800	-	-	58,800
Vehicles and Equipment	1,189,606	270,181	123,492	1,336,295
Infrastructure	11,440,592	-	-	11,440,592
	<u>12,688,998</u>	<u>270,181</u>	<u>123,492</u>	<u>12,835,687</u>
Less Accumulated Depreciation				
Buildings and Improvements	49,260	1,060	-	50,320
Vehicles and Equipment	829,556	123,159	64,515	888,200
Infrastructure	1,908,717	434,984	-	2,343,701
	<u>2,787,533</u>	<u>559,203</u>	<u>64,515</u>	<u>3,282,221</u>
Total Net Depreciable Capital Assets	<u>9,901,465</u>	<u>(289,022)</u>	<u>58,977</u>	<u>9,553,466</u>
Total Net Capital Assets	<u><u>30,769,724</u></u>	<u><u>(289,022)</u></u>	<u><u>58,977</u></u>	<u><u>30,421,725</u></u>

Depreciation expense was charged to governmental activities as follows:

Public Safety	\$ 42,751
Highways and Streets	<u>516,452</u>
	<u><u>559,203</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,201,448	-	-	1,201,448
Construction in Progress	168	-	-	168
	<u>1,201,616</u>	-	-	<u>1,201,616</u>
Depreciable Capital Assets				
Buildings	28,725,498	40,670	-	28,766,168
Machinery and Equipment	506,694	22,474	-	529,168
Underground Water and Sewer Lines	35,230,163	-	-	35,230,163
	<u>64,462,355</u>	<u>63,144</u>	-	<u>64,525,499</u>
Less Accumulated Depreciation				
Buildings	6,140,785	593,150	-	6,733,935
Machinery and Equipment	352,646	47,904	-	400,550
Underground Water and Sewer Lines	8,343,727	754,208	-	9,097,935
	<u>14,837,158</u>	<u>1,395,262</u>	-	<u>16,232,420</u>
Total Net Depreciable Capital Assets	<u>49,625,197</u>	<u>(1,332,118)</u>	-	<u>48,293,079</u>
Total Net Capital Assets	<u>50,826,813</u>	<u>(1,332,118)</u>	-	<u>49,494,695</u>

Depreciation expense was charged to business-type activities as follows:

Water and Sewer	<u>\$ 1,395,262</u>
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VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of the date of this report is as follows:

Receivable Fund	Payable Fund	Amount
General	Transportation Impact Fees	\$ 101,355
General	Public Use	178,941
General	Nonmajor Governmental	628,104
General	Water and Sewer	906,638
General	Garbage	50,502
General	Agency	16,256
Transportation Impact Fees	General	51,801
Transportation Impact Fees	Public Use	200
Transportation Impact Fees	Nonmajor Governmental	51,139
Transportation Impact Fees	Garbage	28,162
Transportation Impact Fees	Agency	3,230
Public Use	General	835,577
Public Use	Nonmajor Governmental	77,900
Public Use	Water and Sewer	243
Nonmajor Governmental	General	574,204
Nonmajor Governmental	Public Use	97,223
Nonmajor Governmental	Nonmajor Governmental	16,481
Nonmajor Governmental	Water and Sewer	822,997
Nonmajor Governmental	Agency	5,368
Water and Sewer	General	92,135
Water and Sewer	Nonmajor Governmental	3,455
Water and Sewer	Agency	1,114
Garbage	General	13,030
Garbage	Water and Sewer	20,667
Agency	General	11,211
Agency	Water and Sewer	22,811
		<u>4,610,744</u>

Interfund balances are advances in anticipation of receipts.

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Nonmajor Governmental	General	\$ 50,000 (1)
Nonmajor Governmental	Public Use	70,000 (2)
Nonmajor Governmental	General	65,873 (1)
Nonmajor Governmental	Water	<u>84,734 (2)</u>
		<u><u>270,607</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

IEPA Loan

The Village has entered into an agreement with the IEPA to provide low interest financing for water and sewer improvements. IEPA revolving loan currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan of 2002 - Due in semi-annual installments of \$129,550 including interest at 2.675% through November 15, 2023.	Water and Sewer	\$ 1,854,918	-	210,882	<u><u>1,644,036</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Installment Contracts

The Village enters into installment contracts to provide funds for the acquisition of capital assets. Installment contracts currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Dodge Chargers Installment Contract of 2014 - Due in annual installments of \$16,075 including interest at 5.50% through June 13, 2016.	General	\$ 15,237	-	15,237	-
Dodge Charger Installment Contract of 2016 - Due in annual installments of \$8,372 including interest at 5.50% through June 25, 2017.	General	15,458	-	7,522	7,936
Panasonic Toughbook Installment Contract of 2015 - Due in monthly installments of \$876 including interest at 3.25% through August 14, 2018.	General	23,590	-	9,879	13,711
Squad Cars Installment Contract of 2016 - Due in monthly installments of \$1,438.34 including interest at 2.25% through July 25, 2019	General	-	50,000	12,192	37,808
Snow Plow Installment Contract of 2017 - Due in annual installments of \$25,920 to \$27,089 including interest at 2.75% through July 6, 2020.	General		100,000	-	100,000
			<u>54,285</u>	<u>150,000</u>	<u>159,455</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Alternate Revenue Source Bonds

The Village issues bonds for which the Village pledges income derived from specific revenue sources to pay debt service. Alternate revenue source bonds further pledge the full faith and credit of the Village should the alternate revenue source be insufficient. Alternate revenue source bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Taxable General Obligation Alternate Bonds of 2010 - Due in annual installments of \$51,564 to \$66,305 plus interest of 1.15% - 4.80% through December 15, 2020.	Water and Sewer	\$ 305,347	-	56,408	248,939
General Obligation (Alternate Revenue Source) Refunding Bonds of 2012 - Due in annual installments of \$95,000 to \$340,000 plus interest of 2.00% - 2.75% through December 15, 2023.	Capital Bonds	845,367	-	132,300	713,067
	Water and Sewer	1,179,633	-	182,700	996,933
General Obligation (Alternate Revenue Source) Refunding Bonds of 2016 - Due in annual installments of \$5,000 to \$205,000 plus interest of 3.00% - 4.00% through December 15, 2028.	General	141,000	-	-	141,000
	Tax Increment Financing	1,034,000	-	-	1,034,000
		<u>3,505,347</u>	<u>-</u>	<u>371,408</u>	<u>3,133,939</u>

TIF Revenue Bonds

The Village issues bonds for which the Village pledges income derived from specific revenue sources to pay debt service. TIF revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
TIF Revenue Bonds of 2009A - Due in annual installments of \$25,000 to \$215,000, plus interest of 5.25%, through December 15, 2017.	Tax Increment Financing	\$ 60,000	-	30,000	30,000

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 90,557	9,480	4,740	95,297	95,297
Net Pension Liability - Police Pension	1,725,628	61,850	-	1,787,478	-
Installment Contracts	54,285	150,000	44,830	159,455	59,738
General Obligation Alternate					
Revenue Bonds	2,020,367	-	132,300	1,888,067	137,300
TIF Revenue Bonds	60,000	-	30,000	30,000	30,000
	<u>3,950,837</u>	<u>221,330</u>	<u>211,870</u>	<u>3,960,297</u>	<u>322,335</u>
Business-Type Activities					
Compensated Absences	12,818	4,102	2,051	14,869	14,869
General Obligation Alternate					
Revenue Bonds	1,484,980	-	239,108	1,245,872	241,138
IEPA Loan	1,854,918	-	210,882	1,644,036	216,561
	<u>3,352,716</u>	<u>4,102</u>	<u>452,041</u>	<u>2,904,777</u>	<u>472,568</u>

For governmental activities, payments on the compensated absences, the net pension liability, and the installment contracts are being made by the General Fund. The Capital Bonds Fund makes payments on the general obligation alternate revenue bonds. The Tax Increment Financing Fund makes payments on the TIF revenue bonds.

For business-type activities, the Water and Sewer Fund makes payments on the compensated absences, the installment contracts, general obligation alternate revenue bonds and IEPA loan.

Noncommitment Debt – Special Service Area Bonds

Special service area bonds outstanding as of the date of this report totaled \$18,012,000. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

Fiscal Year	Governmental Activities					
	Installment Contracts		General Obligation Alternate Revenue Bonds		TIF Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 59,738	2,331	137,300	60,536	30,000	1,575
2019	45,446	2,416	171,500	57,290	-	-
2020	29,271	1,408	173,600	53,510	-	-
2021	25,000	696	182,800	49,613	-	-
2022	-	-	84,600	45,421	-	-
2023	-	-	86,700	43,184	-	-
2024	-	-	81,567	40,809	-	-
2025	-	-	185,000	35,100	-	-
2026	-	-	190,000	27,600	-	-
2027	-	-	190,000	20,000	-	-
2028	-	-	200,000	12,200	-	-
2029	-	-	205,000	4,100	-	-
Totals	159,455	6,851	1,888,067	449,362	30,000	1,575

Fiscal Year	Business-Type Activities			
	IEPA Loan		General Obligation Alternate Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 216,561	42,539	241,138	11,049
2019	222,392	36,708	249,276	8,712
2020	228,381	30,719	254,820	6,068
2021	234,530	24,570	263,505	3,183
2022	240,847	18,253	75,400	-
2023	247,333	11,767	78,300	-
2024	253,992	5,107	83,433	-
Totals	1,644,036	169,663	1,245,872	29,012

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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

Assessed Valuation - 2016	<u>\$ 170,980,247</u>
Legal Debt Limit - 8.625% of Assessed Value	14,747,046
Amount of Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>14,747,046</u>

FUND BALANCE CLASSIFICATIONS

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

Minimum Fund Balance Policy. The Village's policy manual states that the General Fund should maintain a minimum fund balance equal to no less than 10% and no more than 20% of the subsequent year's budgeted operating expenditures.

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

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

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

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

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

	Capital Projects							Totals
	General	SSA 13 Improvement	Transportation Impact Fees	SSA 16 - 19 Improvements	SSA 14 Improvements	Public Use	Nonmajor	
Fund Balances								
Nonspendable	\$ 49,666	-	-	-	-	-	-	49,666
Restricted								
Police Impound Fees	49,009	-	-	-	-	-	-	49,009
Tree Replacement	68,222	-	-	-	-	-	-	68,222
Highways and Streets	-	1	750,133	-	169,156	-	1,204,187	2,123,477
Public Safety	-	-	-	-	-	-	5,163	5,163
Subdivision Maintenance	-	-	-	-	-	-	48,906	48,906
Economic Development	-	-	-	-	-	-	1,024,052	1,024,052
Tourism	-	-	-	-	-	-	68,484	68,484
Public Use	-	-	-	-	-	549,608	-	549,608
	117,231	1	750,133	-	169,156	549,608	2,350,792	3,936,921
Unassigned	1,293,771	-	-	-	-	-	(305,564)	988,207
Total Fund Balances	1,460,668	1	750,133	-	169,156	549,608	2,045,228	4,974,794

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET INVESTMENT IN CAPITAL ASSETS

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation		\$ 30,421,725
Less Capital Related Debt:		
Installment Contracts Payable	(159,455)	
General Obligation (ARS) Bonds of 2012	(713,067)	
General Obligation (ARS) Bonds of 2016	(1,175,000)	
TIF Revenue Bonds of 2009A	(30,000)	<u>(2,077,522)</u>
Net Investment in Capital Assets		<u>28,344,203</u>
Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation		49,494,695
Less Capital Related Debt:		
General Obligation (ARS) Bonds of 2010	(248,939)	
General Obligation (ARS) Bonds of 2012	(996,933)	
IEPA Loan of 2002	(1,644,036)	<u>(2,889,908)</u>
Net Investment in Capital Assets		<u>46,604,787</u>

NOTE 4 – 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 has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Grants

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

Sales Tax Rebates

The Village has a sales tax rebate agreement which was designed to induce a vendor to locate and retain their business within the Village. The first agreement originating in 2000, covered point-of-sale transactions within the Village. The agreement has been amended from time to time with the latest amendment occurring in 2010. The 2010 amendment calls for a rebate of 50% of the sales tax receipts received by the Village starting with the first dollar. The sales tax rebate is payable to the vendor each year once the August sales tax remittance has been received by the Village from the State of Illinois. The Village has recorded \$37,460 in sales tax rebate expenses in the General Fund in the current year. As of April 30, 2017, the amount due to the vendor is \$27,322, recorded as a liability in the General Fund.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, and the Police Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and may be obtained by writing to the Village at 234 South State Street, PO Box 457, Hampshire, Illinois 60140. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	14
Inactive Plan Members Entitled to but not yet Receiving Benefits	15
Active Plan Members	<u>12</u>
Total	<u><u>41</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Contributions. As set by statute, the Village’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2017, the Village’s contribution was 2.98% of covered payroll.

Net Pension Liability. The Village’s net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% - 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset) \$	71,780	(314,839)	(632,605)

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2016	\$ 2,745,333	3,082,481	(337,148)
Changes for the Year:			
Service Cost	60,047	-	60,047
Interest on the Total Pension Liability	203,596	-	203,596
Difference Between Expected and Actual Experience of the Total Pension Liability	32,613	-	32,613
Changes of Assumptions	-	-	-
Contributions - Employer	-	16,007	(16,007)
Contributions - Employees	-	25,365	(25,365)
Net Investment Income	-	213,592	(213,592)
Benefit Payments, including Refunds of Employee Contributions	(121,474)	(121,474)	-
Other (Net Transfer)	-	18,983	(18,983)
Net Changes	174,782	152,473	22,309
Balances at December 31, 2017	2,920,115	3,234,954	(314,839)

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2017, the Village recognized pension expense of \$59,623. At April 30, 2017, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 29,650	-	29,650
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	144,158	-	144,158
Total Pension Expense to be Recognized in Future Periods	173,808	-	173,808
Pension Contributions Made Subsequent to the Measurement Date	6,699	-	6,699
Total Deferred Amounts Related to IMRF	180,507	-	180,507

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

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 67,183
2019	56,531
2020	47,032
2021	3,062
2022	-
Thereafter	-
Total	173,808

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At April 30, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>12</u>
Total	<u><u>15</u></u>

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2017, the Village's contribution was 23.35% of covered payroll.

Concentrations. At year-end, the Pension Plan does not have any investments over 5 percent of the total net position restricted for benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.00%
Salary Increases	5.00%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2015. The actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 6.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability	\$ 2,337,318	1,787,478	1,345,165

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2016	\$ 2,840,614	1,114,986	1,725,628
Changes for the Year:			
Service Cost	173,052	-	173,052
Interest on the Total Pension Liability	170,016	-	170,016
Difference Between Expected and Actual Experience of the Total Pension Liability	91,838	-	91,838
Changes of Assumptions	(94,941)	-	(94,941)
Contributions - Employer	-	200,000	(200,000)
Contributions - Employees	-	83,612	(83,612)
Net Investment Income	-	385	(385)
Benefit Payments, including Refunds of Employee Contributions	(14,029)	(14,029)	-
Administrative Expense	-	(5,882)	5,882
Net Changes	325,936	264,086	61,850
Balances at April 30, 2017	3,166,550	1,379,072	1,787,478

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2017, the Village recognized pension expense of \$194,374. At April 30, 2017, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 29,650	-	29,650
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	144,158	-	144,158
Total Pension Expense to be Recognized in Future Periods	173,808	-	173,808
Pension Contributions Made Subsequent to the Measurement Date	6,699	-	6,699
Total Deferred Amounts Related to IMRF	180,507	-	180,507

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

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 67,183
2019	56,531
2020	47,032
2021	3,062
2022	-
Thereafter	-
Total	173,808

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, there is minimal participation. As the Village provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2017.

SUBSEQUENT EVENT

On July 13, 2017, the Village issued \$11,455,000 of Special Service Area Number 14 Special Tax Refunding Bonds, due in annual installments of \$380,000 to \$930,000, plus interest through March 1, 2036.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Employer Contributions
 Illinois Municipal Retirement Fund
 Police Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
 Illinois Municipal Retirement Fund
 Police Pension Fund

- Schedule of Investment Returns
 Police Pension Fund

- Budgetary Comparison Schedule
 General Fund

Notes to the Required Supplementary Information

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 22,680	\$ 22,680	\$ -	\$ 533,645	4.25%
2017	17,491	17,491	-	586,761	2.98%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 208,600	\$ 208,600	\$ -	\$ 855,320	24.39%
2016	186,085	187,000	915	802,621	23.30%
2017	198,691	200,000	1,309	856,700	23.35%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2014 Mortality Table (BCHA)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF HAMPSHIRE, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2017**

	<u>12/31/2015</u>	<u>12/31/2016</u>
Total Pension Liability		
Service Cost	\$ 60,074	60,047
Interest	191,432	203,596
Differences Between Expected and Actual Experience	30,658	32,613
Benefit Payments, Including Refunds of Member Contributions	<u>(118,436)</u>	<u>(121,474)</u>
Net Change in Total Pension Liability	163,728	174,782
Total Pension Liability - Beginning	<u>2,581,605</u>	<u>2,745,333</u>
Total Pension Liability - Ending	<u><u>2,745,333</u></u>	<u><u>2,920,115</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 22,680	16,007
Contributions - Members	29,559	25,365
Net Investment Income	15,942	213,592
Benefit Payments, Including Refunds of Member Contributions	(118,436)	(121,474)
Administrative Expense	<u>(88,769)</u>	<u>18,983</u>
Net Change in Plan Fiduciary Net Position	(139,024)	152,473
Plan Net Position - Beginning	<u>3,221,505</u>	<u>3,082,481</u>
Plan Net Position - Ending	<u><u>3,082,481</u></u>	<u><u>3,234,954</u></u>
Employer's Net Pension Liability	<u><u>\$ (337,148)</u></u>	<u><u>(314,839)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.28%	110.78%
Covered Payroll	\$ 533,645	563,656
Employer's Net Pension Liability as a Percentage of Covered Payroll	(63.18%)	(55.86%)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2017**

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 154,285	183,590	173,052
Interest	143,727	157,006	170,016
Differences Between Expected and Actual Experience	(176,846)	(303,520)	91,838
Change of Assumptions	117,723	186,769	(94,941)
Benefit Payments, Including Refunds of Member Contributions	(35,131)	-	(14,029)
Net Change in Total Pension Liability	203,758	223,845	325,936
Total Pension Liability - Beginning	2,413,011	2,616,769	2,840,614
Total Pension Liability - Ending	2,616,769	2,840,614	3,166,550
Plan Fiduciary Net Position			
Contributions - Employer	\$ 208,600	187,000	200,000
Contributions - Members	83,662	82,415	83,612
Contributions - Other	50	-	-
Net Investment Income	215	299	385
Benefit Payments, Including Refunds of Member Contributions	(35,131)	-	(14,029)
Administrative Expense	(5,449)	(7,555)	(5,882)
Net Change in Plan Fiduciary Net Position	251,947	262,159	264,086
Plan Net Position - Beginning	600,880	852,827	1,114,986
Plan Net Position - Ending	852,827	1,114,986	1,379,072
Employer's Net Pension Liability	\$ 1,763,942	1,725,628	1,787,478
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.59%	39.25%	43.55%
Covered Payroll	\$ 855,320	802,621	856,700
Employer's Net Pension Liability as a Percentage of Covered Payroll	206.23%	215.00%	208.65%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2017**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	0.03%
2016	0.03%
2017	0.03%

Note:
This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 2,551,481	2,551,481	2,673,692
Charges for Services	177,990	177,990	201,025
Licenses and Permits	153,225	153,225	241,792
Fines and Forfeits	73,000	73,000	86,622
Investment Income	800	800	9,210
Miscellaneous Income	202,783	202,783	251,491
Total Revenues	<u>3,159,279</u>	<u>3,159,279</u>	<u>3,463,832</u>
Expenditures			
General Government	709,985	709,985	715,513
Highways and Streets	688,233	688,233	651,301
Police Protection	1,701,514	1,701,514	1,628,014
Planning and Zoning	2,115	2,115	1,183
Debt Service			
Principal Retirement	128,430	128,430	48,743
Interest and Fiscal Charges	11,932	11,932	7,513
Total Expenditures	<u>3,242,209</u>	<u>3,242,209</u>	<u>3,052,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(82,930)</u>	<u>(82,930)</u>	<u>411,565</u>
Other Financing Sources (Uses)			
Debt Issuance	180,000	180,000	150,000
Disposal of Capital Assets	3,000	3,000	46,150
Transfers Out	(120,230)	(120,230)	(115,873)
	<u>62,770</u>	<u>62,770</u>	<u>80,277</u>
Net Change in Fund Balance	<u>(20,160)</u>	<u>(20,160)</u>	491,842
Fund Balance - Beginning			<u>968,826</u>
Fund Balance - Ending			<u><u>1,460,668</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedule – Internal Service Fund
- Budgetary Comparison Schedule – Police Pension – Pension Trust Fund
- Statement of Changes in Assets and Liabilities – Agency Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the maintenance and construction of streets and roads as approved by the Illinois Department of Transportation.

Road and Bridge Fund

The Road and Bridge Fund is used to account for the revenues and expenditures associated with the maintenance of local roads. Revenue is provided through a tax levy.

Revolving Loan Fund

The Revolving Loan Fund is used to account for the revenues and expenditures associated with the business development loans made.

Special Service Areas Fund

The Special Service Areas Fund is used to account for the revenues and expenditures used in the maintenance of various special service areas in the Village.

Evidence Fund

The Evidence Fund is used to account for the resources provided by the seizure of assets through application of the local and state laws.

Tax Increment Financing Fund

The Tax Increment Financing Fund is used to account for expenditures of incremental property taxes and sales tax generated in the designated downtown Tax Increment Financing area.

Hotel/Motel Tax Fund

The Hotel/Motel Tax Fund is used to account for the revenues and expenditures associated with the collection of the hotel/motel tax within the Village.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

SSA 13 Improvement Fund

The SSA 13 Improvements Fund is used to account for the proceeds from the SSA 13 bond issue (reported as contributions from property owners), received by the Village and the capital improvements benefiting SSA 13.

Transportation Impact Fees Fund

The Transportation Impact Fees Fund is used to account for the proceeds of transportation impact fees charged by the Village and the improvements funded by the fees.

SSA 16 - 19 Improvements Fund

The SSA Improvements Fund is used to account for the proceeds from the SSA 16 – 19 bond issue (reported as contributions from property owners), received by the Village and the capital improvements benefiting SSA 16 – 19.

SSA 14 Improvements Fund

The SSA 14 Improvements Fund is used to account for the proceeds from the SSA #14 bond issue (reported as contributions from property owners), received by the Village and the capital improvements benefiting SSA #14.

Public Use Fund

The Public Use Fund is used to account for the proceeds of public use impact fees charged by the Village and the improvements funded by the fees.

Capital Improvements Fund

The Capital Improvements Fund is used to account for transfers from other funds for various construction projects.

TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund

The TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund is used for servicing projects related to the TIF Revenue Bonds of 2009A and the Tuscany Woods line of credit.

2006A Bonds Fund

The 2006A Bonds Fund is used to account for the proceeds of the 2006 Alternate Revenue Source Bonds to construct various Village improvements.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS – Continued

Equipment Replacement Fund

The Equipment Replacement Fund is used to account for the purchase of replacement vehicles for the Village fleet. Revenue is provided through excess funds.

Early Warning Impact Fees Fund

The Early Warning Impact Fees Fund is used to account for proceeds of early warning impact fees charged by the Village and the improvements funded by the fees.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents and businesses of the Village financed by user fees.

Garbage Fund

The Garbage Fund is used to account for the provision of solid waste services to the residents and businesses of the Village financed by user fees.

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies, or to other governmental units, on a cost-reimbursement basis.

Health Insurance Fund

The Health Insurance Fund is used to mitigate the burden of increases in health insurance costs. The Village has various arrangements for medical, dental and vision insurance coverage for employees. The Village's plan is to charge the department from which the employee is associated a set amount building net assets. The accumulated resources will be used in the future to lessen the amount of premium increases charged to employees and the employees' departments. The department charges account for the revenues in this fund.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TRUST AND AGENCY FUNDS

PENSION TRUST FUND

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

AGENCY FUND

The Agency Fund is used to account for the collection and remittance of impact fees for the Park District, Library Districts, School District and Fire Protection District and the collection of taxes from special service areas 9, 14, and 16 through 19 and related remittance to the bondholders.

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 826,302	826,302	831,279
Sales and Use Taxes	749,794	749,794	732,307
State Income Taxes	539,055	539,055	662,763
Replacement Taxes	20,464	20,464	23,811
Utility Taxes	415,866	415,866	423,532
	<u>2,551,481</u>	<u>2,551,481</u>	<u>2,673,692</u>
Charges for Services	<u>177,990</u>	<u>177,990</u>	<u>201,025</u>
Licenses and Permits	<u>153,225</u>	<u>153,225</u>	<u>241,792</u>
Fines and Forfeits	<u>73,000</u>	<u>73,000</u>	<u>86,622</u>
Investment Income	<u>800</u>	<u>800</u>	<u>9,210</u>
Miscellaneous Income	<u>202,783</u>	<u>202,783</u>	<u>251,491</u>
Total Revenues	<u><u>3,159,279</u></u>	<u><u>3,159,279</u></u>	<u><u>3,463,832</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
General Government			
Personal Services	\$ 250,310	250,310	287,619
Contractual Services	383,375	383,375	369,479
Commodities	15,000	15,000	12,223
Other Expenditures	47,000	47,000	38,388
Capital Outlay	14,300	14,300	7,804
	<u>709,985</u>	<u>709,985</u>	<u>715,513</u>
Highways and Streets			
Personal Services	284,333	284,333	251,312
Contractual Services	180,650	180,650	134,805
Commodities	54,000	54,000	40,329
Other Expenditures	750	750	20
Capital Outlay	168,500	168,500	224,835
	<u>688,233</u>	<u>688,233</u>	<u>651,301</u>
Police Protection			
Personal Services	1,391,544	1,391,544	1,332,730
Contractual Services	191,100	191,100	184,100
Commodities	53,350	53,350	52,405
Capital Outlay	65,520	65,520	58,779
	<u>1,701,514</u>	<u>1,701,514</u>	<u>1,628,014</u>
Planning and Zoning			
Personal Services	1,615	1,615	651
Contractual Services	500	500	532
	<u>2,115</u>	<u>2,115</u>	<u>1,183</u>
Debt Service			
Principal Retirement	128,430	128,430	48,743
Interest and Fiscal Charges	11,932	11,932	7,513
	<u>140,362</u>	<u>140,362</u>	<u>56,256</u>
Total Expenditures	<u>3,242,209</u>	<u>3,242,209</u>	<u>3,052,267</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Transportation Impact Fees - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 98,160	98,160	189,777
Expenditures			
Streets and Highways	24,000	24,000	-
Net Change in Fund Balance	<u>74,160</u>	<u>74,160</u>	189,777
Fund Balance - Beginning			<u>560,356</u>
Fund Balance - Ending			<u>750,133</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

SSA #14 Improvements - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ 10	10	438
Miscellaneous	20	20	-
Total Revenues	30	30	438
Expenditures			
Streets and Highways	-	-	-
Net Change in Fund Balance	30	30	438
Fund Balance - Beginning			168,718
Fund Balance - Ending			169,156

VILLAGE OF HAMPSHIRE, ILLINOIS

Public Use - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 25,000	25,000	15,192
Investment Income	225	225	313
Total Revenues	25,225	25,225	15,505
Expenditures			
General Government	-	-	1,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,225	25,225	14,005
Other Financing (Uses)			
Transfers Out	(70,000)	(70,000)	(70,000)
Net Change in Fund Balance	<u>(44,775)</u>	<u>(44,775)</u>	(55,995)
Fund Balance - Beginning			<u>605,603</u>
Fund Balance - Ending			<u>549,608</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2017

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
April 30, 2017**

	Special Revenue				
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence
ASSETS					
Cash and Investments	\$ 319,481	6,092	865,307	116,971	5,213
Receivables - Net of Allowances					
Property Taxes	-	103,286	-	42,400	-
Other Taxes	12,180	-	-	-	-
Due from Other Funds	44,326	294,869	603	-	-
Notes Receivable	-	-	158,142	-	-
Total Assets	<u>375,987</u>	<u>404,247</u>	<u>1,024,052</u>	<u>159,371</u>	<u>5,213</u>
LIABILITIES					
Accounts Payable	24,498	-	-	234	50
Accrued Payroll	-	-	-	714	-
Due to Other Funds	-	77,900	-	67,117	-
Total Liabilities	<u>24,498</u>	<u>77,900</u>	<u>-</u>	<u>68,065</u>	<u>50</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	-	103,286	-	42,400	-
Total Liabilities and Deferred Inflows of Resources	<u>24,498</u>	<u>181,186</u>	<u>-</u>	<u>110,465</u>	<u>50</u>
FUND BALANCES					
Restricted	351,489	223,061	1,024,052	48,906	5,163
Unassigned	-	-	-	-	-
Total Fund Balances	<u>351,489</u>	<u>223,061</u>	<u>1,024,052</u>	<u>48,906</u>	<u>5,163</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>375,987</u>	<u>404,247</u>	<u>1,024,052</u>	<u>159,371</u>	<u>5,213</u>

Capital Projects								
Tax Increment Financing	Hotel/Motel Tax	Capital Improvements	TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit	Capital Bonds	Equipment Replacement	Early Warning Impact Fees	Totals	
35,857	72,932	50,029	(61,985)	(349,925)	97,486	4,313	1,161,771	
29,526	-	-	-	-	-	-	175,212	
-	-	-	-	-	-	-	12,180	
111,497	-	-	171,360	856,019	37,599	-	1,516,273	
-	-	-	-	-	-	-	158,142	
176,880	72,932	50,029	109,375	506,094	135,085	4,313	3,023,578	
563	-	-	-	-	-	-	25,345	
-	-	-	-	-	-	-	714	
452,355	4,448	12,293	29,762	95,529	37,598	77	777,079	
452,918	4,448	12,293	29,762	95,529	37,598	77	803,138	
29,526	-	-	-	-	-	-	175,212	
482,444	4,448	12,293	29,762	95,529	37,598	77	978,350	
-	68,484	37,736	79,613	410,565	97,487	4,236	2,350,792	
(305,564)	-	-	-	-	-	-	(305,564)	
(305,564)	68,484	37,736	79,613	410,565	97,487	4,236	2,045,228	
176,880	72,932	50,029	109,375	506,094	135,085	4,313	3,023,578	

VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2017**

	Special Revenue				
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence
Revenues					
Taxes	\$ -	107,179	-	35,320	-
Charges for Services	-	-	-	-	-
Intergovernmental	152,216	-	-	-	2,320
Investment Income	1,361	32	5,666	-	20
Total Revenues	<u>153,577</u>	<u>107,211</u>	<u>5,666</u>	<u>35,320</u>	<u>2,340</u>
Expenditures					
General Government	-	-	1	-	700
Highways and Streets	42,332	139,164	-	41,949	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>42,332</u>	<u>139,164</u>	<u>1</u>	<u>41,949</u>	<u>700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	111,245	(31,953)	5,665	(6,629)	1,640
Other Financing Sources					
Transfers In	-	-	-	-	-
Net Change in Fund Balances	111,245	(31,953)	5,665	(6,629)	1,640
Fund Balances - Beginning	<u>240,244</u>	<u>255,014</u>	<u>1,018,387</u>	<u>55,535</u>	<u>3,523</u>
Fund Balances - Ending	<u><u>351,489</u></u>	<u><u>223,061</u></u>	<u><u>1,024,052</u></u>	<u><u>48,906</u></u>	<u><u>5,163</u></u>

Capital Projects								
Tax	Hotel/	TIF Revenue		Capital	Equipment	Early		
Increment	Motel	Capital	Bonds of 2009A/ Tuscany Woods	Capital	Replacement	Warning	Totals	
Financing	Tax	Improvements	Line of Credit	Bonds		Impact Fees		
32,232	21,286	-	-	-	-	-	196,017	
-	-	-	-	-	-	728	728	
-	-	-	-	-	-	-	154,536	
10	347	1	-	-	29	-	7,466	
32,242	21,633	1	-	-	29	728	358,747	
563	10,003	-	-	-	-	-	11,267	
-	-	-	-	-	-	-	223,445	
26,088	-	-	-	132,299	-	-	158,387	
31,255	-	-	-	18,308	-	-	49,563	
57,906	10,003	-	-	150,607	-	-	442,662	
(25,664)	11,630	1	-	(150,607)	29	728	(83,915)	
70,000	-	50,000	-	150,607	-	-	270,607	
44,336	11,630	50,001	-	-	29	728	186,692	
(349,900)	56,854	(12,265)	79,613	410,565	97,458	3,508	1,858,536	
(305,564)	68,484	37,736	79,613	410,565	97,487	4,236	2,045,228	

VILLAGE OF HAMPSHIRE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 136,878	136,878	152,216
Investment Income	15	15	1,361
Total Revenues	<u>136,893</u>	<u>136,893</u>	<u>153,577</u>
Expenditures			
Highways and Streets	<u>128,170</u>	<u>128,170</u>	<u>42,332</u>
Net Change in Fund Balance	<u>8,723</u>	<u>8,723</u>	111,245
Fund Balance - Beginning			<u>240,244</u>
Fund Balance - Ending			<u><u>351,489</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Road and Bridge - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 101,000	101,000	107,179
Investment Income	3	3	32
Total Revenues	<u>101,003</u>	<u>101,003</u>	<u>107,211</u>
Expenditures			
Highways and Streets	-	-	<u>139,164</u>
Net Change in Fund Balance	<u>101,003</u>	<u>101,003</u>	(31,953)
Fund Balance - Beginning			<u>255,014</u>
Fund Balance - Ending			<u><u>223,061</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Revolving Loan - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ 4,175	4,175	5,666
Expenditures			
General Government	1,050	1,050	1
Net Change in Fund Balance	<u>3,125</u>	<u>3,125</u>	5,665
Fund Balance - Beginning			<u>1,018,387</u>
Fund Balance - Ending			<u>1,024,052</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Special Service Areas - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 34,614	34,614	35,320
Expenditures			
Highways and Streets	51,521	51,521	41,949
Net Change in Fund Balance	<u>(16,907)</u>	<u>(16,907)</u>	(6,629)
Fund Balance - Beginning			<u>55,535</u>
Fund Balance - Ending			<u>48,906</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Evidence - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Evidence Money/DUI/Drug	\$ 1,750	1,750	2,320
Investment Income	8	8	20
Total Revenues	<u>1,758</u>	<u>1,758</u>	<u>2,340</u>
Expenditures			
General Government	<u>3,450</u>	<u>3,450</u>	<u>700</u>
Net Change in Fund Balance	<u>(1,692)</u>	<u>(1,692)</u>	1,640
Fund Balance - Beginning			<u>3,523</u>
Fund Balance - Ending			<u><u>5,163</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Tax Increment Financing - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 17,350	17,350	32,232
Investment Income	-	-	10
Total Revenues	<u>17,350</u>	<u>17,350</u>	<u>32,242</u>
Expenditures			
General Government			
Professional Services	1,500	1,500	563
Debt Service			
Principal Retirement	26,400	26,400	26,088
Interest and Fiscal Charges	58,288	58,288	31,255
Total Expenditures	<u>86,188</u>	<u>86,188</u>	<u>57,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,838)	(68,838)	(25,664)
Other Financing Sources			
Transfers In	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Net Change in Fund Balance	<u>1,162</u>	<u>1,162</u>	44,336
Fund Balance - Beginning			<u>(349,900)</u>
Fund Balance - Ending			<u>(305,564)</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Hotel/Motel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Hotel/Motel Tax	\$ 20,000	20,000	21,286
Investment Income	60	60	347
Total Revenues	<u>20,060</u>	<u>20,060</u>	21,633
Expenditures			
General Government	<u>10,000</u>	<u>10,000</u>	10,003
Net Change in Fund Balance	<u>10,060</u>	<u>10,060</u>	11,630
Fund Balance - Beginning			<u>56,854</u>
Fund Balance - Ending			<u>68,484</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Miscellaneous	\$ -	-	-
Expenditures			
Highways and Streets	65,621	65,621	-
Net Change in Fund Balance	<u>(65,621)</u>	<u>(65,621)</u>	-
Fund Balance - Beginning			<u>79,613</u>
Fund Balance - Ending			<u>79,613</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Capital Bonds - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	-
Expenditures			
Debt Service			
Principal Retirement	132,300	132,300	132,299
Interest and Fiscal Charges	226,287	226,287	18,308
Total Expenditures	358,587	358,587	150,607
Excess (Deficiency) of Revenues Over (Under) Expenditures	(358,587)	(358,587)	(150,607)
Other Financing Sources			
Transfers In	358,587	358,587	150,607
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning			410,565
Fund Balance - Ending			410,565

VILLAGE OF HAMPSHIRE, ILLINOIS

Equipment Replacement - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	29
Expenditures			
Highways and Streets	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	29
Other Financing Sources			
Transfers In	50,000	50,000	-
Net Change in Fund Balance	<u>50,000</u>	<u>50,000</u>	29
Fund Balance - Beginning			<u>97,458</u>
Fund Balance - Ending			<u><u>97,487</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Early Warning Impact Fees - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 230	230	728
Expenditures			
Highways and Streets	-	-	-
Net Change in Fund Balance	<u>230</u>	<u>230</u>	728
Fund Balance - Beginning			<u>3,508</u>
Fund Balance - Ending			<u>4,236</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,021,711	2,021,711	2,271,928
Operating Expenses			
Operations			
Water Department	666,539	666,539	535,967
Sewer Department	639,198	639,198	558,571
Water Reconstruction	226,510	226,510	141,160
System Improvements	61,600	61,600	56,615
Depreciation	-	-	1,395,262
Total Operating Expenses	1,593,847	1,593,847	2,687,575
Operating Income (Loss)	427,864	427,864	(415,647)
Nonoperating Revenues (Expenses)			
Tap On Fees	102,000	102,000	221,070
Investment Income	5	5	13
Grant	75,000	75,000	-
Other Income	70,200	70,200	39,560
Interest and Fiscal Charges	(82,220)	(82,220)	(78,797)
	164,985	164,985	181,846
Income (Loss) Before Transfers	592,849	592,849	(233,801)
Transfers In	35,000	35,000	-
Transfers Out	(35,000)	(35,000)	(84,734)
	-	-	(84,734)
Change in Net Position	592,849	592,849	(318,535)
Net Position - Beginning			48,192,214
Net Position - Ending			47,873,679

VILLAGE OF HAMPSHIRE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Operations			
Water Department			
Personal Services	\$ 116,114	116,114	104,900
Contractual Services	410,045	410,045	278,493
Commodities	101,860	101,860	117,054
Miscellaneous	38,520	38,520	35,520
	<u>666,539</u>	<u>666,539</u>	<u>535,967</u>
Sewer Department			
Personal Services	133,322	133,322	148,568
Contractual Services	357,206	357,206	300,544
Commodities	55,150	55,150	56,439
Miscellaneous	93,520	93,520	53,020
	<u>639,198</u>	<u>639,198</u>	<u>558,571</u>
Water Reconstruction			
Contractual Services	<u>226,510</u>	<u>226,510</u>	<u>141,160</u>
Total Operations	<u>1,532,247</u>	<u>1,532,247</u>	<u>1,235,698</u>
System Improvements			
Water Department	<u>61,600</u>	<u>61,600</u>	<u>56,615</u>
Depreciation			
Water Department	-	-	475,759
Sewer Department	-	-	919,503
Total Depreciation	<u>-</u>	<u>-</u>	<u>1,395,262</u>
Total Operating Expenses	<u>1,593,847</u>	<u>1,593,847</u>	<u>2,687,575</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Garbage - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 487,900	487,900	544,597
Operating Expenses			
Operations			
Sewer Department	493,650	493,650	517,316
Change in Net Position	<u>(5,750)</u>	<u>(5,750)</u>	27,281
Net Position - Beginning			<u>(7,912)</u>
Net Position - Ending			<u>19,369</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 200,000	200,000	200,000
Contributions - Plan Members	84,250	84,250	83,612
Total Contributions	<u>284,250</u>	<u>284,250</u>	<u>283,612</u>
Investment Income			
Interest Earned	350	350	385
Net Change in Fair Value	-	-	-
	<u>350</u>	<u>350</u>	<u>385</u>
Less Investment Expenses	-	-	-
Net Investment Income	<u>350</u>	<u>350</u>	<u>385</u>
Total Additions	<u>284,600</u>	<u>284,600</u>	<u>283,997</u>
Deductions			
Administration	26,500	26,500	5,882
Benefits and Refunds	6,065	6,065	14,029
Total Deductions	<u>32,565</u>	<u>32,565</u>	<u>19,911</u>
Change in Fiduciary Net Position	<u>252,035</u>	<u>252,035</u>	264,086
Net Position Restricted for Pensions			
Beginning			<u>1,114,986</u>
Ending			<u>1,379,072</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Agency Fund

**Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2017**

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Cash Equivalents	\$ 2,557,307	2,989,824	2,557,307	2,989,824
Cash with Fiscal Agent	298,534	-	298,534	-
Due from Other Funds	27,440	34,022	27,440	34,022
	<u>2,883,281</u>	<u>3,023,846</u>	<u>2,883,281</u>	<u>3,023,846</u>
LIABILITIES				
Due to Park District and Village Parks	547,519	476,285	547,519	476,285
Due to School Districts	22,968	180,237	22,968	180,237
Due to Library Districts	94,772	105,759	94,772	105,759
Due to Fire Districts	70,840	121,522	70,840	121,522
Due to Others	9,202	8,162	9,202	8,162
Due to Other Funds	21,041	25,968	21,041	25,968
Due to Bondholders	2,116,939	2,105,913	2,116,939	2,105,913
Total Liabilities	<u>2,883,281</u>	<u>3,023,846</u>	<u>2,883,281</u>	<u>3,023,846</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF HAMPSHIRE, ILLINOIS

**Schedule of Tax Data - Last Ten Tax Levy Years
April 30, 2017**

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Schedule of Tax Data - Last Ten Tax Levy Years

April 30, 2017

	2007	2008	2009	2010
Assessed Valuation	\$ 171,620,628	195,010,364	196,154,394	180,785,131
Tax Rates by Fund				
General	0.1294	0.1377	0.1404	0.1256
Police Protection	0.0646	0.0800	0.0802	0.0775
Special Revenue Funds				
Audit	0.0087	0.0073	0.0073	0.0725
Liability	0.0408	0.0398	0.0386	0.0339
Illinois Municipal Retirement	0.0645	0.0489	0.0511	0.0494
Social Security	0.0591	0.0330	0.0351	0.0373
Total Tax Rates	0.3671	0.3467	0.3527	0.3962
Tax Extension by Fund				
General	\$ 209,691	267,398	274,232	226,601
Police Protection	104,744	155,276	156,705	139,797
Special Revenue Funds				
Audit	14,169	14,137	14,301	130,732
Liability	66,120	77,282	75,414	61,183
Illinois Municipal Retirement	104,539	94,932	99,899	89,073
Social Security	95,814	63,979	68,559	67,283
Total Tax Extensions	595,077	673,004	689,110	714,669
Total Collections - All Funds				
Levy Collections through April 30	580,576	662,244	677,651	702,147
Percent Collected	97.56%	98.40%	98.34%	98.25%

Note: The 2016 levy is not collected until fiscal year 2018.

2011	2012	2013	2014	2015	2016
168,805,218	154,913,352	142,583,995	138,815,939	146,693,736	170,980,247
0.2627	0.2945	0.3462	0.3626	0.3454	0.2943
0.0727	0.0816	0.0920	0.1037	0.1571	0.1757
0.0245	0.0276	0.0173	0.0144	0.0130	0.0114
0.0380	0.0480	0.0541	0.0588	0.0326	0.0286
0.0208	0.0188	0.0212	0.0284	0.0130	0.0014
0.0129	0.0137	0.0154	0.0203	0.0137	0.0120
0.4316	0.4842	0.5463	0.5883	0.5748	0.5234
442,682	456,162	493,570	503,366	506,663	503,226
122,485	126,482	131,202	143,948	230,388	300,383
41,344	42,694	24,710	20,058	19,120	19,545
64,093	74,391	77,166	81,639	47,799	48,859
34,976	29,172	30,261	39,400	19,120	2,445
21,783	21,236	22,028	28,230	20,077	20,521
727,363	750,137	778,936	816,640	843,166	894,979
715,525	735,499	764,121	806,718	831,279	-
98.37%	98.05%	98.10%	98.78%	98.59%	0.00%

VILLAGE OF HAMPSHIRE, ILLINOIS

**Schedule of Water/Sewer Data
April 30, 2017**

Number of Water Users	2,589
Water Rate per 1,000 Gallons Over 5,000 Gallons	\$ 4.72
Number of Sewer Users	2,608
Sewer Rate per 1,000 Gallons	\$ 5.89
Sewer User Billings Charge per Billing	\$ 1.00
Capital Improvements per Billing	\$ 20.00

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**Dodge Charger Installment Contract of 2016
April 30, 2017**

Date of Issue	June 25, 2015
Date of Maturity	June 25, 2017
Authorized Issue	\$23,830
Interest Rate	5.50%
Principal Maturity and Interest Dates	Annually
Payable at	Ford Motor Credit Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 7,936	436	8,372

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**Panasonic Toughbook Installment Contract of 2015
April 30, 2017**

Date of Issue	August 14, 2015
Date of Maturity	August 14, 2018
Authorized Issue	\$30,000
Interest Rate	3.25%
Principal Maturity and Interest Dates	Monthly
Payable at	German American State Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 10,222	295	10,517
2019	3,489	24	3,513
	<u>13,711</u>	<u>319</u>	<u>14,030</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**Dodge Charger Installment Contract of 2017
April 30, 2017**

Date of Issue	July 25, 2016
Date of Maturity	July 25, 2019
Authorized Issue	\$50,000
Interest Rate	2.25%
Principal Maturity and Interest Dates Payable at	Monthly Resource Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 16,580	680	17,260
2019	16,957	303	17,260
2020	4,271	16	4,287
	<u>37,808</u>	<u>999</u>	<u>38,807</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**Snow Plow Installment Contract of 2017
April 30, 2017**

Date of Issue	March 6, 2017
Date of Maturity	July 6, 2020
Authorized Issue	\$100,000
Interest Rate	2.75%
Principal Maturity and Interest Dates	Annually
Payable at	German American State Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 25,000	920	25,920
2019	25,000	2,089	27,089
2020	25,000	1,392	26,392
2021	25,000	696	25,696
	<u>100,000</u>	<u>5,097</u>	<u>105,097</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**Taxable General Obligation Alternate Bonds of 2010
April 30, 2017**

Date of Issue	December 16, 2010
Date of Maturity	December 15, 2020
Authorized Issue	\$568,582
Denomination of Bonds	\$5,000
Interest Rates	1.15% to 4.80%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	County of Kane, Illinois

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 58,438	11,049	69,487
2019	60,776	8,712	69,488
2020	63,420	6,068	69,488
2021	66,305	3,183	69,488
	<u>248,939</u>	<u>29,012</u>	<u>277,951</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**General Obligation (Alternate Revenue Source) Refunding Bonds of 2012
April 30, 2017**

Date of Issue	December 20, 2012
Date of Maturity	December 15, 2023
Authorized Issue	\$2,555,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 2.75%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Mellon

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 315,000	37,288	352,288
2019	325,000	30,987	355,987
2020	330,000	24,488	354,488
2021	340,000	17,887	357,887
2022	130,000	10,408	140,408
2023	135,000	7,223	142,223
2024	135,000	3,712	138,712
	<u>1,710,000</u>	<u>131,993</u>	<u>1,841,993</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**General Obligation (Alternate Revenue Source) Refunding Bonds of 2016
April 30, 2017**

Date of Issue	April 7, 2016
Date of Maturity	December 15, 2028
Authorized Issue	\$1,175,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Mellon

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 5,000	44,875	49,875
2019	35,000	44,275	79,275
2020	35,000	43,225	78,225
2021	40,000	42,100	82,100
2022	30,000	41,050	71,050
2023	30,000	40,150	70,150
2024	30,000	39,250	69,250
2025	185,000	35,100	220,100
2026	190,000	27,600	217,600
2027	190,000	20,000	210,000
2028	200,000	12,200	212,200
2029	205,000	4,100	209,100
	<u>1,175,000</u>	<u>393,925</u>	<u>1,568,925</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

TIF Revenue Bonds of 2009A

April 30, 2017

Date of Issue	May 15, 2009
Date of Maturity	December 15, 2017
Authorized Issue	\$1,400,000
Denomination of Bonds	\$5,000
Interest Rate	5.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Mellon

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 30,000	1,575	31,575

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2002

April 30, 2017

Date of Issue	April 18, 2002
Date of Maturity	November 15, 2023
Authorized Issue	\$3,993,045
Interest Rate	2.675%
Interest Dates	May 15 and November 15
Principal Maturity Date	May 15 and November 15
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 216,561	42,539	259,100
2019	222,392	36,708	259,100
2020	228,381	30,719	259,100
2021	234,530	24,570	259,100
2022	240,847	18,253	259,100
2023	247,333	11,767	259,100
2024	253,992	5,107	259,099
	<u>1,644,036</u>	<u>169,663</u>	<u>1,813,699</u>