

VILLAGE OF HAMPSHIRE,  
ILLINOIS

ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2013

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2013**

Prepared by:  
Finance Department

**VILLAGE OF HAMPSHIRE, ILLINOIS**

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## **INTRODUCTORY SECTION**

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**List of Principal Officials  
April 30, 2013**

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**VILLAGE PRESIDENT**

Jeffrey Magnussen

**VILLAGE BOARD OF TRUSTEES**

George Brust

Martin Ebert

Janet Kraus

Michael Reid Jr.

Orris Ruth

Rob Whaley

**ADMINISTRATIVE**

Doug Maxeiner, Village Administrator

Linda R. Vasquez, Village Clerk

## **FINANCIAL SECTION**



## **INDEPENDENT AUDITORS' REPORT**

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

**INDEPENDENT AUDITORS' REPORT**

December 23, 2013

The Honorable Village President  
Members of the Board of Trustees and Village Manager  
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, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

*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, 2013, 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*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hampshire, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and 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 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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.

A handwritten signature in blue ink that reads "Lauterbach & Amen LLP". The signature is written in a cursive, flowing style.

LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# VILLAGE OF HAMPSHIRE, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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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, 2013. Please read it in conjunction with the Village's financial statements, which begin on page 3.

### FINANCIAL HIGHLIGHTS

- The Village's net position decreased as a result of this year's operations. Net position of the governmental activities decreased by \$288,584, or 0.9 percent and net position of the business-type activities decreased by \$892,661, or 1.7 percent.
- During the year, government-wide revenues before transfers for the primary government totaled \$5,375,404 while expenses totaled \$6,556,649, resulting in a decrease to net position of \$1,181,245.
- The Village's net position totaled \$83,941,225 on April 30, 2013, which includes \$78,943,006 net investment in capital assets, \$4,689,171 subject to external restrictions, and \$309,048 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a decrease in fund balance this year of \$136,934, resulting in ending fund balance of \$140,219 a decrease of 49.4 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 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, 2013

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### 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, 2013

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### 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 Improvement, Transportation Impact Fees, SSA 16 – 19 Improvements, 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, the SSA 14 Improvements Fund, the Capital Improvements Fund, the TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund, the Equipment Replacement Fund and the Health Insurance 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, 2013

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### **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 - 52 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 53 - 55 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 56 - 77 of this report.



# VILLAGE OF HAMPSHIRE, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets exceeded liabilities and deferred inflows by \$83,941,225.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 6,030,330	6,249,022	565,482	749,433	6,595,812	6,998,455
Capital Assets	31,449,567	31,718,897	54,646,295	55,874,181	86,095,862	87,593,078
Total Assets	37,479,897	37,967,919	55,211,777	56,623,614	92,691,674	94,591,533
Long-Term Debt	2,481,122	2,607,714	4,105,639	4,380,547	6,586,761	6,988,261
Other Liabilities	687,140	783,333	544,786	789,054	1,231,926	1,572,387
Deferred Inflows	931,762	908,415	-	-	931,762	908,415
Total Liabilities/Deferred Inflows	4,100,024	4,299,462	4,650,425	5,169,601	8,750,449	9,469,063
Net Position						
Net Investment in						
Capital Assets	28,764,577	28,780,286	50,178,429	51,082,458	78,943,006	79,862,744
Restricted	4,689,171	4,767,211	-	-	4,689,171	4,767,211
Unrestricted (Deficit)	(73,875)	120,960	382,923	371,555	309,048	492,515
Total Net Position	33,379,873	33,668,457	50,561,352	51,454,013	83,941,225	85,122,470

A large portion of the Village's net position, \$78,943,006 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, \$4,689,171 or 5.6 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 \$309,048 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, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 506,715	266,263	2,045,268	1,844,315	2,551,983	2,110,578
Operating Grants/Contrib.	160,817	157,303	-	-	160,817	157,303
Capital Grants/Contrib.	-	15,039	-	-	-	15,039
<b>General Revenues</b>						
Property and Replacement Taxes	933,320	929,211	-	-	933,320	929,211
Sales and Use Taxes	662,066	607,889	-	-	662,066	607,889
Income Taxes	501,341	436,922	-	-	501,341	436,922
Utility Taxes	430,152	418,787	-	-	430,152	418,787
Interest Income	4,366	4,792	190	1,281	4,556	6,073
Miscellaneous	131,169	162,093	-	-	131,169	162,093
<b>Total Revenues</b>	<b>3,329,946</b>	<b>2,998,299</b>	<b>2,045,458</b>	<b>1,845,596</b>	<b>5,375,404</b>	<b>4,843,895</b>
<b>Expenses</b>						
General Government	912,325	989,263	-	-	912,325	989,263
Police Protection	1,502,019	1,423,424	-	-	1,502,019	1,423,424
Highways and Streets	1,045,822	251,812	-	-	1,045,822	251,812
Planning and Zoning	-	1,235	-	-	-	1,235
Interest on Long-Term Debt	192,364	154,541	-	-	192,364	154,541
Water and Sewer	-	-	2,504,044	2,649,752	2,504,044	2,649,752
Garbage	-	-	400,075	365,544	400,075	365,544
<b>Total Expenses</b>	<b>3,652,530</b>	<b>2,820,275</b>	<b>2,904,119</b>	<b>3,015,296</b>	<b>6,556,649</b>	<b>5,835,571</b>
Change in Net Position Before Transfers	(322,584)	178,024	(858,661)	(1,169,700)	(1,181,245)	(991,676)
Transfers	34,000	546,524	(34,000)	(546,524)	-	-
Change in Net Position	(288,584)	724,548	(892,661)	(1,716,224)	(1,181,245)	(991,676)
Net Position - Beginning	33,668,457	32,943,909	51,454,013	53,170,237	85,122,470	86,114,146
Net Position-Ending	33,379,873	33,668,457	50,561,352	51,454,013	83,941,225	85,122,470

# VILLAGE OF HAMPSHIRE, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

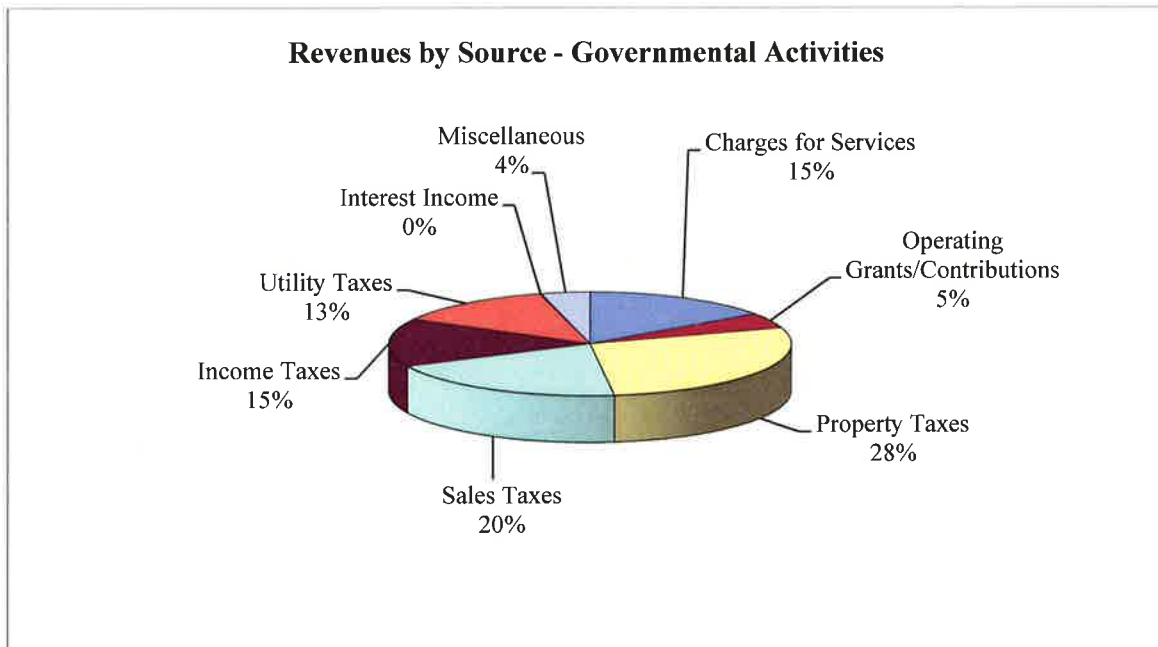
Net position of the Village's governmental activities decreased by 0.9 percent (\$33,668,457 in 2012, compared to \$33,379,873 in 2013). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, was a deficit of \$73,875 at April 30, 2013.

Net position of business-type activities decreased by 1.7 percent (\$51,454,013 in 2012 compared to \$50,561,352 in 2013).

#### Governmental Activities

Revenues for governmental activities totaled \$3,329,946, while the cost of all governmental functions totaled \$3,652,530. This results in a decrease of \$322,584 prior to transfers in of \$34,000. In 2012, revenues of \$2,998,299 exceeded expenses of \$2,820,275 resulting in an increase of \$178,024 prior to transfers in of \$546,524. During 2013, the Village continued to see increases in some of its state shared revenues, including sales and uses taxes and income taxes and telecommunication utility taxes. Overall revenues for the governmental activities increased \$331,647.

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.



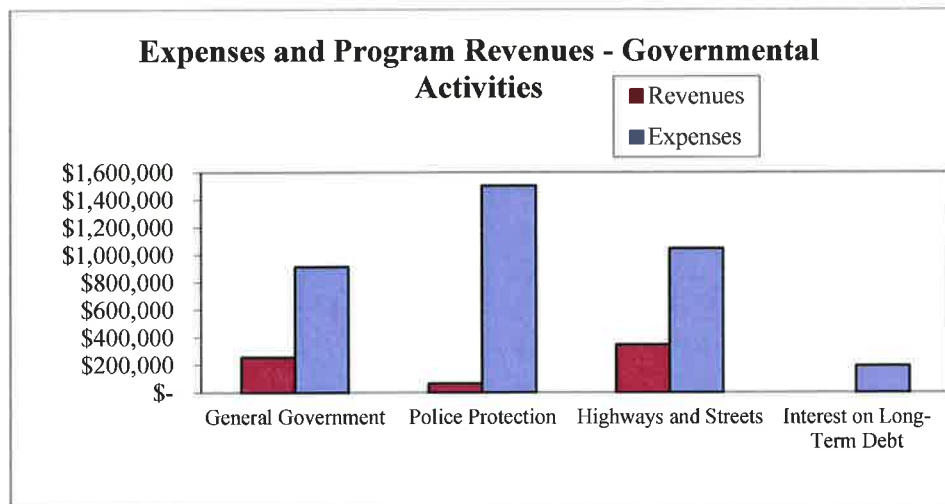
# VILLAGE OF HAMPSHIRE, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

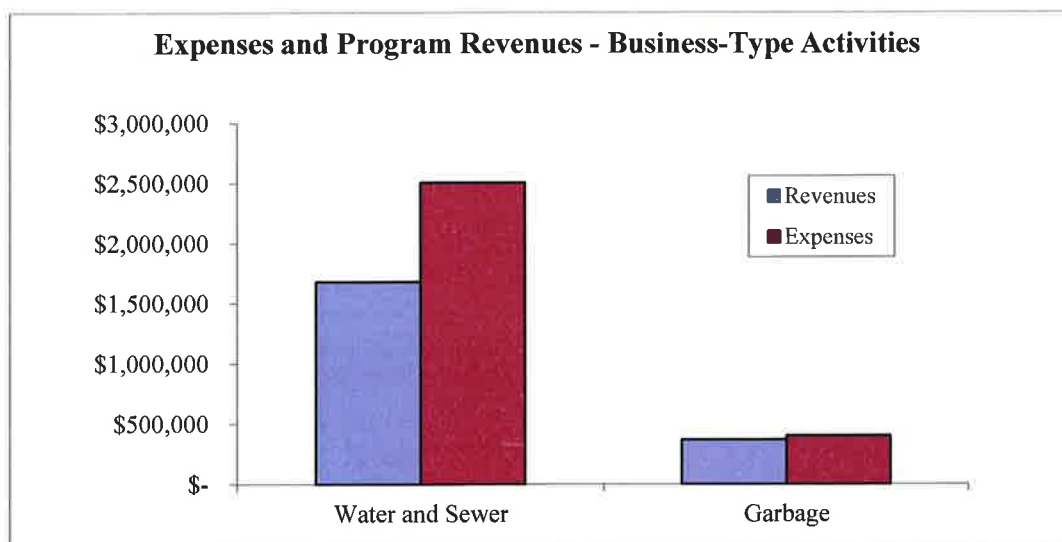
#### Governmental Activities – Continued

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 \$2,045,458, while the cost of all business-type activities totaled \$2,904,119. This results in a decrease in net position of \$858,661 prior to transfers out of \$34,000. In 2012, revenues of \$1,845,596 were less than expenses of \$3,015,296, resulting in a decrease in net position of \$1,169,700 prior to transfers out of \$546,524. The decrease in the current year is a result of higher depreciation charges.



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

## VILLAGE OF HAMPSHIRE, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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#### 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 \$4,625,629, which is \$307,299 lower than last year's total of \$4,932,928. Of the \$4,625,629 total, the Village has an unassigned deficit of \$97,977.

The General Fund reported fund balance for the year of \$140,219, a decrease of \$136,934 or 49.4 percent. While revenues increased in the General Fund, expenditures increased as well.

The General Fund is the chief operating fund of the Village. At April 30, 2013, unassigned fund balance in the General Fund was \$105,784, which represents 75.4 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 3.6 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 Fund reported a decrease in fund balance of \$114,861 while the Transportation Impact Fees Fund reported an increase in fund balance of \$67,920. The SSA 16-19 Improvement Fund reported a decrease in fund balance of \$68,019. The SSA 14 Improvement Fund reported a \$45 increase with no activity and the Public Use Fund reported an increase of \$13,560.

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, SSA Bond 5-55 Fund, Capital Improvements Fund, TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund, 2006A Bonds Fund, and Equipment Replacement Fund.

# VILLAGE OF HAMPSHIRE, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### 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 \$858,507 due 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 a decrease in net position of \$34,154 due to garbage expenses exceeding collections.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

No amendments were made to the General Fund budget during the year. General Fund actual revenues for the year totaled \$2,757,284 compared to budgeted revenues of \$2,634,033. Taxes, charges for services and licenses and permits were slightly higher than budget.

The General Fund actual expenditures for the year were \$2,917,842, with budgeted expenditures of \$2,594,110. The Village worked during the year to control costs in the General Fund but had unexpected costs in general government and police protection functions.

#### 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, 2013 was \$86,095,862 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, machinery and equipment, and underground water and sewer lines.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 20,868,259	20,868,259	1,201,448	1,201,448	22,069,707	22,069,707
Construction in Progress	-	2,167,559	605,748	1,142,312	605,748	3,309,871
Buildings	12,720	13,780	24,441,177	24,958,407	24,453,897	24,972,187
Machinery and Equipment	355,683	399,972	31,351	23,353	387,034	423,325
Underground Water and Sewer Lines	10,212,905	8,269,327	28,366,571	28,548,662	38,579,476	36,817,989
Total	31,449,567	31,718,897	54,646,295	55,874,182	86,095,862	87,593,079

# VILLAGE OF HAMPSHIRE, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Capital Assets – Continued

This year's major additions included:

Construction in Progress	\$	2,450
Buildings		101,590
Vehicles, Machinery and Equipment		62,160
Infrastructure		2,167,559
Underground Water and Sewer Lines		539,014

Additional information on the Village's capital assets can be found in note 3 on pages 32 - 33 of this report.

#### Debt Administration

At year-end, the Village had total outstanding debt of \$7,152,856 as compared to \$7,730,334 the previous year, a decrease of 7.5 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Installment Contracts	\$ 122,309	183,611	-	20,128	122,309	203,739
General Obligations/ Alternate Revenue Bonds	1,242,681	1,410,000	1,952,906	917,018	3,195,587	2,327,018
TIF Revenue Bonds	1,320,000	1,345,000	-	-	1,320,000	1,345,000
IEPA Loans	-	-	2,454,960	2,644,577	2,454,960	2,644,577
Debt Certificates	-	-	60,000	1,210,000	60,000	1,210,000
Total	2,684,990	2,938,611	4,467,866	4,791,723	7,152,856	7,730,334

During the year the Village issued installment contracts of \$22,612 and made annual payments on all other long-term debt issuances. The Village also issued alternate revenue refunding bonds to refund portions of the 2003 and 2006 bond issues resulting in future interest savings of \$176,518. 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 margin for the Village is \$13,301,277.

Additional information on the Village's long-term debt can be found in Note 3 on pages 35 - 42 of this report.

## **VILLAGE OF HAMPSHIRE, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2013**

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

The downturn in the economy has affected the Village most notably in the slowdown of new residential development. Although the Village annexed several acres of commercial and residential property, virtually all new residential development had ceased. Continuing problems within the housing market including pressure from foreclosures and distressed properties make it unlikely significant new residential development will occur in the near future. The Village remains optimistic, however, about the recent number of new residential building permits issued and is beginning to see a modest upturn in the housing market.

Furthermore, the slumping economy has caused a sharp decline in interest rates and interest earnings. Until the economy improves, interest rates are expected to remain flat.

#### **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 Village of Hampshire, 234 South 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, 2013**

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**See Following Page**

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Position  
April 30, 2013

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 4,374,901	315,866	4,690,767
Receivables - Net of Allowances	1,275,677	351,419	1,627,096
Notes Receivable	226,141	-	226,141
Prepays	34,435	17,373	51,808
Internal Balances	119,176	(119,176)	-
Total Current Assets	6,030,330	565,482	6,595,812
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	20,868,259	1,807,196	22,675,455
Depreciable Capital Assets	12,428,149	63,514,121	75,942,270
Accumulated Depreciation	(1,846,841)	(10,675,022)	(12,521,863)
Total Noncurrent Assets	31,449,567	54,646,295	86,095,862
Total Assets	37,479,897	55,211,777	92,691,674

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

	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	220,394	108,330	328,724
Accrued Payroll	56,825	10,257	67,082
Accrued Interest Payable	37,158	46,549	83,707
Deposits Payable	156,305	-	156,305
Other Liabilities	12,590	17,423	30,013
Current Portion of Long-term Debt	203,868	362,227	566,095
<b>Total Current Liabilities</b>	<b>687,140</b>	<b>544,786</b>	<b>1,231,926</b>
<b>Noncurrent Liabilities</b>			
Installment Contracts	68,140	-	68,140
General Obligation Bonds	-	1,845,402	1,845,402
Alternate Revenue Bonds	1,117,982	-	1,117,982
TIF Revenue Bonds	1,295,000	-	1,295,000
IEPA Loan	-	2,260,237	2,260,237
<b>Total Noncurrent Liabilities</b>	<b>2,481,122</b>	<b>4,105,639</b>	<b>6,586,761</b>
<b>Total Liabilities</b>	<b>3,168,262</b>	<b>4,650,425</b>	<b>7,818,687</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	931,762	-	931,762
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>4,100,024</b>	<b>4,650,425</b>	<b>8,750,449</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	28,764,577	50,178,429	78,943,006
Restricted			
Highways and Streets	2,977,748	-	2,977,748
Public Safety	5,240	-	5,240
Subdivision Maintenance	39,081	-	39,081
Economic Development	1,016,232	-	1,016,232
Tourism	32,112	-	32,112
Public Use	618,758	-	618,758
Unrestricted	(73,875)	382,923	309,048
<b>Total Net Position</b>	<b>33,379,873</b>	<b>50,561,352</b>	<b>83,941,225</b>

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

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Statement of Activities  
Year Ended April 30, 2013**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General Government	\$ 912,325	255,351	-	-
Police Protection	1,502,019	66,176	-	-
Highways and Streets	1,045,822	185,188	160,817	-
Interest on Long-Term Debt	192,364	-	-	-
<b>Total Governmental Activities</b>	<b>3,652,530</b>	<b>506,715</b>	<b>160,817</b>	<b>-</b>
<b>Business-Type Activities</b>				
Water and Sewer	2,504,044	1,679,347	-	-
Garbage	400,075	365,921	-	-
<b>Total Business-Type Activities</b>	<b>2,904,119</b>	<b>2,045,268</b>	<b>-</b>	<b>-</b>
	<b>6,556,649</b>	<b>2,551,983</b>	<b>160,817</b>	<b>-</b>

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 Expense/Revenue		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(656,974)	-	(656,974)
(1,435,843)	-	(1,435,843)
(699,817)	-	(699,817)
(192,364)	-	(192,364)
(2,984,998)	-	(2,984,998)
-	(824,697)	(824,697)
-	(34,154)	(34,154)
-	(858,851)	(858,851)
(2,984,998)	(858,851)	(3,843,849)
914,605	-	914,605
18,715	-	18,715
662,066	-	662,066
501,341	-	501,341
430,152	-	430,152
4,366	190	4,556
131,169	-	131,169
34,000	(34,000)	-
2,696,414	(33,810)	2,662,604
(288,584)	(892,661)	(1,181,245)
33,668,457	51,454,013	85,122,470
33,379,873	50,561,352	83,941,225

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

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Governmental Funds - Balance Sheet  
April 30, 2013**

	General	SSA 13 Improvement	Transportation Impact Fees
<b>ASSETS</b>			
Cash and Investments	\$ -	1,228,239	72,968
Receivables - Net of Allowances			
Property Taxes	750,679	-	-
Other Taxes	334,348	-	-
Due from Other Funds	2,323,723	-	154,004
Notes Receivable	-	-	-
Prepays	34,435	-	-
<b>Total Assets</b>	<b>3,443,185</b>	<b>1,228,239</b>	<b>226,972</b>
<b>LIABILITIES</b>			
Accounts Payable	94,481	-	-
Accrued Payroll	56,825	-	-
Deposits Payable	156,305	-	-
Other Liabilities	12,590	-	-
Due to Other Funds	2,232,086	-	-
<b>Total Liabilities</b>	<b>2,552,287</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	750,679	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>3,302,966</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	34,435	-	-
Restricted	-	1,228,239	226,972
Unassigned	105,784	-	-
<b>Total Fund Balances</b>	<b>140,219</b>	<b>1,228,239</b>	<b>226,972</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>3,443,185</b>	<b>1,228,239</b>	<b>226,972</b>

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

<u>Capital Projects</u>				
<u>SSA 16 - 19</u> <u>Improvements</u>	<u>SSA 14</u> <u>Improvements</u>	<u>Public</u> <u>Use</u>	<u>Nonmajor</u>	<u>Total</u>
127,642	160,514	671,994	2,113,544	4,374,901
-	-	-	181,083	931,762
-	-	-	9,567	343,915
-	-	52,906	843,283	3,373,916
-	-	-	226,141	226,141
-	-	-	-	34,435
<u>127,642</u>	<u>160,514</u>	<u>724,900</u>	<u>3,373,618</u>	<u>9,285,070</u>
-	-	-	-	94,481
-	-	-	-	56,825
-	-	-	-	156,305
-	-	-	-	12,590
-	-	106,142	1,069,250	3,407,478
-	-	106,142	1,069,250	3,727,679
-	-	-	181,083	931,762
-	-	106,142	1,250,333	4,659,441
-	-	-	-	34,435
127,642	160,514	618,758	2,327,046	4,689,171
-	-	-	(203,761)	(97,977)
<u>127,642</u>	<u>160,514</u>	<u>618,758</u>	<u>2,123,285</u>	<u>4,625,629</u>
<u>127,642</u>	<u>160,514</u>	<u>724,900</u>	<u>3,373,618</u>	<u>9,285,070</u>

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, 2013**

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<b>Total Governmental Fund Balances</b>	<b>\$ 4,625,629</b>
 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.	31,449,567
Internal service funds are used by the Village to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	26,825
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Installment Contracts	(122,309)
General Obligation/Alternate Revenue Bonds	(1,242,681)
TIF Revenue Bonds	(1,320,000)
Accrued Interest Payable	<u>(37,158)</u>
 <b>Net Position of Governmental Activities</b>	 <b><u>33,379,873</u></b>

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  
Year Ended April 30, 2013**

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**See Following Page**

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended April 30, 2013**

	General	SSA 13 Improvement	Transportation Impact Fees
<b>Revenues</b>			
Taxes	\$ 2,327,799	-	-
Charges for Services	62,649	-	112,886
Intergovernmental	-	-	-
Licenses and Permits	169,911	-	-
Fines and Forfeits	64,424	-	-
Investment Income	1,350	80	34
Miscellaneous	131,151	18	-
Total Revenues	2,757,284	98	112,920
<b>Expenditures</b>			
Current			
General Government	868,208	-	-
Highways and Streets	484,154	114,959	-
Police Protection	1,459,767	-	-
Debt Service			
Principal Retirement	87,414	-	-
Interest and Fiscal Charges	18,299	-	-
Total Expenditures	2,917,842	114,959	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,558)	(114,861)	112,920
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	22,612	-	-
Premium on Debt Issuance	-	-	-
Payment to Escrow Agent	-	-	-
Transfers In	113,512	-	-
Transfers Out	(112,500)	-	(45,000)
	23,624	-	(45,000)
Net Change in Fund Balances	(136,934)	(114,861)	67,920
Fund Balances - Beginning	277,153	1,343,100	159,052
Fund Balances - Ending	140,219	1,228,239	226,972

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	Total
-	-	-	199,080	2,526,879
-	-	-	-	175,535
-	-	72,302	162,569	234,871
-	-	-	-	169,911
-	-	-	-	64,424
16	45	878	1,963	4,366
-	-	-	-	131,169
16	45	73,180	363,612	3,307,155
-	-	18,620	25,485	912,313
68,035	-	-	151,596	818,744
-	-	-	-	1,459,767
-	-	-	251,500	338,914
-	-	-	157,813	176,112
68,035	-	18,620	586,394	3,705,850
(68,019)	45	54,560	(222,782)	(398,695)
-	-	-	1,067,681	1,090,293
-	-	-	13,144	13,144
-	-	-	(1,046,041)	(1,046,041)
-	-	-	232,500	346,012
-	-	(41,000)	(113,512)	(312,012)
-	-	(41,000)	153,772	91,396
(68,019)	45	13,560	(69,010)	(307,299)
195,661	160,469	605,198	2,192,295	4,932,928
127,642	160,514	618,758	2,123,285	4,625,629

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

Year Ended April 30, 2013

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Net Change in Fund Balances - Total Governmental Funds \$ (307,299)

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 41,642  
Depreciation Expense (301,801)

The Net Effect of Various Miscellaneous Transactions Involving Capital Assets  
is to Decrease Net Position.

Disposals - Cost (49,529)  
Disposals - Accumulated Depreciation 40,358

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.

Debt Issuance (1,090,293)  
Retirement of Debt 1,343,914

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.

11,645

Internal service funds are used by the Village to charge the costs of health  
insurance to individual funds.

The net revenue of certain activities of internal service funds is  
reported with governmental activities.

22,779

Changes in Net Position of Governmental Activities

(288,584)

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, 2013**

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**See Following Page**

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
April 30, 2013**

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Garbage	Total	Internal Service
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 118,471	197,395	315,866	-
Receivables - Net of Allowances Accounts	282,482	68,937	351,419	-
Due from Other Funds	2,011,445	10,137	2,021,582	26,825
Prepays	17,373	-	17,373	-
Total Current Assets	2,429,771	276,469	2,706,240	26,825
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Nondepreciable Capital Assets	1,807,196	-	1,807,196	-
Depreciable Capital Assets	63,514,121	-	63,514,121	-
Accumulated Depreciation	(10,675,022)	-	(10,675,022)	-
Total Noncurrent Assets	54,646,295	-	54,646,295	-
Total Assets	57,076,066	276,469	57,352,535	26,825

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

	Business-Type Activities - Enterprise			Governmental
	Water and	Garbage	Total	Activities
	Sewer			Internal
				Service
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	76,007	32,323	108,330	-
Accrued Payroll	10,257	-	10,257	-
Accrued Interest Payable	46,549	-	46,549	-
Other Liabilities	17,423	-	17,423	-
Due to Other Funds	1,946,866	193,892	2,140,758	-
General Obligation Bonds	107,504	-	107,504	-
IEPA Loan	194,723	-	194,723	-
Debt Certificates	60,000	-	60,000	-
Total Current Liabilities	2,459,329	226,215	2,685,544	-
Noncurrent Liabilities				
General Obligation Bonds	1,845,402	-	1,845,402	-
IEPA Loan	2,260,237	-	2,260,237	-
Total Noncurrent Liabilities	4,105,639	-	4,105,639	-
Total Liabilities	6,564,968	226,215	6,791,183	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	50,178,429	-	50,178,429	-
Unrestricted	332,669	50,254	382,923	26,825
Total Net Position	50,511,098	50,254	50,561,352	26,825

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  
Year Ended April 30, 2013

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Garbage	Total	Activities Internal Service
Operating Revenues				
Charges for Services	\$ 1,672,847	365,921	2,038,768	22,791
Operating Expenses				
Operations				
Water Department	349,106	-	349,106	-
Sewer Department	551,571	400,075	951,646	-
Health Insurance	-	-	-	12
System Improvements	30,535	-	30,535	-
Depreciation	1,352,445	-	1,352,445	-
Total Operating Expenses	2,283,657	400,075	2,683,732	12
Operating Income (Loss)	(610,810)	(34,154)	(644,964)	22,779
Nonoperating Revenues (Expenses)				
Tap On Fees	6,500	-	6,500	-
Investment Income	190	-	190	-
Interest and Fiscal Charges	(220,387)	-	(220,387)	-
	(213,697)	-	(213,697)	-
Income (Loss) Before Transfers	(824,507)	(34,154)	(858,661)	22,779
Transfers In	41,000	-	41,000	-
Transfers Out	(75,000)	-	(75,000)	-
	(34,000)	-	(34,000)	-
Change in Net Position	(858,507)	(34,154)	(892,661)	22,779
Net Position - Beginning	51,369,605	84,408	51,454,013	4,046
Net Position - Ending	50,511,098	50,254	50,561,352	26,825

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Cash Flows - Proprietary Funds  
Year Ended April 30, 2013

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Garbage	Total	Activities Internal Service
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ (33,004)	363,116	330,112	12
Payments to Employees	(181,028)	-	(181,028)	-
Payments to Suppliers	397,965	(443,953)	(45,988)	(12)
	<u>183,933</u>	<u>(80,837)</u>	<u>103,096</u>	<u>-</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In	41,000	-	41,000	-
Transfers Out	(75,000)	-	(75,000)	-
	<u>(34,000)</u>	<u>-</u>	<u>(34,000)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Capital Assets	(124,558)	-	(124,558)	-
Issuance of Capita Debt	1,487,319	-	1,487,319	-
Principal on Capital Debt	(1,811,176)	-	(1,811,176)	-
Interest on Capital Debt	(220,387)	-	(220,387)	-
	<u>(668,802)</u>	<u>-</u>	<u>(668,802)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	190	-	190	-
<b>Net Change in Cash and Cash Equivalents</b>	<u>(518,679)</u>	<u>(80,837)</u>	<u>(599,516)</u>	<u>-</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>637,150</u>	<u>278,232</u>	<u>915,382</u>	<u>-</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>118,471</u>	<u>197,395</u>	<u>315,866</u>	<u>-</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	(610,810)	(34,154)	(644,964)	22,779
<b>Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used In) Operating Activities:</b>				
Depreciation Expense	1,352,445	-	1,352,445	-
Other Income	6,500	-	6,500	-
(Increase) Decrease in Current Assets	(1,712,351)	(2,805)	(1,715,156)	(22,779)
Increase (Decrease) in Current Liabilities	1,148,149	(43,878)	1,104,271	-
<b>Net Cash Provided by Operating Activities</b>	<u>183,933</u>	<u>(80,837)</u>	<u>103,096</u>	<u>-</u>

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

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Statement of Net Position - Fiduciary Funds  
April 30, 2013**

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	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 282,017	298,488
Cash with Fiscal Agent	-	2,542,306
Due from Other Funds	121,222	112,215
	<hr/>	<hr/>
Total Assets	403,239	2,953,009
<b>LIABILITIES</b>		
Due to Park District	-	269,686
Due to School District	-	112,482
Due to Library Districts	-	59,822
Due to Fire District	-	25,834
Due to Others	-	2,943
Due to Other Funds	-	107,524
Due to Bondholders	-	2,374,718
	<hr/>	<hr/>
Total Liabilities	-	2,953,009
<b>NET POSITION</b>		
Net Plan Position Held in Trust for Pension Benefits	403,239	-
	<hr/>	<hr/>

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

## VILLAGE OF HAMPSHIRE, ILLINOIS

### Statement of Changes in Net Position - Fiduciary Funds Year Ended April 30, 2013

	<u>Pension Trust</u>
<b>Additions</b>	
Contributions - Employer	\$ 121,222
Contributions - Plan Members	283,858
Total Contributions	<u>405,080</u>
Investment Income	
Interest Earned	-
Net Change in Fair Value	-
	<u>-</u>
Less Investment Expenses	-
Net Investment Income	<u>-</u>
	<u>-</u>
Total Additions	<u>405,080</u>
<b>Deductions</b>	
Administration	1,841
Benefits and Refunds	-
	<u>-</u>
Total Deductions	<u>1,841</u>
Change in Net Position	403,239
Net Plan Position Held in Trust for Pension Benefits	
Beginning	<u>-</u>
Ending	<u>403,239</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, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Hampshire, 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. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 39, there are no component units included in the reporting entity.

#### 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, one elected pension beneficiary and two elected police employees constitute the pension board. 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, 2013

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### 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) changes 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, 2013

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### 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, 2013

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### 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.

**Debt service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village maintains one nonmajor debt service fund.

**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 four 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, 2013

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

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Proprietary Funds – Continued

**Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains one internal service fund, the Health Insurance Fund, which mitigates 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.

##### 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.

# VILLAGE OF HAMPSHIRE, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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

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

##### Measurement Focus

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

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

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-like 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, 2013

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### 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. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

##### 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.

##### 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, 2013**

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

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure, such as streets, 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 and Equipment	5 – 20 Years
Underground Water/Sewer Lines	25 – 50 Years
Infrastructure	25 – 50 Years

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, sidewalks, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

**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 expenditures/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 expenditures.

# VILLAGE OF HAMPSHIRE, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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

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

##### 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.”

### 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 Village Administrator 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 statutes 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.

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued**

**BUDGETARY INFORMATION – Continued**

Budgets are prepared for all funds except the SSA 13 Improvement Fund, the SSA 16 - 19 Improvements Fund, the SSA 14 Improvements Fund, the Capital Improvements Fund, the TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund, the Equipment Replacement Fund and the Health Insurance 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>
General	\$ 323,732
Public Use	3,620
Evidence	3,648
Tax Increment Financing	60,660
SSA Bond 5-55	609
2006A Bonds	173,514
Garbage	24,298

**DEFICIT FUND EQUITY**

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

<u>Fund</u>	<u>Deficit</u>
Tax Increment Financing	\$ 190,537
Capital Improvements	13,224

**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.

## VILLAGE OF HAMPSHIRE, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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

##### DEPOSITS AND INVESTMENTS – Continued

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 Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds 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; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, 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 provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds of at least 5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty-five percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

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

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

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$4,447,759 and the bank balances totaled \$6,022,541. The Village also has \$243,008 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.

## VILLAGE OF HAMPSHIRE, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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

##### DEPOSITS AND INVESTMENTS – Continued

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

*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. 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 has over 5% of total cash and investments invested in the Illinois Funds.

##### **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 \$282,017 and the bank balances totaled \$313,239.

*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.



**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**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**

*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 over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations).

**PROPERTY TAXES**

Property taxes for 2012 attach as an enforceable lien on January 1, 2012, 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, 2013 and September 1, 2013. 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, 2013 total \$226,141. Minimum future receipts from recipients under this program are as follows:

Year Ended April 30	Principal	Interest	Total
2014	\$ 184,701	11,085	195,786
2015	22,437	937	23,374
2016	19,003	267	19,270
	<u>226,141</u>	<u>12,289</u>	<u>238,430</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**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
<b>Nondepreciable Capital Assets</b>				
Land	\$ 20,868,259	-	-	20,868,259
Construction in Progress	2,167,559	-	2,167,559	-
	<u>23,035,818</u>	<u>-</u>	<u>2,167,559</u>	<u>20,868,259</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	58,800	-	-	58,800
Vehicles and Equipment	1,055,078	41,642	40,358	1,056,362
Infrastructure	9,154,599	2,167,559	9,171	11,312,987
	<u>10,268,477</u>	<u>2,209,201</u>	<u>49,529</u>	<u>12,428,149</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	45,020	1,060	-	46,080
Vehicles and Equipment	655,106	85,931	40,358	700,679
Infrastructure	885,272	214,810	-	1,100,082
	<u>1,585,398</u>	<u>301,801</u>	<u>40,358</u>	<u>1,846,841</u>
<b>Total Net Depreciable Capital Assets</b>	<u>8,683,079</u>	<u>1,907,400</u>	<u>9,171</u>	<u>10,581,308</u>
<b>Total Net Capital Assets</b>	<u>31,718,897</u>	<u>1,907,400</u>	<u>2,176,730</u>	<u>31,449,567</u>

Depreciation expense was charged to governmental activities as follows:

Public Safety	\$ 42,252
Highways and Streets	<u>259,549</u>
	<u>301,801</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**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
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,201,448	-	-	1,201,448
Construction in Progress	1,142,312	2,450	539,014	605,748
	<u>2,343,760</u>	<u>2,450</u>	<u>539,014</u>	<u>1,807,196</u>
<b>Depreciable Capital Assets</b>				
Buildings	28,623,908	101,590	-	28,725,498
Machinery and Equipment	284,512	20,518	-	305,030
Underground Water and Sewer Lines	33,944,579	539,014	-	34,483,593
	<u>62,852,999</u>	<u>661,122</u>	<u>-</u>	<u>63,514,121</u>
<b>Less Accumulated Depreciation</b>				
Buildings	3,665,501	618,820	-	4,284,321
Machinery and Equipment	261,159	12,520	-	273,679
Underground Water and Sewer Lines	5,395,917	721,105	-	6,117,022
	<u>9,322,577</u>	<u>1,352,445</u>	<u>-</u>	<u>10,675,022</u>
Total Net Depreciable Capital Assets	<u>53,530,422</u>	<u>(691,323)</u>	<u>-</u>	<u>52,839,099</u>
Total Net Capital Assets	<u>55,874,182</u>	<u>(688,873)</u>	<u>539,014</u>	<u>54,646,295</u>

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

Water and Sewer	<u>\$ 1,352,445</u>
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**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**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	Public Use	\$ 106,142
General	Nonmajor Governmental	759,497
General	Water and Sewer	1,213,172
General	Garbage	137,388
General	Agency	107,524
Transportation Impact Fees	General	74,780
Transportation Impact Fees	Nonmajor Governmental	51,062
Transportation Impact Fees	Garbage	28,162
Public Use	General	52,906
Nonmajor Governmental	General	416,860
Nonmajor Governmental	Nonmajor Governmental	224,697
Nonmajor Governmental	Water and Sewer	173,384
Nonmajor Governmental	Garbage	28,342
Water and Sewer	General	1,421,449
Water and Sewer	Nonmajor Governmental	33,994
Water and Sewer	Water and Sewer	556,002
Garbage	General	10,137
Health Insurance	General	22,517
Health Insurance	Water and Sewer	4,308
Police Pension	General	121,222
Agency	General	112,215
		<u>5,543,545</u>

Interfund balances are advances in anticipation of receipts.

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**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
General	Nonmajor Governmental	\$ 113,512
Nonmajor Governmental	General	112,500
Nonmajor Governmental	Transportation Impact Fees	45,000
Nonmajor Governmental	Water and Sewer	75,000
Water and Sewer	Public Use	<u>41,000</u>
		<u><u>387,012</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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) 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**

**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
Trailer Mounted High Pressure Sewer Cleaner Equipment Installment Contract of 2007 - Due in annual installments of \$21,411 including interest at 5.138% through September 10, 2012.	Water and Sewer	\$ 20,128	-	20,128	-

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Installment Contracts – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
International Plow Truck Equipment Installment Contract of 2008 - Due in monthly installments of \$1,677 including interest at 4.10% through June 1, 2013.	General	\$ 22,568	-	19,567	3,001
Ford Crown Victoria Installment Contract of 2010 - Due in annual installments of \$15,357 including interest at 7.10% through August 10, 2012.	General	14,338	-	14,338	-
Installment Contract of 2011 - Due in monthly installments of \$2,533 including interest at 4.00% through May 1, 2016.	General	114,184	-	26,243	87,941
Dodge Charger Installment Contract of 2011 - Due in annual installments of \$8,478 including interest at 6.50% through June 17, 2013.	General	15,436	-	7,475	7,961
Ford Expedition Installment Contract of 2011 - Due in annual installments of \$9,384 including interest at 6.50% through July 18, 2013.	General	17,085	-	8,274	8,811
Dodge Charger Installment Contract of 2012 - Due in annual installments of \$8,017 including interest at 6.50% through July 18, 2014.	General	-	22,612	8,017	14,595
		<u>203,739</u>	<u>22,612</u>	<u>104,042</u>	<u>122,309</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**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
General Obligation (Alternate Revenue Source) Refunding Bonds of 2003 - Due in annual installments of \$10,000 to \$115,000, plus interest of 2.00% - 4.25%, through December 15, 2015.	Water and Sewer	\$ 400,000	-	310,000 * 90,000	-
General Obligation (Alternate Revenue Source) Refunding Bonds of 2005 - Due in annual installments of \$60,000 to \$150,000, plus interest of 3.70% - 4.15%, through October 1, 2012.	SSA Bond Fund 5-55	150,000	-	150,000	-
General Obligation (Alternate Revenue Source ) Bonds of 2006 - Due in annual installments of \$60,000 to \$135,000 plus interest of 4.10% - 5.00% through December 15, 2023.	2006A Bonds	1,260,000	-	1,005,000 * 80,000	175,000
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	517,018	-	51,431	465,587
General Obligation (Alternate Revenue Source ) Refunding Bonds of 2012 - Due in annual installments of \$95,000 to \$135,000 plus interest of 2.00% - 2.75% through December 15, 2023.	Capital Projects Water and Sewer	-	1,067,681	-	1,067,681
		-	1,487,319	-	1,487,319
		<u>2,327,018</u>	<u>2,555,000</u>	<u>1,686,431</u>	<u>3,195,587</u>

\* Refunded

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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

**LONG-TERM DEBT – Continued**

**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, 2028.	Tax Increment Financing	\$ 1,345,000	-	25,000	1,320,000

**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	\$ 2,644,577	-	189,617	2,454,960

**Debt Certificates**

The Village issues debt certificates to provide funds for the acquisition and construction of major capital facilities. Debt certificates are direct obligations and pledge the full faith and credit of the Village. Debt certificates currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Debt Certificates of 2003 - Due in annual installments of \$25,000 to \$215,000 plus interest of 1.70% - 4.50% through December 15, 2020.	Water and Sewer	\$ 1,210,000	-	1,090,000 * 60,000	60,000

\* Refunded



**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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

**LONG-TERM DEBT – Continued**

**Noncommitment Debt – Special Service Area Bonds**

Special service area bonds outstanding as of the date of this report totaled \$26,403,674. 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.

**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
<b>Governmental Activities</b>					
Installment Contracts	\$ 183,611	22,612	83,914	122,309	54,169
General Obligation Alternate Revenue Bonds	1,410,000	1,067,681	1,235,000	1,242,681	124,699
TIF Revenue Bonds	1,345,000	-	25,000	1,320,000	25,000
	<u>2,938,611</u>	<u>1,090,293</u>	<u>1,343,914</u>	<u>2,684,990</u>	<u>203,868</u>
<b>Business-Type Activities</b>					
Installment Contracts	20,128	-	20,128	-	-
General Obligation Alternate Revenue Bonds	917,018	1,487,319	451,431	1,952,906	107,504
IEPA Loan	2,644,577	-	189,617	2,454,960	194,723
Debt Certificates	1,210,000	-	1,150,000	60,000	60,000
	<u>4,791,723</u>	<u>1,487,319</u>	<u>1,811,176</u>	<u>4,467,866</u>	<u>362,227</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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

**LONG-TERM DEBT – Continued**

**Long-Term Liability Activity – Continued**

For governmental activities, payments on the installment contracts are being made by the General Fund. The 2006A Bonds and SSA Bond 5-55 Funds make 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 installment contracts, general obligation alternate revenue bonds, IEPA loan and debt certificates.

**Debt Service Requirements to Maturity**

Fiscal Year Ending April 30	Governmental Activities					
	Installment Contracts		General Obligation Alternate Revenue Bonds		TIF Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 54,169	5,120	124,699	29,991	25,000	69,300
2015	35,984	2,426	146,414	25,900	25,000	67,986
2016	29,632	761	125,364	20,722	30,000	66,676
2017	2,524	9	131,632	18,214	30,000	65,100
2018	-	-	131,632	15,582	30,000	63,526
2019	-	-	135,811	12,949	30,000	61,950
2020	-	-	137,900	10,233	30,000	60,376
2021	-	-	142,079	7,475	35,000	58,800
2022	-	-	54,324	4,349	30,000	56,962
2023	-	-	56,414	3,018	30,000	55,388
2024	-	-	56,412	1,551	35,000	53,812
2025	-	-	-	-	185,000	51,975
2026	-	-	-	-	190,000	42,262
2027	-	-	-	-	195,000	32,287
2028	-	-	-	-	205,000	22,050
2029	-	-	-	-	215,000	11,287
<b>Total</b>	<b>122,309</b>	<b>8,316</b>	<b>1,242,681</b>	<b>149,984</b>	<b>1,320,000</b>	<b>839,737</b>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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

**LONG-TERM DEBT – Continued**

**Debt Service Requirements to Maturity – Continued**

Fiscal Year Ending April 30	Business-Type Activities					
	General Obligation		IEPA Loan		Debt	
	Alternate Revenue Bonds				Certificates	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 107,504	48,392	194,723	64,377	60,000	2,250
2015	131,911	46,601	199,967	59,133	-	-
2016	229,348	43,642	205,352	53,748	-	-
2017	239,776	38,453	210,882	48,218	-	-
2018	241,806	32,755	216,561	42,539	-	-
2019	249,965	26,750	222,392	36,708	-	-
2020	255,520	20,323	228,381	30,719	-	-
2021	264,226	13,595	234,530	24,570	-	-
2022	75,676	6,059	240,847	18,253	-	-
2023	78,587	4,205	247,333	11,767	-	-
2024	78,587	2,161	253,992	5,107	-	-
<b>Total</b>	<b>1,952,906</b>	<b>282,936</b>	<b>2,454,960</b>	<b>395,139</b>	<b>60,000</b>	<b>2,250</b>

**Defeased Debt**

On December 20, 2012, the Village issued \$2,555,000 par value General Obligation (Alternative Revenue Source) Bonds of 2012 to refund \$310,000 and \$1,005,000 of the General Obligation (Alternate Revenue Source) Bonds of 2003 and 2006A, and \$1,090,000 of the Debt Certificate of 2003. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Village reduced its total debt service by \$176,518 and obtained an economic gain of \$167,364.

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**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 - 2012	<u>\$ 154,913,352</u>
Legal Debt Limit - 8.625% of Assessed Value	13,361,277
Amount of Debt Applicable to Limit	<u>60,000</u>
Legal Debt Margin	<u>13,301,277</u>

**NET POSITION CLASSIFICATIONS**

Net investment in capital assets was comprised of the following as of April 30, 2013:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation		\$ 31,449,567
Less Capital Related Debt:		
Installment Contracts of 2008, 2010, 2011 and 2012	(122,309)	
General Obligation (ARS) Bonds of 2006	(175,000)	
General Obligation (ARS) Bonds of 2012	(1,067,681)	
TIF Revenue Bonds of 2009A	(1,320,000)	<u>(2,684,990)</u>
Net Investment in Capital Assets		<u>28,764,577</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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

**NET POSITION CLASSIFICATIONS – Continued**

Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation		54,646,295
Less Capital Related Debt:		
General Obligation Alternate Bonds of 2010	(465,587)	
General Obligation (ARS) Bonds of 2012	(1,487,319)	
IEPA Loan of 2002	(2,454,960)	
Debt Certificates of 2003	(60,000)	<u>(4,467,866)</u>
Net Investment in Capital Assets		<u>50,178,429</u>

**FUND BALANCE CLASSIFICATIONS**

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

	Capital Projects							Total
	General	Transportation		SSA 16 - 19 Improvements	SSA 14 Improvements	Public Use	Nonmajor	
		SSA 13 Improvement	Impact Fees					
Fund Balances								
Nonspendable	\$ 34,435	-	-	-	-	-	-	34,435
Restricted								
Highways and Streets	-	1,228,239	226,972	127,642	160,514	-	1,234,381	2,977,748
Public Safety	-	-	-	-	-	-	5,240	5,240
Subdivision Maintenance	-	-	-	-	-	-	39,081	39,081
Economic Development	-	-	-	-	-	-	1,016,232	1,016,232
Tourism	-	-	-	-	-	-	32,112	32,112
Public Use	-	-	-	-	-	618,758	-	618,758
	-	1,228,239	226,972	127,642	160,514	618,758	2,327,046	4,689,171
Unassigned	105,784	-	-	-	-	-	(203,761)	(97,977)
Total Fund Balances	140,219	1,228,239	226,972	127,642	160,514	618,758	2,123,285	4,625,629

## **VILLAGE OF HAMPSHIRE, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2013**

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

##### **FUND BALANCE CLASSIFICATIONS – Continued**

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.

#### **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. These risks are provided for through participation in the Illinois Municipal League Risk Management Association and private insurance coverage. 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.

##### **Illinois Municipal League Risk Management Association (IMLRMA)**

The Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of municipalities and special districts in Illinois, which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

Each member appoints one delegate to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Association beyond its representation on the Board of Directors.

There is no applicable annual deductible for the plan. The Villages' policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Village is not aware of any additional assessments that may be owed at April 30, 2013.

# VILLAGE OF HAMPSHIRE, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 4 – OTHER INFORMATION – Continued

#### 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.

##### 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 with a local vendor to induce the vendor to locate its billing operation and personnel into the Village. The Village has agreed to rebate sales taxes in excess of \$175,000 at a 60% to 75% rate depending on the vendor's sales taxes remitted to the Village. The sales tax rebate is payable to the vendor each year once the June sales tax remittance has been received by the Village from the State of Illinois. As of April 30, 2013, sales tax rebates of \$39,061 were remitted to the vendor. The Village has recorded this liability in the General Fund.

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. 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 on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

## VILLAGE OF HAMPSHIRE, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Plan Descriptions, Provisions and Funding Policies

##### Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2012 was 10.93 percent.

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually, and (e) and inflation rate of 3%. The actuarial value of the plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.



**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Plan Descriptions, Provisions and Funding Policies – Continued**

**Police Pension Plan**

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At April 30, 2013, the date of the most recent actuarial valuation, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them.	-
Current Employees Vested and Nonvested	<u>11</u>
	<u><u>11</u></u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

## VILLAGE OF HAMPSHIRE, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Plan Descriptions, Provisions and Funding Policies – Continued

#### Police Pension Plan – Continued

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, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

#### Summary of Significant Accounting Policies and Plan Asset Matters

##### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

##### Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

##### Significant Investments

There are no investments in any one organization that represent 5 percent or more of net position available for benefits for the Police Pension Plan. Information for IMRF is not available.

##### Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Trend Information**

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Fiscal Year	IMRF	Police Pension
Annual Pension Cost (APC)	2011	\$ 119,630	\$ N/A
	2012	126,101	N/A
	2013	86,104	121,222
Actual Contributions	2011	119,630	N/A
	2012	126,101	N/A
	2013	86,104	121,222
Percentage of APC Contributed	2011	100.00%	N/A
	2012	100.00%	N/A
	2013	100.00%	100.00%
Net Pension Obligation	2011	-	N/A
	2012	-	N/A
	2013	-	-

**Annual Pension Cost and Net Pension Obligation**

The pension liability as determined in accordance with GASB Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers.” The IMRF and Police Pension plans do not have a net pension obligation.

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Annual Pension Cost and Net Pension Obligation – Continued**

The annual pension cost for the current year and related plan information for the IMRF plan is as follows:

	IMRF	Police Pension
Contribution Rates		
Employer	10.65%	16.25%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/2012	4/30/2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	28 Years
Asset Valuation Method	5-Year Smoothed Market	Market
Actuarial Assumptions		
Investment Rate of Return	7.50% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	5.50%
Inflation Rate Included	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Funded Status and Funding Progress**

The Village's funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	12/31/12	04/30/13
Percent Funded	77.75%	16.47%
Actuarial Accrued Liability for Benefits	\$2,000,925	\$2,448,519
Actuarial Value of Assets	\$1,555,670	\$403,239
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$445,255)	(\$2,045,280)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$559,041	\$745,796
Ratio of UAAL to Covered Payroll	79.65%	274.24%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## VILLAGE OF HAMPSHIRE, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### 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, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any post-employment benefit liability as of April 30, 2013.

## **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 Funding Progress and Employer Contributions
  - Illinois Municipal Retirement Fund
  - 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 Funding Progress and Employer Contributions  
April 30, 2013**

**Funding Progress**

Actuarial Valuation Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 1,650,339	\$ 1,849,401	89.24%	\$ 199,062	\$ 1,095,161	18.18%
2008	1,690,822	2,161,087	78.24%	470,265	1,291,206	36.42%
2009	1,580,847	2,104,546	75.12%	523,699	1,334,950	39.23%
2010	1,782,282	2,317,563	76.90%	535,281	1,163,715	46.00%
2011	1,378,253	2,181,700	63.17%	803,447	1,184,048	67.86%
2012	1,555,670	2,000,925	77.75%	445,255	559,041	79.65%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 108,311	\$ 108,311	100.00%
2009	122,277	122,277	100.00%
2010	125,218	125,218	100.00%
2011	119,630	119,630	100.00%
2012	126,101	126,101	100.00%
2013	86,104	86,104	100.00%



**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2013**

**Funding Progress**

Actuarial Valuation Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	403,239	2,448,519	16.47%	2,045,280	745,796	274.24%

**Employer Contributions**

Fiscal Year Ended	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ N/A	\$ N/A	N/A
2009	N/A	N/A	N/A
2010	N/A	N/A	N/A
2011	N/A	N/A	N/A
2012	N/A	N/A	N/A
2013	121,222	121,222	100.00%

N/A - The Village established a Police Pension Fund effective May 1, 2012.

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 2,220,779	2,220,779	2,327,799
Charges for Services	181,477	181,477	62,649
Licenses and Permits	95,100	95,100	169,911
Fines and Forfeits	50,000	50,000	64,424
Investment Income	150	150	1,350
Miscellaneous Income	86,527	86,527	131,151
<b>Total Revenues</b>	<b>2,634,033</b>	<b>2,634,033</b>	<b>2,757,284</b>
<b>Expenditures</b>			
General Government	694,644	694,644	868,208
Police Protection	1,386,304	1,386,304	1,459,767
Highways and Streets	460,260	460,260	484,154
Planning and Zoning	2,384	2,384	-
Debt Service			
Principal Retirement	-	-	87,414
Interest and Fiscal Charges	50,518	50,518	18,299
<b>Total Expenditures</b>	<b>2,594,110</b>	<b>2,594,110</b>	<b>2,917,842</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>39,923</b>	<b>39,923</b>	<b>(160,558)</b>
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	-	-	22,612
Transfers In	116,725	116,725	113,512
Transfers Out	(206,755)	(206,755)	(112,500)
	<b>(90,030)</b>	<b>(90,030)</b>	<b>23,624</b>
<b>Net Change in Fund Balance</b>	<b>(50,107)</b>	<b>(50,107)</b>	<b>(136,934)</b>
<b>Fund Balance - Beginning</b>			<b>277,153</b>
<b>Fund Balance - Ending</b>			<b>140,219</b>

## **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 – Police Pension – Pension Trust Fund
- Statement of Changes in Assets and Liabilities – Agency Fund

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **GENERAL FUND**

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

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## **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.

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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **DEBT SERVICE FUND**

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### **SSA Bond Fund 5-55**

The SSA Bond Fund 5-55 Fund is used to account for the accumulation of money used for the future payments of SSA #5 outstanding debts.

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## **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.

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **CAPITAL PROJECTS FUNDS – Continued**

### **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.

### **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.

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## **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.

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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **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.

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## **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.

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VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 720,089	720,089	715,525
Sales and Use Taxes	602,332	602,332	662,066
State Income Taxes	433,358	433,358	501,341
Replacement Taxes	19,000	19,000	18,715
Utility Taxes	446,000	446,000	430,152
	<u>2,220,779</u>	<u>2,220,779</u>	<u>2,327,799</u>
Charges for Services	<u>181,477</u>	<u>181,477</u>	<u>62,649</u>
Licenses and Permits	<u>95,100</u>	<u>95,100</u>	<u>169,911</u>
Fines and Forfeits	<u>50,000</u>	<u>50,000</u>	<u>64,424</u>
Investment Income	<u>150</u>	<u>150</u>	<u>1,350</u>
Miscellaneous Income	<u>86,527</u>	<u>86,527</u>	<u>131,151</u>
Total Revenues	<u>2,634,033</u>	<u>2,634,033</u>	<u>2,757,284</u>



**VILLAGE OF HAMPSHIRE, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>General Government</b>			
Personal Services	\$ 195,844	195,844	229,198
Contractual Services	430,750	430,750	552,188
Commodities	14,750	14,750	7,850
Other Expenditures	49,500	49,500	67,555
Capital Outlay	3,800	3,800	11,417
	<u>694,644</u>	<u>694,644</u>	<u>868,208</u>
<b>Police Protection</b>			
Personal Services	1,088,719	1,088,719	1,179,702
Contractual Services	173,065	173,065	176,053
Commodities	75,800	75,800	74,873
Capital Outlay	48,720	48,720	29,139
	<u>1,386,304</u>	<u>1,386,304</u>	<u>1,459,767</u>
<b>Highways and Streets</b>			
Personal Services	253,735	253,735	303,019
Contractual Services	143,775	143,775	110,027
Commodities	49,000	49,000	48,308
Other Expenditures	750	750	50
Capital Outlay	13,000	13,000	22,750
	<u>460,260</u>	<u>460,260</u>	<u>484,154</u>
<b>Planning and Zoning</b>			
Personal Services	1,884	1,884	-
Contractual Services	500	500	-
	<u>2,384</u>	<u>2,384</u>	<u>-</u>
<b>Debt Service</b>			
Principal Retirement	-	-	87,414
Interest and Fiscal Charges	50,518	50,518	18,299
	<u>50,518</u>	<u>50,518</u>	<u>105,713</u>
<b>Total Expenditures</b>	<u>2,594,110</u>	<u>2,594,110</u>	<u>2,917,842</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Transportation Impact Fees - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 5,000	5,000	112,886
Investment Income	40	40	34
Total Revenues	5,040	5,040	112,920
Expenditures			
Streets and Highways	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,040	5,040	112,920
Other Financing (Uses)			
Transfers Out	(13,000)	(13,000)	(45,000)
Net Change in Fund Balance	(7,960)	(7,960)	67,920
Fund Balance - Beginning			159,052
Fund Balance - Ending			226,972

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Public Use - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Charges for Services	\$ 2,500	2,500	-
Intergovernmental	5,000	5,000	72,302
Investment Income	100	100	878
<b>Total Revenues</b>	<u>7,600</u>	<u>7,600</u>	<u>73,180</u>
<b>Expenditures</b>			
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>18,620</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(7,400)	(7,400)	54,560
<b>Other Financing (Uses)</b>			
Transfers Out	<u>-</u>	<u>-</u>	<u>(41,000)</u>
<b>Net Change in Fund Balance</b>	<u>(7,400)</u>	<u>(7,400)</u>	13,560
<b>Fund Balance - Beginning</b>			<u>605,198</u>
<b>Fund Balance - Ending</b>			<u><u>618,758</u></u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Balance Sheet  
April 30, 2013**

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**See Following Page**

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Balance Sheet  
April 30, 2013**

	Special Revenue				
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence
<b>ASSETS</b>					
Cash and Investments	\$ 47,602	3,950	790,091	185,065	4,418
Receivables - Net of Allowances					
Property Taxes	-	115,863	-	45,400	-
Other Taxes	9,567	-	-	-	-
Due from Other Funds	159,384	249,971	-	-	822
Notes Receivable	-	-	226,141	-	-
<b>Total Assets</b>	<b>216,553</b>	<b>369,784</b>	<b>1,016,232</b>	<b>230,465</b>	<b>5,240</b>
<b>LIABILITIES</b>					
Due to Other Funds	-	-	-	145,984	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	-	115,863	-	45,400	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>-</b>	<b>115,863</b>	<b>-</b>	<b>191,384</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	216,553	253,921	1,016,232	39,081	5,240
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>216,553</b>	<b>253,921</b>	<b>1,016,232</b>	<b>39,081</b>	<b>5,240</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>216,553</b>	<b>369,784</b>	<b>1,016,232</b>	<b>230,465</b>	<b>5,240</b>

Tax Increment Financing	Hotel/ Motel Tax	Debt Service SSA Bond Fund 5-55	Capital Projects				Equipment Replacement	Totals
			Capital Improvements	TIF Revenue Bonds of 2009A/ Tuscany Woods Line of Credit	2006A Bonds			
71	19,537	2,523	27	1,014,173	45,617	470	2,113,544	
19,820	-	-	-	-	-	-	181,083	
-	-	-	-	-	-	-	9,567	
85,520	12,575	-	-	-	288,163	46,848	843,283	
-	-	-	-	-	-	-	226,141	
<u>105,411</u>	<u>32,112</u>	<u>2,523</u>	<u>27</u>	<u>1,014,173</u>	<u>333,780</u>	<u>47,318</u>	<u>3,373,618</u>	
276,128	-	2,523	13,251	537,966	55,800	37,598	1,069,250	
19,820	-	-	-	-	-	-	181,083	
<u>295,948</u>	<u>-</u>	<u>2,523</u>	<u>13,251</u>	<u>537,966</u>	<u>55,800</u>	<u>37,598</u>	<u>1,250,333</u>	
-	32,112	-	-	476,207	277,980	9,720	2,327,046	
(190,537)	-	-	(13,224)	-	-	-	(203,761)	
<u>(190,537)</u>	<u>32,112</u>	<u>-</u>	<u>(13,224)</u>	<u>476,207</u>	<u>277,980</u>	<u>9,720</u>	<u>2,123,285</u>	
<u>105,411</u>	<u>32,112</u>	<u>2,523</u>	<u>27</u>	<u>1,014,173</u>	<u>333,780</u>	<u>47,318</u>	<u>3,373,618</u>	

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended April 30, 2013**

	Special Revenue				
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence
<b>Revenues</b>					
Taxes	\$ -	114,948	-	45,059	-
Intergovernmental	160,817	-	-	-	1,752
Investment Income	26	5	1,772	-	7
Miscellaneous	-	-	-	-	-
Total Revenues	<u>160,843</u>	<u>114,953</u>	<u>1,772</u>	<u>45,059</u>	<u>1,759</u>
<b>Expenditures</b>					
General Government	-	-	1,885	-	3,648
Highways and Streets	97,080	-	-	43,835	-
Debt Service					-
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>97,080</u>	<u>-</u>	<u>1,885</u>	<u>43,835</u>	<u>3,648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>63,763</u>	<u>114,953</u>	<u>(113)</u>	<u>1,224</u>	<u>(1,889)</u>
<b>Other Financing Sources (Uses)</b>					
Debt Issuance	-	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	(113,512)	-	-	-
	<u>-</u>	<u>(113,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	63,763	1,441	(113)	1,224	(1,889)
Fund Balances - Beginning	<u>152,790</u>	<u>252,480</u>	<u>1,016,345</u>	<u>37,857</u>	<u>7,129</u>
Fund Balances - Ending	<u><u>216,553</u></u>	<u><u>253,921</u></u>	<u><u>1,016,232</u></u>	<u><u>39,081</u></u>	<u><u>5,240</u></u>

Tax Increment Financing	Hotel/ Motel Tax	Debt Service SSA Bond 5-55	Capital Projects				Equipment Replacement	Totals
			Capital Improvements	TIF Revenue		2006A Bonds		
				Bonds of 2009A/ Tuscany Woods Line of Credit				
21,839	17,234	-	-	-	-	-	199,080	
-	-	-	-	-	-	-	162,569	
-	53	67	-	-	33	-	1,963	
-	-	-	-	-	-	-	-	
21,839	17,287	67	-	-	33	-	363,612	
493	19,459	-	-	-	-	-	25,485	
-	-	-	-	10,681	-	-	151,596	
21,500	-	150,000	-	-	80,000	-	251,500	
60,578	-	3,721	-	-	93,514	-	157,813	
82,571	19,459	153,721	-	10,681	173,514	-	586,394	
(60,732)	(2,172)	(153,654)	-	(10,681)	(173,481)	-	(222,782)	
-	-	-	-	-	1,067,681	-	1,067,681	
-	-	-	-	-	13,144	-	13,144	
-	-	-	-	-	(1,046,041)	-	(1,046,041)	
-	-	92,972	-	-	139,528	-	232,500	
-	-	-	-	-	-	-	(113,512)	
-	-	92,972	-	-	174,312	-	153,772	
(60,732)	(2,172)	(60,682)	-	(10,681)	831	-	(69,010)	
(129,805)	34,284	60,682	(13,224)	486,888	277,149	9,720	2,192,295	
(190,537)	32,112	-	(13,224)	476,207	277,980	9,720	2,123,285	



**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Motor Fuel Tax - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

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	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 148,800	148,800	160,817
Investment Income	-	-	26
Total Revenues	<u>148,800</u>	<u>148,800</u>	<u>160,843</u>
Expenditures			
Highways and Streets	<u>122,000</u>	<u>122,000</u>	<u>97,080</u>
Net Change in Fund Balance	<u>26,800</u>	<u>26,800</u>	63,763
Fund Balance - Beginning			<u>152,790</u>
Fund Balance - Ending			<u>216,553</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Road and Bridge - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 116,725	116,725	114,948
Investment Income	-	-	5
Total Revenues	116,725	116,725	114,953
Expenditures			
Highways and Streets	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	116,725	116,725	114,953
Other Financing (Uses)			
Transfers Out	(116,725)	(116,725)	(113,512)
Net Change in Fund Balance	-	-	1,441
Fund Balance - Beginning			252,480
Fund Balance - Ending			253,921

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Revolving Loan - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

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	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ 3,500	3,500	1,772
Expenditures			
General Government	2,000	2,000	1,885
Net Change in Fund Balance	<u>1,500</u>	<u>1,500</u>	(113)
Fund Balance - Beginning			<u>1,016,345</u>
Fund Balance - Ending			<u>1,016,232</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Special Service Areas - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

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	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 44,946	44,946	45,059
Expenditures			
Highways and Streets	44,946	44,946	43,835
Net Change in Fund Balance	<u>-</u>	<u>-</u>	1,224
Fund Balance - Beginning			<u>37,857</u>
Fund Balance - Ending			<u>39,081</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Evidence - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Evidence Money/DUI/Drug	\$ 1,000	1,000	1,752
Investment Income	-	-	7
Total Revenues	1,000	1,000	1,759
Expenditures			
General Government	-	-	3,648
Net Change in Fund Balance	1,000	1,000	(1,889)
Fund Balance - Beginning			7,129
Fund Balance - Ending			5,240

VILLAGE OF HAMPSHIRE, ILLINOIS

Tax Increment Financing - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 21,911	21,911	21,839
Expenditures			
General Government			
Professional Services	-	-	493
Debt Service			
Principal Retirement	21,911	21,911	21,500
Interest and Fiscal Charges	-	-	60,578
Total Expenditures	21,911	21,911	82,571
Net Change in Fund Balance	-	-	(60,732)
Fund Balance - Beginning			(129,805)
Fund Balance - Ending			(190,537)

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Hotel/Motel Tax - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

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	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Hotel/Motel Tax	\$ 15,000	15,000	17,234
Investment Income	40	40	53
Total Revenues	<u>15,040</u>	<u>15,040</u>	<u>17,287</u>
Expenditures			
General Government	<u>38,000</u>	<u>38,000</u>	<u>19,459</u>
Net Change in Fund Balance	<u>(22,960)</u>	<u>(22,960)</u>	(2,172)
Fund Balance - Beginning			<u>34,284</u>
Fund Balance - Ending			<u><u>32,112</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

SSA Bond 5-55 - Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	67
Expenditures			
Debt Service			
Principal Retirement	150,000	150,000	150,000
Interest and Fiscal Charges	3,112	3,112	3,721
Total Expenditures	153,112	153,112	153,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,112)	(153,112)	(153,654)
Other Financing Sources			
Transfers In	153,112	153,112	92,972
Net Change in Fund Balance	-	-	(60,682)
Fund Balance - Beginning			60,682
Fund Balance - Ending			-



VILLAGE OF HAMPSHIRE, ILLINOIS

2006A Bonds - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	33
Expenditures			
Debt Service			
Principal Retirement	-	-	80,000
Interest and Fiscal Charges	-	-	93,514
Total Expenditures	-	-	173,514
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(173,481)
Other Financing Sources (Uses)			
Debt Issuance	-	-	1,067,681
Premium on Debt Issuance	-	-	13,144
Payment to Escrow Agent	-	-	(1,046,041)
Transfers In	139,528	139,528	139,528
	139,528	139,528	174,312
Net Change in Fund Balance	139,528	139,528	831
Fund Balance - Beginning			277,149
Fund Balance - Ending			277,980

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Water and Sewer - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,528,900	1,528,900	1,672,847
Operating Expenses			
Operations			
Water Department	408,514	408,514	349,106
Sewer Department	572,508	572,508	551,571
System Improvements	203,807	203,807	30,535
Depreciation	-	-	1,352,445
Total Operating Expenses	1,184,829	1,184,829	2,283,657
Operating Income (Loss)	344,071	344,071	(610,810)
Nonoperating Revenues (Expenses)			
Tap On Fees	-	-	6,500
Investment Income	-	-	190
Interest and Fiscal Charges	(153,104)	(153,104)	(220,387)
	(153,104)	(153,104)	(213,697)
Income (Loss) Before Transfers	190,967	190,967	(824,507)
Transfers In	-	-	41,000
Transfers Out	(96,528)	(96,528)	(75,000)
	(96,528)	(96,528)	(34,000)
Change in Net Position	94,439	94,439	(858,507)
Net Position - Beginning			51,369,605
Net Position - Ending			50,511,098

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Water and Sewer - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>Operations</b>			
<b>Water Department</b>			
Personal Services	\$ 156,864	156,864	111,225
Contractual Services	167,100	167,100	163,949
Commodities	84,350	84,350	62,754
Miscellaneous	200	200	11,178
	<u>408,514</u>	<u>408,514</u>	<u>349,106</u>
<b>Sewer Department</b>			
Personal Services	161,003	161,003	150,911
Contractual Services	340,705	340,705	320,116
Commodities	53,300	53,300	51,866
Miscellaneous	17,500	17,500	28,678
	<u>572,508</u>	<u>572,508</u>	<u>551,571</u>
<b>Total Operations</b>	<u>981,022</u>	<u>981,022</u>	<u>900,677</u>
<b>System Improvements</b>			
Water Department	20,750	20,750	30,535
Sewer Department	2,500	2,500	-
Sanitary & Storm Sewer Improvement	180,557	180,557	-
	<u>203,807</u>	<u>203,807</u>	<u>30,535</u>
<b>Depreciation</b>			
Water Department	-	-	454,001
Sewer Department	-	-	898,444
	<u>-</u>	<u>-</u>	<u>1,352,445</u>
<b>Total Depreciation</b>	<u>-</u>	<u>-</u>	<u>1,352,445</u>
<b>Total Operating Expenses</b>	<u>1,184,829</u>	<u>1,184,829</u>	<u>2,283,657</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Garbage - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013

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	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 386,000	386,000	365,921
Operating Expenses			
Operations			
Sewer Department	375,777	375,777	400,075
Change in Net Position	<u>10,223</u>	<u>10,223</u>	(34,154)
Net Position - Beginning			<u>84,408</u>
Net Position - Ending			<u>50,254</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 90,000	90,000	121,222
Contributions - Plan Members	261,220	261,220	283,858
Total Contributions	351,220	351,220	405,080
<b>Investment Income</b>			
Interest Earned	-	-	-
Net Change in Fair Value	-	-	-
Less Investment Expenses	-	-	-
Net Investment Income	-	-	-
Total Additions	351,220	351,220	405,080
<b>Deductions</b>			
Administration	3,300	3,300	1,841
Benefits and Refunds	-	-	-
Total Deductions	3,300	3,300	1,841
Net Increase	347,920	347,920	403,239
<b>Net Position Held in Trust for Pension Benefits</b>			
Beginning			-
Ending			403,239

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Agency Fund**

**Statement of Changes in Assets and Liabilities  
Year Ended April 30, 2013**

	Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Cash with Fiscal Agent	\$ 298,165	295,026	294,703	298,488
Cash and Cash Equivalents	2,661,485	2,305,031	2,424,210	2,542,306
Due from Other Funds	4,629	117,808	10,222	112,215
Total Assets	<u>2,964,279</u>	<u>2,717,865</u>	<u>2,729,135</u>	<u>2,953,009</u>
<b>LIABILITIES</b>				
Due to Park District	371,038	477,691	579,043	269,686
Due to School Districts	107,299	316,145	310,962	112,482
Due to Library Districts	49,232	76,168	65,578	59,822
Due to Fire Districts	87,473	99,084	160,723	25,834
Due to Others	2,941	2,945	2,943	2,943
Due to Other Funds	4,302	125,190	21,968	107,524
Due to Bondholders	2,341,994	1,620,642	1,587,918	2,374,718
Total Liabilities	<u>2,964,279</u>	<u>2,717,865</u>	<u>2,729,135</u>	<u>2,953,009</u>

## **SUPPLEMENTAL SCHEDULES**

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Schedule of Tax Data - Last Ten Tax Levy Years  
April 30, 2013**

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**See Following Page**



**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Schedule of Tax Data - Last Ten Tax Levy Years  
April 30, 2013**

	2003	2004	2005	2006
Assessed Valuation	\$ 103,180,105	118,013,685	134,812,215	152,273,309
<b>Tax Rates by Fund</b>				
General	0.1158	0.1122	0.1138	0.1176
Police Protection	0.0305	0.0295	0.0313	0.0350
<b>Special Revenue Funds</b>				
Audit	0.0228	0.0221	0.0356	0.0093
Liability	0.0740	0.0718	0.0641	0.0542
Illinois Municipal Retirement	0.0740	0.0718	0.0641	0.0745
Social Security	0.0722	0.0699	0.0612	0.0685
<b>Total Tax Rates</b>	<b>0.3893</b>	<b>0.3773</b>	<b>0.3701</b>	<b>0.3591</b>
<b>Tax Extension by Fund</b>				
General	\$ 119,483	132,423	153,528	179,121
Police Protection	31,470	34,755	42,220	53,346
<b>Special Revenue Funds</b>				
Audit	23,525	26,069	47,978	14,146
Liability	76,353	84,687	86,360	82,518
Illinois Municipal Retirement	76,353	84,687	86,360	113,470
Social Security	74,496	82,527	82,521	104,380
<b>Total Tax Extensions</b>	<b>401,680</b>	<b>445,148</b>	<b>498,967</b>	<b>546,981</b>
<b>Total Collections - All Funds</b>				
Levy Collections through April 30	400,789	444,445	494,579	546,273
<b>Percent Collected</b>	<b>99.78%</b>	<b>99.84%</b>	<b>99.12%</b>	<b>99.87%</b>

Note: The 2012 levy is not collected until fiscal year 2014.

2007	2008	2009	2010	2011	2012
171,620,628	195,010,364	196,154,394	180,785,131	168,805,218	154,913,352
0.1294	0.1377	0.1404	0.1256	0.2627	0.2945
0.0646	0.0800	0.0802	0.0775	0.0727	0.0816
0.0087	0.0073	0.0073	0.0725	0.0245	0.0276
0.0408	0.0398	0.0386	0.0339	0.0380	0.0480
0.0645	0.0489	0.0511	0.0494	0.0208	0.0188
0.0591	0.0330	0.0351	0.0373	0.0129	0.0137
0.3671	0.3467	0.3527	0.3962	0.4316	0.4842
209,691	267,398	274,232	226,601	442,682	456,162
104,744	155,276	156,705	139,797	122,485	126,482
14,169	14,137	14,301	130,732	41,344	42,694
66,120	77,282	75,414	61,183	64,093	74,391
104,539	94,932	99,899	89,073	34,976	29,172
95,814	63,979	68,559	67,283	21,783	21,236
595,077	673,004	689,110	714,669	727,363	750,137
580,576	662,244	677,651	702,147	715,525	-
97.56%	98.40%	98.34%	98.25%	98.37%	0.00%

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Schedule of Water/Sewer Data  
April 30, 2013**

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Number of Water Users	2,123
Water Rate per 1,000 Gallons Over 5,000 Gallons	\$ 4.00
Number of Sewer Users	2,142
Sewer Rate per 1,000 Gallons	\$ 5.00
Sewer User Billings Charge per Billing	\$ 1.00
Capital Improvements per Billing	\$ 10.00

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**International Plow Truck Equipment Installment Contract of 2008  
April 30, 2013**

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Date of Issue	May 16, 2008
Date of Maturity	June 1, 2013
Authorized Issue	\$90,683
Interest Rate	4.10%
Principal Maturity and Interest Dates	Monthly
Payable at	First American Bank

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	<u>\$ 3,001</u>	<u>15</u>	<u>3,016</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Installment Contract of 2011  
April 30, 2013

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Date of Issue	April 1, 2011
Date of Maturity	May 1, 2016
Authorized Issue	\$137,321
Interest Rate	4.00%
Principal Maturity and Interest Dates	Monthly
Payable at	First American Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ 27,328	3,066	30,394
2015	28,457	1,937	30,394
2016	29,632	761	30,393
2017	2,524	9	2,533
	<u>87,941</u>	<u>5,773</u>	<u>93,714</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**Dodge Charger Installment Contract of 2011  
April 30, 2013**

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Date of Issue	June 17, 2011
Date of Maturity	June 17, 2013
Authorized Issue	\$23,915
Interest Rate	6.50%
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>Ending</u> <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 7,961	517	8,478

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**Ford Expedition Installment Contract of 2011  
April 30, 2013**

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Date of Issue	July 18, 2011
Date of Maturity	July 18, 2013
Authorized Issue	\$26,469
Interest Rate	6.50%
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>Ending</u> <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 8,811	573	9,384

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**Dodge Charger Installment Contract of 2012  
April 30, 2013**

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Date of Issue	July 18, 2012
Date of Maturity	July 18, 2014
Authorized Issue	\$22,612
Interest Rate	6.50%
Principal Maturity and Interest Dates	Annually
Payable at	Ford Motor Credit Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 7,068	949	8,017
2015	7,527	489	8,016
	<u>14,595</u>	<u>1,438</u>	<u>16,033</u>



VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

General Obligation (Alternate Revenue Source) Bonds of 2006  
April 30, 2013

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Date of Issue	June 1, 2006
Date of Maturity	December 15, 2023
Authorized Issue	\$1,600,000
Denomination of Bonds	\$5,000
Interest Rates	4.10% to 5.00%
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

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ 85,000	7,662	92,662
2015	90,000	4,050	94,050
	<u>175,000</u>	<u>11,712</u>	<u>186,712</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**Taxable General Obligation Alternate Bonds of 2010  
April 30, 2013**

Date of Issue	December 16, 2010
Date of Maturity	December 15, 2020
Authorized Issue	\$568,582
Denomination of Bonds	\$5,000
Interest Rate	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**

Fiscal Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 52,203	17,286	69,489
2015	53,325	16,164	69,489
2016	54,712	14,776	69,488
2017	56,408	13,080	69,488
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>465,587</u>	<u>90,318</u>	<u>555,905</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation (Alternate Revenue Source) Refunding Bonds of 2012  
April 30, 2013**

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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**

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ 95,000	53,435	148,435
2015	135,000	52,287	187,287
2016	300,000	49,588	349,588
2017	315,000	43,587	358,587
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>2,555,000</u>	<u>330,890</u>	<u>2,885,890</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**TIF Revenue Bonds of 2009A  
April 30, 2013**

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Date of Issue	May 15, 2009
Date of Maturity	December 15, 2028
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**

Fiscal Year Ending April 30	Principal	Interest	Totals
2014	\$ 25,000	69,300	94,300
2015	25,000	67,986	92,986
2016	30,000	66,676	96,676
2017	30,000	65,100	95,100
2018	30,000	63,526	93,526
2019	30,000	61,950	91,950
2020	30,000	60,376	90,376
2021	35,000	58,800	93,800
2022	30,000	56,962	86,962
2023	30,000	55,388	85,388
2024	35,000	53,812	88,812
2025	185,000	51,975	236,975
2026	190,000	42,262	232,262
2027	195,000	32,287	227,287
2028	205,000	22,050	227,050
2029	215,000	11,287	226,287
	<u>1,320,000</u>	<u>839,737</u>	<u>2,159,737</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**IEPA Loan of 2002**

**April 30, 2013**

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**

Fiscal Year Ending April 30	Principal	Interest	Totals
2014	\$ 194,723	64,377	259,100
2015	199,967	59,133	259,100
2016	205,352	53,748	259,100
2017	210,882	48,218	259,100
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>2,454,960</u>	<u>395,139</u>	<u>2,850,099</u>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Long-Term Debt Requirements**

**Debt Certificates of 2003**

**April 30, 2013**

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Date of Issue	June 25, 2003
Date of Maturity	December 15, 2020
Authorized Issue	\$1,500,000
Denomination of Bonds	\$5,000
Interest Rates	1.70% to 4.50%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ 60,000	2,250	62,250