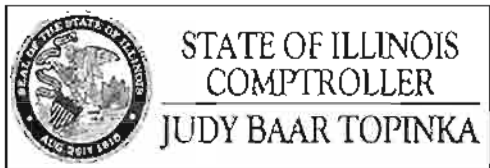


FY 2012
 ANNUAL TAX INCREMENT FINANCE
 REPORT



Name of Municipality: Village of Hampshire Reporting Fiscal Year: 2012
 County: Kane Fiscal Year End: 4/30/2012
 Unit Code: 045/055/32

TIF Administrator Contact Information

First Name: Douglas Last Name: Maxeiner
 Address: 234 S. State Street Title: Village Administrator
 Telephone: 847-683-2181 City: Hampshire Zip: 60140
 Mobile _____ E-mail: dmaxeiner@hampshireil.org
 Mobile _____ Best way to _____ Email X Phone
 Provider _____ contact _____ Mobile _____ Mail

I attest to the best of my knowledge, this report of the redevelopment project areas in: City/Village of Hampshire is complete and accurate at the end of this reporting Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

Douglas K. Maxeiner 11/1/13
 Written signature of TIF Administrator Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTRICT		
Name of Redevelopment Project Area	Date Designated	Date Terminated
Central Area Redevelopment Project	6/21/2007	n/a

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area:	Central Area Redevelopment
Primary Use of Redevelopment Project Area*:	Combination/Mixed
If "Combination/Mixed" List Component Types:	CommI, Ind, Inst, Rest
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act <u> x </u>	Industrial Jobs Recovery Law _____

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M	X	

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

Provide an analysis of the special tax allocation fund.

Fund Balance at Beginning of Reporting Period \$ 220,402

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 27,917	\$ 160,221	10%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 1	\$ 17,741	1%
Land/Building Sale Proceeds			0%
Bond Proceeds		\$ 1,358,000	85%
Transfers from Municipal Sources			0%
Private Sources			0%
Other - Illinois Department of Transportation Grants	\$ 35,787	\$ 60,899	4%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period \$ 63,705

Cumulative Total Revenues/Cash Receipts \$ 1,596,861 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 174,770

Distribution of Surplus

Total Expenditures/Disbursements \$ 174,770

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS \$ (111,065)

FUND BALANCE, END OF REPORTING PERIOD* \$ 109,337

* if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
 (by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Engineering expenses associated with State Street LAPP and Keyes, Industrial and Mill Avenue Reconstruction	59,162	
		\$ 59,162
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)		
		\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
Construction expenses associated with State Street LAPP and Keyes, Industrial and Mill Avenue reconstruction	21,591	
		\$ 21,591
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

SECTION 3.2 A

PAGE 2

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)		
Principal Retirement	25,000	
Interest and Fiscal Charges	69,017	
		\$ 94,017
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

SECTION 3.2 A

PAGE 3

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 174,770

Section 3.2 B

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.

_____ There were no vendors, including other municipal funds, paid in excess of \$10,000 during the current reporting period.

Name	Service	Amount
Engineering Enterprises	Engineering Services	\$ 59,162.00
Stark and Son	Trenching	\$ 20,379.00
Bank of New York Mellon	Debt Service Payments	\$ 94,017.00

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period

FUND BALANCE, END OF REPORTING PERIOD \$ 109,337

	Amount of Original Issuance	Amount Designated
--	------------------------------------	--------------------------

1. Description of Debt Obligations

General Obligation Bonds (Alternate Revenue Source),		
Series 2009A	\$ 1,358,000	\$ 1,156,700

Total Amount Designated for Obligations \$ 1,358,000 \$ 1,156,700

2. Description of Project Costs to be Paid

Contractual services and permanent improvements		

Total Amount Designated for Project Costs \$ -

TOTAL AMOUNT DESIGNATED \$ 1,156,700

SURPLUS*/(DEFICIT) \$ (1,047,363)

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

X No property was acquired by the Municipality Within the Redevelopment Project Area

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

If **NO** projects were undertaken by the Municipality Within the Redevelopment Project Area, indicate so in the space provided: _____

If Projects **WERE** undertaken by the Municipality Within the Redevelopment Project Area enter the **TOTAL** number of projects and list them in detail below.

2

SECTION 5 PROVIDES PAGES 1-3 TO ACCOMMODATE UP TO 25 PROJECTS. PAGE 1 MUST BE INCLUDED WITH TIF REPORT. PAGES 2-3 SHOULD BE INCLUDED IF PROJECTS ARE LISTED ON THESE PAGES

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 1,388,032	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 1:

State Street LAPP

Private Investment Undertaken (See Instructions)			\$ -
Public Investment Undertaken	\$ 190,533		
Ratio of Private/Public Investment	0		0

Project 2:

Keyes, Industrial & Mill Reconst/Improv Project

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 1,197,499		
Ratio of Private/Public Investment	0		0

Project 3:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 7:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 8:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 9:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 10:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 11:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 12:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 13:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 14:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 15:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 16:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 17:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 18:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 19:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 20:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 21:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 22:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 23:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 24:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 25:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating performance of TIF in Illinois.

SECTION 6

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
2007	\$ 7,844,065	\$ 6,837,405

List all overlapping tax districts in the redevelopment project area. If overlapping taxing district received a surplus, list the surplus.

X The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
Kane County, Illinois	\$ -
Kane County Forest Preserve District	\$ -
School District 300	\$ -
Hampshire Township	\$ -
Hampshire Cemetery District	\$ -
Hampshire Fire Protection District	\$ -
Elgin Community College #509	\$ -
Hampshire Township Park District	\$ -
Ella Johnson Library District	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

107 Acres in the downtown area and adjacent blocks and an older industrial area located north of the C&E Railroad.

Optional Documents	Enclosed
Legal description of redevelopment project area	X
Map of District	X

Village President
Jeffrey R. Magnussen

Village Administrator
Doug Maxeiner

Attachment B

Village Trustees
George E. Brust
Martin Ebert
Jan Kraus
Mike Reid
Orris Ruth
Rob Whaley

Village of Hampshire (Kane County)
Central Area Redevelopment Project

—
Fiscal Year

May 1, 2011 to April 30, 2012

CERTIFICATION


To: Ms. June Canello
TIF Coordinator/Local Government Division
Office of the Comptroller
100 W. Randolph
Suite 15-500
Chicago, IL 60601

I, Jeffrey R. Magnussen, Village President of the Village of Hampshire, County of Kane, State of Illinois, do hereby certify that the Village of Hampshire has complied with all requirements pertaining to the Tax Incremental Redevelopment Act during the fiscal year ended April 30, 2012, with the exception of Section 11-74.4-5(e) of the Act requiring the Joint Review Board to be convened annually (i) no later than 180 days after the close of the Village's fiscal year (or (ii) as soon as the audit for the last fiscal year becomes available to review the effectiveness and status of the Central Area Redevelopment Project up to that date.

The Village will convene a meeting of the Joint Review Board as soon as practical and will review with the Joint Review Board the audit for the 2012 fiscal year.

In addition, the Village has taken measure to ensure that a t meeting of the Joint Review Board will be promptly convened each year thereafter.

Dated: October 21, 2013



Jeffrey R. Magnussen
Village President

Bazos, Freeman, Kramer, Schuster, Vanek & Kolb, LLC
Attorneys at Law



November 1, 2013

Ms. June Canello
TIF Coordinator/Local Government Division
Office of the Comptroller
100 W. Randolph
Suite 15-500
Chicago, IL 60601

Peter C. Bazos
Bradley T. Freeman
Robert S. Kramer
Mark Schuster
Gary M. Vanek
Andrew E. Kolb
Scott P. Larson
J. William Braithwaite

Re: Village of Hampshire / Fiscal Year 2013
Tax Increment Financing District and
Central Area Redevelopment Project

Writer's contact:
mschuster@sbfklaw.com
Tel: 847.742.8800 ext.111

Dear Ms. Canello:

I serve as attorney for the Village of Hampshire, Kane County, Illinois, and have done so since a time prior to 2007. In 2007, by its Ordinances No. 07-34, 07-35, and 07-36, the Village created a tax increment financing plan, and established the Central Area Redevelopment Project in the Village. I have reviewed the information to be submitted to your office by the Village pursuant to the Tax Increment Allocation Redevelopment Act, and submit this qualified opinion pursuant to Section 74.4-5((d)(4) of the Act.

It is my opinion that the Village has complied with the requirements of the Act in creating the TIF District, and establishing the Redevelopment Area and Project, including the formation of a Joint Review Board; and except that, the Joint Review Board did not meet within 180 days after the close of the last fiscal year to review the effectiveness and status of the redevelopment project area up to that date. I have advised the Village to convene a meeting of the Joint Review Board without delay, in order to review the effectiveness and status of the redevelopment project area for the 2012 fiscal year, and steps have been taken to convene such meeting for November 20, 2013. At that time, the Joint Review Board will review the effectiveness and status of the redevelopment project area up to date.

Please contact me upon your receipt of this correspondence, should any additional information be required.

Sincerely yours,

Mark Schuster
Bazos, Freeman, Kramer, Schuster, Vanek & Kolb, LLC
Attorney for the Village of Hampshire

MS/kmc

cc: L. Vasquez / Village Clerk
J. Magnussen / Village President
D. Maxeiner / Village Administrator

Village
of
HAMPSHIRE

www.hampshireil.org

Village President
Jeffrey R. Magnussen

Village Administrator
Doug Maxeiner

Village Trustees
George E. Brust
Martin Ebert
Jan Kraus
Mike Reid
Orris Ruth
Rob Whaley

Attachment D

I, Douglas K. Maxeiner, Village Administrator do hereby certify that the following activities were undertaken in furtherance of the objectives of the redevelopment plan for the Tax Increment Finance District #1 (Central Area Redevelopment Project Area) between May 1, 2011 and April 30, 2012 in Hampshire Illinois:

1. Engineering and Construction expenses totaling \$21,591 associated with the State Street LAPP (Local Agency Pavement Preservation Project).
2. Engineering and Construction expenses totaling \$59,162 associated with the Keyes, Industrial and Mill Avenue reconstruction project.

In addition, there was principal retirement of \$25,000 and interest payments totaling \$69,017 paid during the year.

Following this cover letter for Attachment D is a reconciliation of the accounting for the TIF project for the year 2011/2012 fiscal year. Only a portion of the debt issued in Fiscal Year 2010 was for TIF related activity and the reconciliation details the breakdown between TIF and non-TIF spending activity for the various revenue and expenditures.



Douglas K. Maxeiner, Village Administrator

October 21, 2013

The Village reports the activity of the Central Area Redevelopment Project Area TIF in two funds. The activity surrounding the capital projects, including the expenditures for project improvements and the debt issuance for these projects is recorded in the Capital Projects - Capital Improvements and TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund and the activity surrounding the property tax collections and the debt service payments are recorded in the Tax Increment Financing Fund. As of April 30, 2012, approximately 97% of the debt issuance was used to fund projects of the TIF district. There are currently two non-TIF projects reported in the Capital Projects - TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund.

	Capital Projects TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit	Tax Increment Financing	Total	TIF Non-TIF	TIF
Revenues					
Taxes		27,917	27,917	-	27,917
Intergovernmental	15,039	-	15,039	15,039	-
Investment Inc	-	1	1	-	1
Misc	35,787	-	35,787	-	35,787
Total Revenues	50,826	27,918	78,744	15,039	63,705
Expenditures					
Highways & Streets	355,016	-	355,016	274,263	80,753
Principal Retirement	-	25,000	25,000	-	25,000
Interest & fiscal Charges	-	69,017	69,017	-	69,017
Total Expenditures	355,016	94,017	449,033	274,263	174,770
Net change in Fund Balance	(304,190)	(66,099)	(370,289)	(259,224)	(111,065)
Fund Balance Beginning	791,078	(63,706)	727,372	506,970	220,402
Fund Balance Ending	486,888	(129,805)	357,083	247,746	109,337

Schedule K

VILLAGE OF HAMPSHIRE,
ILLINOIS

ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2012

VILLAGE OF HAMPSHIRE, ILLINOIS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2012**

Prepared by:
Finance Department

VILLAGE OF HAMPSHIRE, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF HAMPSHIRE, ILLINOIS

**List of Principal Officials
April 30, 2012**

VILLAGE PRESIDENT

Jeffrey Magnussen

VILLAGE BOARD OF TRUSTEES

George Brust

Martin Ebert

Janet Kraus

Orris Ruth

Jerry Shepardson

Rob Whaley

ADMINISTRATIVE

Doug Maxeiner, Interim 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

February 12, 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, 2012, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Village of Hampshire, Illinois' management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Hampshire, Illinois' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents 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 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 by us 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, 2012

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, 2012. Please read it in conjunction with the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village's net assets decreased as a result of this year's operations. While net assets of governmental activities increased by \$724,548, or 2.2 percent, net assets of the business-type activities decreased by \$1,716,224, or 3.2 percent.
- During the year, government-wide revenues before transfers for the primary government totaled \$4,843,895 while expenses totaled \$5,835,571, resulting in a decrease to net assets of \$991,676.
- The Village's net assets totaled \$85,122,470 on April 30, 2012, which includes \$79,862,744 invested in capital assets, net of related debt, \$4,750,001 subject to external restrictions, and \$509,725 unrestricted net assets 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 \$216,550, resulting in ending fund balance of \$277,153, a decrease of 43.9 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets reports information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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, 2012

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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, planning and zoning, 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, 2012

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The Village maintains nineteen 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, SSA 16 - 19 Improvements, SSA 14 Improvements, TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit, and 2006A Bond Funds. 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 and Garbage Funds, which are considered to be major funds 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 of this report.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis
April 30, 2012

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 18 - 45 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. Required supplementary information can be found on pages 46 - 47 of this report. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 48 - 68 of this report.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets 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 by \$85,122,470.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 6,249,022	6,815,928	749,433	1,333,273	6,998,455	8,149,201
Capital Assets	31,718,897	30,576,839	55,874,181	57,168,755	87,593,078	87,745,594
Total Assets	37,967,919	37,392,767	56,623,614	58,502,028	94,591,533	95,894,795
Long-Term Debt	2,607,714	2,791,906	4,380,547	4,791,723	6,988,261	7,583,629
Other Liabilities	1,691,748	1,656,952	789,054	540,068	2,480,802	2,197,020
Total Liabilities	4,299,462	4,448,858	5,169,601	5,331,791	9,469,063	9,780,649
Net Assets						
Invested in Capital Assets, Net of Related Debt	28,780,286	27,500,455	51,082,458	51,986,439	79,862,744	79,486,894
Restricted	4,750,001	5,026,681	-	1,162,160	4,750,001	6,188,841
Unrestricted (Deficit)	138,170	416,773	371,555	21,638	509,725	438,411
Total Net Assets	33,668,457	32,943,909	51,454,013	53,170,237	85,122,470	86,114,146

A large portion of the Village's net assets, \$79,862,744 or 93.8 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, \$4,750,001 or 5.6 percent, of the Village's net assets represents resources that are subject to external restrictions on how they may be used, specifically for debt service requirements. The remaining \$509,725 represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors. The use of restricted assets in the Water and Sewer Fund contributed to the decrease in government-wide restricted net assets for the year.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis

April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Assets					
	Governmental		Business-Type		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$ 266,263	160,374	1,844,315	1,808,662	2,110,578	1,969,036
Operating Grants/Contrib.	157,303	113,080	-	19,470	157,303	132,550
Capital Grants/Contrib.	15,039	193,002	-	13,297,642	15,039	13,490,644
General Revenues						
Property and Replacement Taxes	929,211	904,178	-	-	929,211	904,178
Sales and Use Taxes	607,889	532,857	-	-	607,889	532,857
Income Taxes	436,922	297,443	-	-	436,922	297,443
Utility Taxes	418,787	441,276	-	-	418,787	441,276
Interest Income	4,792	26,722	1,281	1,791	6,073	28,513
Miscellaneous	162,093	180,539	-	-	162,093	180,539
Total Revenues	2,998,299	2,849,471	1,845,596	15,127,565	4,843,895	17,977,036
Expenses						
General Government	989,263	721,199	-	-	989,263	721,199
Police Protection	1,423,424	1,257,744	-	-	1,423,424	1,257,744
Highways and Streets	251,812	22,274,024	-	-	251,812	22,274,024
Planning and Zoning	1,235	1,718	-	-	1,235	1,718
Economic Development	-	-	-	-	-	-
Interest on Long-Term Debt	154,541	156,071	-	-	154,541	156,071
Water and Sewer	-	-	2,649,752	2,214,076	2,649,752	2,214,076
Garbage	-	-	365,544	352,561	365,544	352,561
Total Expenses	2,820,275	24,410,756	3,015,296	2,566,637	5,835,571	26,977,393
Change in Net Assets Before Extraordinary Item and Transfers	178,024	(21,561,285)	(1,169,700)	12,560,928	(991,676)	(9,000,357)
Extraordinary Item - Debt Extinguishment	-	-	-	22,405,156	-	22,405,156
Transfers	546,524	75,000	(546,524)	(75,000)	-	-
Change in Net Assets	724,548	(21,486,285)	(1,716,224)	34,891,084	(991,676)	13,404,799
Net Assets - Beginning	32,943,909	54,430,194	53,170,237	18,279,153	86,114,146	72,709,347
Net Assets-Ending	33,668,457	32,943,909	51,454,013	53,170,237	85,122,470	86,114,146

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

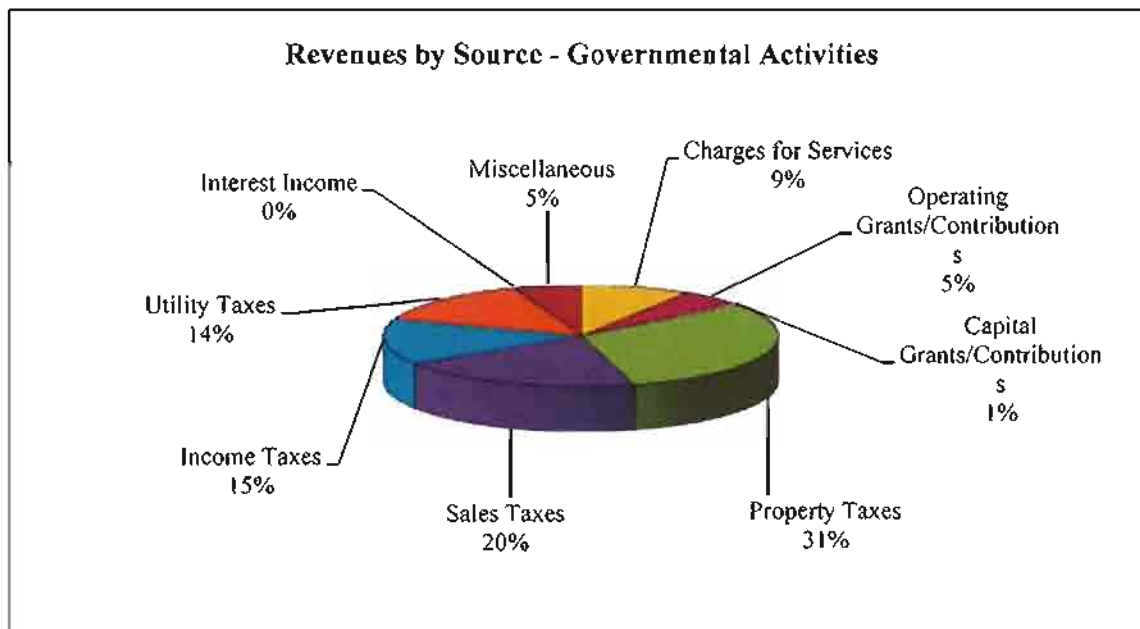
Net assets of the Village's governmental activities increased by 2.2 percent (\$32,943,909 in 2011, compared to \$33,668,457 in 2012). Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints, totaled \$138,170 at April 30, 2012.

Net assets of business-type activities decreased by 3.2 percent (\$53,170,237 in 2011 compared to \$51,454,013 in 2012).

Governmental Activities

Revenues for governmental activities totaled \$2,998,299, while the cost of all governmental functions totaled \$2,820,275. This results in an increase of \$178,024 prior to transfers in of \$546,524. In 2011, expenses of \$24,410,756 exceeded revenues of \$2,849,471, resulting in a decrease of \$24,410,756 prior to transfers in of \$75,000. During 2012, the Village started to see increases in some of its state shared revenues, including sales and uses taxes and income taxes with a decrease in telecommunication utility taxes. Overall revenues for the governmental activities increased \$148,828.

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.



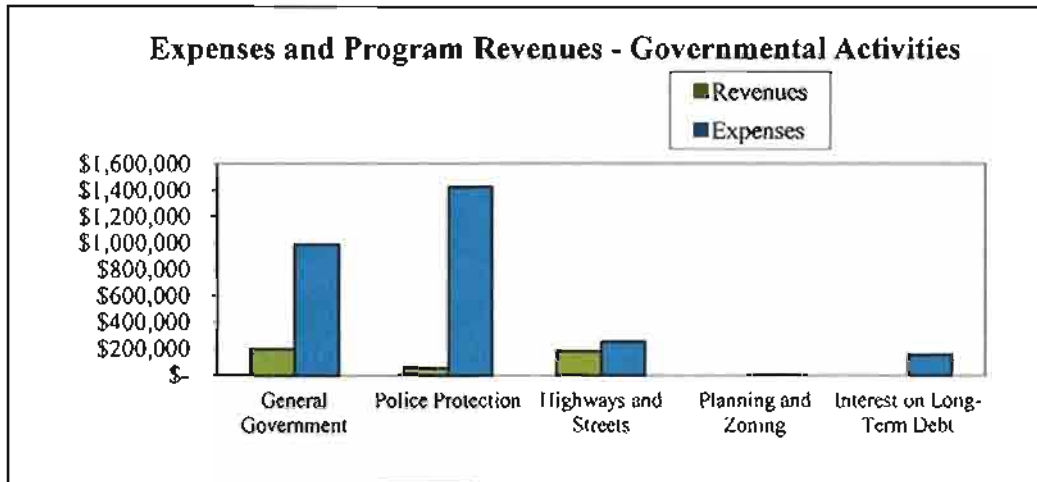
VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis
April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

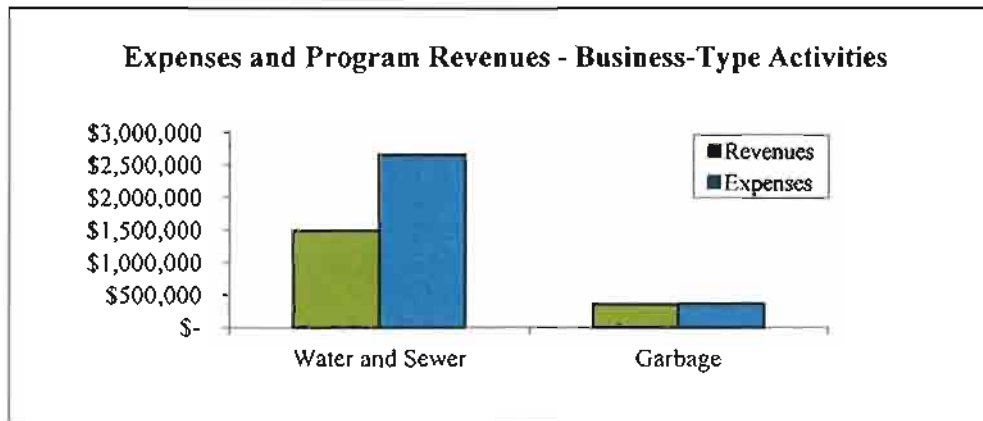
Governmental Activities – Continued

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 \$1,845,596, while the cost of all business-type activities totaled \$3,015,296. This results in a decrease in net assets of \$1,169,700 prior to transfers out of \$546,524. In 2011, revenues of \$15,127,565 exceeded expenses of \$2,566,637, resulting in an increase in net assets of \$12,560,928 prior to an extraordinary item for debt extinguishment of \$22,405,156 and transfers out of \$75,000. The decrease in the current year is a result of higher depreciation charges. The surplus in the prior year was due primarily to capital asset contributions of \$13,297,642 received during the year and the debt extinguishment of \$22,405,156.



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

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis April 30, 2012

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, unreserved 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 \$4,932,928, which is \$561,016 lower than last year's total of \$5,493,944. Of the \$4,932,928 total, \$73,192, or approximately 1.5 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported fund balance for the year of \$277,153, a decrease of \$216,550 or 43.9 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, 2012, unassigned fund balance in the General Fund was \$216,221, which represents 78.0 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 7.4 percent of total General Fund expenditures.

The Village reports five capital projects funds as major funds: SSA 13 Improvement Fund, Transportation Impact Fees Fund, SSA 16 - 19 Improvements Fund, SSA 14 Improvements Fund, and Public Use Fund. The Transportation Impact Fees Fund reported a decrease in fund balance of \$37,770 due to planned construction costs exceeding revenues. The SSA 13 Improvement Fund, SSA16-19 Improvement Fund, SSA14 Improvement Fund, and Public Use Fund reported small increases to fund balance as there were no planned expenditures made in these funds during the year.

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, 2012

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 assets of \$1,706,246 due to depreciation costs and a transfer of assets to governmental activities.

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 assets of \$9,978 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 \$2,562,749 compared to budgeted revenues of \$2,508,223. Taxes, charges for services and licenses and permits were slightly higher than budget.

The General Fund actual expenditures for the year were \$2,917,733, with budgeted expenditures of \$2,367,113. The Village worked during the year to control costs in the General Fund but had unexpected costs in general government and police protection functions causing those functions to go over budget.

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, 2012 was \$87,593,078 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, machinery and equipment, and underground water and sewer lines.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis
April 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
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	764,836	1,142,312	1,232,012	3,309,871	1,996,848
Buildings	13,780	14,840	24,958,407	23,698,928	24,972,187	23,713,768
Machinery and Equipment	399,972	446,116	23,353	56,983	423,325	503,099
Underground Water and Sewer Lines	8,269,327	8,482,788	28,548,661	30,979,384	36,817,988	39,462,172
Total	31,718,897	30,576,839	55,874,181	57,168,755	87,593,078	87,745,594

This year's major additions included:

Construction in Progress	\$ 1,467,763
Buildings	154,741
Vehicles, Machinery and Equipment	50,384
	<u>1,672,888</u>

Additional information on the Village's capital assets can be found in note 3 on pages 29 - 30 of this report.

Debt Administration

At year-end, the Village had total outstanding debt of \$7,730,334 as compared to \$8,258,700 the previous year, a decrease of 6.4 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Installment Contracts	\$ 183,611	76,384	20,128	39,512	203,739	115,896
General Obligations/ Alternate Revenue Bonds	1,410,000	1,630,000	917,018	1,048,582	2,327,018	2,678,582
TIF Revenue Bonds	1,345,000	1,370,000	-	-	1,345,000	1,370,000
IEPA Loans	-	-	2,644,577	2,829,222	2,644,577	2,829,222
Debt Certificates	-	-	1,210,000	1,265,000	1,210,000	1,265,000
Total	2,938,611	3,076,384	4,791,723	5,182,316	7,730,334	8,258,700

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis

April 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration – Continued

During the year the Village issued installment contracts of \$187,705 and made annual payments on all other long-term debt issuances. State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt margin for the Village is \$13,349,450.

Additional information on the Village's long-term debt can be found in Note 3 on pages 32 - 39 of this report.

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 is cautiously 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 Fund

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Assets
April 30, 2012

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

**Statement of Net Assets
April 30, 2012**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 4,125,044	915,382	5,040,426
Receivables - Net of Allowances	1,340,396	345,884	1,686,280
Notes Receivable	227,359	-	227,359
Prepays	29,720	14,670	44,390
Internal Balances	526,503	(526,503)	-
	<hr/>		
Total Current Assets	6,249,022	749,433	6,998,455
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	23,035,818	2,343,760	25,379,578
Depreciable Capital Assets	10,268,477	62,852,999	73,121,476
Accumulated Depreciation	(1,585,398)	(9,322,578)	(10,907,976)
	<hr/>		
Total Noncurrent Assets	31,718,897	55,874,181	87,593,078
	<hr/>		
Total Assets	37,967,919	56,623,614	94,591,533
	<hr/>		

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

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	87,607	297,594	385,201
Accrued Payroll	54,204	9,691	63,895
Accrued Interest Payable	48,803	62,093	110,896
Deposits Payable	249,164	-	249,164
Other Liabilities	12,658	8,500	21,158
Unearned/Deferred Revenues	908,415	-	908,415
Current Portion of Long-term Debt	330,897	411,176	742,073
Total Current Liabilities	<u>1,691,748</u>	<u>789,054</u>	<u>2,480,802</u>
Noncurrent Liabilities			
Installment Contracts	107,714	-	107,714
General Obligation Bonds	-	775,587	775,587
Alternate Revenue Bonds	1,180,000	-	1,180,000
TIF Revenue Bonds	1,320,000	-	1,320,000
IEPA Loan	-	2,454,960	2,454,960
Debt Certificates	-	1,150,000	1,150,000
Total Noncurrent Liabilities	<u>2,607,714</u>	<u>4,380,547</u>	<u>6,988,261</u>
Total Liabilities	<u>4,299,462</u>	<u>5,169,601</u>	<u>9,469,063</u>
NET ASSETS			
Invested in Capital Assets - Net of Related Debt	28,780,286	51,082,458	79,862,744
Restricted			
Highways and Streets	3,037,309	-	3,037,309
Public Safety	7,129	-	7,129
Subdivision Maintenance	37,857	-	37,857
Economic Development	1,016,345	-	1,016,345
Tourism	34,284	-	34,284
Public Use	605,198	-	605,198
Debt Service	11,879	-	11,879
Unrestricted	<u>138,170</u>	<u>371,555</u>	<u>509,725</u>
Total Net Assets	<u>33,668,457</u>	<u>51,454,013</u>	<u>85,122,470</u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Activities
Year Ended April 30, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Primary Government				
Governmental Activities				
General Government	\$ 989,263	199,705	-	-
Police Protection	1,423,424	56,261	-	-
Highways and Streets	251,812	10,297	157,303	15,039
Planning and Zoning	1,235	-	-	-
Interest on Long-Term Debt	154,541	-	-	-
Total Governmental Activities	2,820,275	266,263	157,303	15,039
Business-Type Activities				
Water and Sewer	2,649,752	1,488,749	-	-
Garbage	365,544	355,566	-	-
Total Business-Type Activities	3,015,296	1,844,315	-	-
	5,835,571	2,110,578	157,303	15,039

General Revenues
 Taxes
 Property Taxes
 Replacement Taxes
 Sales and Use Taxes
 Income Taxes
 Utility Taxes
 Investment Income
 Miscellaneous
 Interfund Activity - Transfers

Change in Net Assets
 Net Assets - Beginning
 Net Assets - 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
(789,558)	-	(789,558)
(1,367,163)	-	(1,367,163)
(69,173)	-	(69,173)
(1,235)	-	(1,235)
(154,541)	-	(154,541)
(2,381,670)	-	(2,381,670)
-	(1,161,003)	(1,161,003)
-	(9,978)	(9,978)
-	(1,170,981)	(1,170,981)
(2,381,670)	(1,170,981)	(3,552,651)
910,334	-	910,334
18,877	-	18,877
607,889	-	607,889
436,922	-	436,922
418,787	-	418,787
4,792	1,281	6,073
162,093	-	162,093
546,524	(546,524)	-
3,106,218	(545,243)	2,560,975
724,548	(1,716,224)	(991,676)
32,943,909	53,170,237	86,114,146
33,668,457	51,454,013	85,122,470

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Governmental Funds - Balance Sheet
April 30, 2012

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

**Governmental Funds - Balance Sheet
April 30, 2012**

	General	SSA 13 Improvement	Transportation Impact Fees
ASSETS			
Cash and Investments	\$ -	1,343,100	5,867
Receivables - Net of Allowances			
Property Taxes	727,364	-	-
Other Taxes	406,142	-	-
Due from Other Governments	-	-	-
Notes Receivable	-	-	-
Prepays	29,720	-	-
Due from Other Funds	1,021,447	-	153,185
Total Assets	2,184,673	1,343,100	159,052
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	75,085	-	-
Accrued Payroll	54,204	-	-
Deposits Payable	249,164	-	-
Other Liabilities	12,658	-	-
Due to Other Funds	789,045	-	-
Unearned/Deferred Revenue	727,364	-	-
Total Liabilities	1,907,520	-	-
Fund Balances			
Nonspendable	29,720	-	-
Restricted	-	1,343,100	159,052
Assigned	31,212	-	-
Unassigned	216,221	-	-
Total Fund Balances	277,153	1,343,100	159,052
Total Liabilities and Fund Balances	2,184,673	1,343,100	159,052

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>
195,661	160,469	624,215	1,795,732	4,125,044
-	-	-	181,051	908,415
-	-	-	10,800	416,942
-	-	-	15,039	15,039
-	-	-	227,359	227,359
-	-	-	-	29,720
-	-	63,383	948,338	2,186,353
<u>195,661</u>	<u>160,469</u>	<u>687,598</u>	<u>3,178,319</u>	<u>7,908,872</u>
-	-	-	12,195	87,280
-	-	-	-	54,204
-	-	-	-	249,164
-	-	-	-	12,658
-	-	82,400	792,778	1,664,223
-	-	-	181,051	908,415
-	-	82,400	986,024	2,975,944
-	-	-	-	29,720
195,661	160,469	605,198	2,335,324	4,798,804
-	-	-	-	31,212
-	-	-	(143,029)	73,192
<u>195,661</u>	<u>160,469</u>	<u>605,198</u>	<u>2,192,295</u>	<u>4,932,928</u>
<u>195,661</u>	<u>160,469</u>	<u>687,598</u>	<u>3,178,319</u>	<u>7,908,872</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 Assets - Governmental Activities

April 30, 2012

Total Governmental Fund Balances	\$ 4,932,928
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	31,718,897
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 Assets.	4,046
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Installment Contracts	(183,611)
General Obligation/Alternate Revenue Bonds	(1,410,000)
TIF Revenue Bonds	(1,345,000)
Accrued Interest Payable	<u>(48,803)</u>
Net Assets of Governmental Activities	<u>33,668,457</u>

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, 2012**

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2012

	General	SSA 13 Improvement	Transportation Impact Fees
Revenues			
Taxes	\$ 2,184,622	-	-
Charges for Services	98,406	-	7,262
Intergovernmental	-	-	-
Licenses and Permits	97,253	-	-
Fines and Forfeits	54,818	-	-
Investment Income	1,350	84	3
Miscellaneous	126,300	6	-
Total Revenues	2,562,749	90	7,265
Expenditures			
Current			
General Government	974,830	-	-
Highways and Streets	469,789	-	35
Police Protection	1,379,525	-	-
Planning and Zoning	1,235	-	-
Debt Service			
Principal Retirement	80,478	-	-
Interest and Fiscal Charges	11,876	-	-
Total Expenditures	2,917,733	-	35
Excess (Deficiency) of Revenues Over (Under) Expenditures	(354,984)	90	7,230
Other Financing Sources (Uses)			
Debt Issuance	187,705	-	-
Transfers In	115,000	-	-
Transfers Out	(164,271)	-	(45,000)
	138,434	-	(45,000)
Net Change in Fund Balances	(216,550)	90	(37,770)
Fund Balances - Beginning	493,703	1,343,010	196,822
Fund Balances - Ending	277,153	1,343,100	159,052

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
-	-	-	208,187	2,392,809
-	-	719	-	106,387
-	-	2,316	173,785	176,101
-	-	-	-	97,253
-	-	-	-	54,818
21	25	390	2,919	4,792
-	-	-	35,787	162,093
21	25	3,425	420,678	2,994,253
-	-	-	14,433	989,263
-	-	-	496,421	966,245
-	-	-	-	1,379,525
-	-	-	-	1,235
-	-	-	245,000	325,478
-	-	-	144,352	156,228
-	-	-	900,206	3,817,974
21	25	3,425	(479,528)	(823,721)
-	-	-	-	187,705
-	-	-	284,271	399,271
-	-	-	(115,000)	(324,271)
-	-	-	169,271	262,705
21	25	3,425	(310,257)	(561,016)
195,640	160,444	601,773	2,502,552	5,493,944
195,661	160,469	605,198	2,192,295	4,932,928

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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (561,016)

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	1,453,107
Depreciation Expense	(311,049)

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	(187,705)
Retirement of Debt	325,478

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.

1,687

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.

4,046

Changes in Net Assets of Governmental Activities

724,548

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Assets - Proprietary Funds - Business-Type Activities
April 30, 2012

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Assets - Proprietary Funds
April 30, 2012

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Garbage	Total	Activities Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 637,150	278,232	915,382	-
Receivables - Net of Allowances Accounts	278,227	67,657	345,884	-
Due from Other Funds	306,052	8,612	314,664	4,046
Prepays	14,670	-	14,670	-
Total Current Assets	1,236,099	354,501	1,590,600	4,046
Noncurrent Assets				
Capital Assets				
Nondepreciable Capital Assets	2,343,760	-	2,343,760	-
Depreciable Capital Assets	62,852,999	-	62,852,999	-
Accumulated Depreciation	(9,322,578)	-	(9,322,578)	-
Total Noncurrent Assets	55,874,181	-	55,874,181	-
Total Assets	57,110,280	354,501	57,464,781	4,046

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

	Business-Type Activities - Enterprise			Governmental
	Water and		Total	Internal
	Sewer	Garbage		
LIABILITIES				
Current Liabilities				
Accounts Payable	206,216	91,378	297,594	-
Accrued Payroll	9,691	-	9,691	-
Accrued Interest Payable	62,093	-	62,093	-
Other Liabilities	8,500	-	8,500	-
Due to Other Funds	662,452	178,715	841,167	-
Installment Contracts	20,128	-	20,128	-
General Obligation Bonds	141,431	-	141,431	-
IEPA Loan	189,617	-	189,617	-
Debt Certificates	60,000	-	60,000	-
Total Current Liabilities	1,360,128	270,093	1,630,221	-
Noncurrent Liabilities				
General Obligation Bonds	775,587	-	775,587	-
IEPA Loan	2,454,960	-	2,454,960	-
Debt Certificates	1,150,000	-	1,150,000	-
Total Noncurrent Liabilities	4,380,547	-	4,380,547	-
Total Liabilities	5,740,675	270,093	6,010,768	-
NET ASSETS				
Invested in Capital Assets -				
Net of Related Debt	51,082,458	-	51,082,458	-
Unrestricted	287,147	84,408	371,555	4,046
Total Net Assets	51,369,605	84,408	51,454,013	4,046

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 Assets - Proprietary Funds
Year Ended April 30, 2012

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Garbage	Total	Activities Internal Service
Operating Revenues				
Charges for Services	\$ 1,488,749	355,566	1,844,315	4,046
Operating Expenses				
Operations				
Water Department	526,315	-	526,315	-
Sewer Department	579,124	365,544	944,668	-
System Improvements	23,767	-	23,767	-
Depreciation	1,359,615	-	1,359,615	-
Total Operating Expenses	2,488,821	365,544	2,854,365	-
Operating Income (Loss)	(1,000,072)	(9,978)	(1,010,050)	4,046
Nonoperating Revenues (Expenses)				
Investment Income	1,281	-	1,281	-
Interest and Fiscal Charges	(160,931)	-	(160,931)	-
	(159,650)	-	(159,650)	-
Income (Loss) Before Transfers	(1,159,722)	(9,978)	(1,169,700)	4,046
Transfers Out	(546,524)	-	(546,524)	-
Change in Net Assets	(1,706,246)	(9,978)	(1,716,224)	4,046
Net Assets - Beginning	53,075,851	94,386	53,170,237	-
Net Assets - Ending	51,369,605	84,408	51,454,013	4,046

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, 2012

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Garbage	Total	Internal Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 1,232,429	354,789	1,587,218	-
Payments to Employees	(168,610)	-	(168,610)	-
Payments to Suppliers	(578,072)	(303,302)	(881,374)	-
	<u>485,747</u>	<u>51,487</u>	<u>537,234</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities				
Transfers Out	(75,000)	-	(75,000)	-
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(536,564)	-	(536,564)	-
Principal on Capital Debt	(390,593)	-	(390,593)	-
Interest on Capital Debt	(160,931)	-	(160,931)	-
	<u>(1,088,088)</u>	<u>-</u>	<u>(1,088,088)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest Received	1,281	-	1,281	-
Net Change in Cash and Cash Equivalents	(676,060)	51,487	(624,573)	-
Cash and Cash Equivalents - Beginning	1,313,210	226,745	1,539,955	-
Cash and Cash Equivalents - Ending	<u>637,150</u>	<u>278,232</u>	<u>915,382</u>	<u>-</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(1,000,072)	(9,978)	(1,010,050)	4,046
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used In) Operating Activities:				
Depreciation Expense	1,359,615	-	1,359,615	-
(Increase) Decrease in Current Assets	(256,320)	(777)	(257,097)	(4,046)
Increase (Decrease) in Current Liabilities	382,524	62,242	444,766	-
Net Cash Provided by Operating Activities	<u>485,747</u>	<u>51,487</u>	<u>537,234</u>	<u>-</u>
Noncash Investing and Financing Activities				
Capital Contributions to Governmental Activities	(471,524)	-	(471,524)	-

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Assets - Fiduciary Funds
April 30, 2012

Agency

ASSETS

Cash and Cash Equivalents	\$ 2,959,650
Due from Other Funds	<u>4,629</u>
Total Assets	<u><u>2,964,279</u></u>

LIABILITIES

Due to Others	617,983
Due to Other Funds	4,302
Due to Bondholders	<u>2,341,994</u>
Total Liabilities	<u><u>2,964,279</u></u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. 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.

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 Assets, 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 and receivables as well as long-term debt obligations. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, police protection, highways and streets, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or discretely 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 assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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.

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 assets, 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:

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

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.

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 assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus

On the government-wide Statement of Net Assets 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 and liabilities 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 assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net assets. 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 Assets 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 is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities 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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

All proprietary 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, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Assets 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, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS 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 assets. Material bond premiums and discounts, as well as issuance costs, if any, 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 deferred charges and amortized over the term of the related debt.

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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Fund Equity

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

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

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

Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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, 2012

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 2006A Bonds Fund and the Health Insurance Fund.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General Fund	\$ 550,620
Transportation Impact Fees	35
Special Service Areas	17,748
Tax Increment Financing	66,108
SSA Bond 5-55	5,865
Water and Sewer	219,676

DEFICIT FUND EQUITY

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

<u>Fund</u>	<u>Deficit</u>
Tax Increment Financing	\$ 129,805
Capital Improvements	13,224

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and the Illinois Metropolitan Investment Fund. The 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 \$4,848,039 and the bank balances totaled \$5,025,743. The Village also has \$192,387 invested in the Illinois Funds.

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

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

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 no investments that represent more than 5 percent of the total cash and investment portfolio.

PROPERTY TAXES

Property taxes for 2011 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, 2012 and September 1, 2012. 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, 2012 total \$227,359. Minimum future receipts from recipients under this program are as follows:

Year Ended April 30	Principal	Interest	Total
2013	\$ 134,027	9,150	143,177
2014	51,902	2,116	54,018
2015	22,427	937	23,364
2016	19,003	267	19,270
	<u>227,359</u>	<u>12,470</u>	<u>239,829</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

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 / Transfers	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 20,868,259	-	-	20,868,259
Construction in Progress	764,836	931,199	(471,524)	2,167,559
	<u>21,633,095</u>	<u>931,199</u>	<u>(471,524)</u>	<u>23,035,818</u>
Depreciable Capital Assets				
Buildings and Improvements	58,800	-	-	58,800
Vehicles and Equipment	1,004,694	50,384	-	1,055,078
Infrastructure	9,154,599	-	-	9,154,599
	<u>10,218,093</u>	<u>50,384</u>	<u>-</u>	<u>10,268,477</u>
Less Accumulated Depreciation				
Buildings and Improvements	43,960	1,060	-	45,020
Vehicles and Equipment	558,578	96,528	-	655,106
Infrastructure	671,811	213,461	-	885,272
	<u>1,274,349</u>	<u>311,049</u>	<u>-</u>	<u>1,585,398</u>
Total Net Depreciable Capital Assets	<u>8,943,744</u>	<u>(260,665)</u>	<u>-</u>	<u>8,683,079</u>
Total Net Capital Assets	<u>30,576,839</u>	<u>670,534</u>	<u>(471,524)</u>	<u>31,718,897</u>

Depreciation expense was charged to governmental activities as follows:

Public Safety	\$ 43,899
Highways and Streets	<u>267,150</u>
	<u>311,049</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

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 / Transfers	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,201,448	-	-	1,201,448
Construction in Progress	1,232,012	536,564	626,264	1,142,312
	<u>2,433,460</u>	<u>536,564</u>	<u>626,264</u>	<u>2,343,760</u>
Depreciable Capital Assets				
Buildings	28,469,167	154,741	-	28,623,908
Machinery and Equipment	284,512	-	-	284,512
Underground Water and Sewer Lines	33,944,579	-	-	33,944,579
	<u>62,698,258</u>	<u>154,741</u>	<u>-</u>	<u>62,852,999</u>
Less Accumulated Depreciation				
Buildings	3,049,841	615,660	-	3,665,501
Machinery and Equipment	227,529	33,630	-	261,159
Underground Water and Sewer Lines	4,685,593	710,325	-	5,395,918
	<u>7,962,963</u>	<u>1,359,615</u>	<u>-</u>	<u>9,322,578</u>
Total Net Depreciable Capital Assets	<u>54,735,295</u>	<u>(1,204,874)</u>	<u>-</u>	<u>53,530,421</u>
Total Net Capital Assets	<u>57,168,755</u>	<u>(668,310)</u>	<u>626,264</u>	<u>55,874,181</u>

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

Water and Sewer \$ 1,359,615

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
 April 30, 2012

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	\$ 82,400
General	Nonmajor Governmental	278,132
General	Water and Sewer	534,402
General	Garbage	122,211
General	Agency	4,302
Transportation Impact Fees	General	73,961
Transportation Impact Fees	Nonmajor Governmental	51,062
Transportation Impact Fees	Garbage	28,162
Public Use	General	63,383
Nonmajor Governmental	General	465,451
Nonmajor Governmental	Nonmajor Governmental	335,727
Nonmajor Governmental	Water and Sewer	118,818
Nonmajor Governmental	Garbage	28,342
Water and Sewer	General	178,195
Water and Sewer	Nonmajor Governmental	127,857
Garbage	Water and Sewer	8,612
Health Insurance	General	3,426
Health Insurance	Water and Sewer	620
Agency	General	4,629
		<u>2,509,692</u>

Interfund balances are advances in anticipation of receipts.

VILLAGE OF HAMPSHIRE, ILLINOIS

**Notes to the Financial Statements
April 30, 2012**

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
Governmental Activities	Water and Sewer	\$ 471,524
General	Nonmajor Governmental	115,000
Nonmajor Governmental	General	164,271
Nonmajor Governmental	Transportation Impact Fees	45,000
Nonmajor Governmental	Water and Sewer	<u>75,000</u>
		<u><u>870,795</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	\$ 39,512	-	19,384	20,128

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

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	\$ 41,349	-	18,781	22,568
Ford Crown Victoria Installment Contract of 2010 - Due in annual installments of \$20,124 including interest at 6.90% through July 9, 2011.	General	7,309	-	7,309	-
Ford Crown Victoria Installment Contract of 2010 - Due in annual installments of \$15,357 including interest at 7.10% through August 10, 2012.	General	27,726	-	13,388	14,338
International Plow Truck Equipment Installment Contract of 2011 - Due in monthly installments of \$2,533 including interest at 4.00% through May 1, 2016.	General	-	137,321	23,137	114,184
Dodge Charger Installment Contract of 2011 - Due in annual installments of \$8,478 including interest at 6.50% through June 17, 2013.	General	-	23,915	8,479	15,436
Ford Expedition Installment Contract of 2011 - Due in annual installments of \$9,384 including interest at 6.50% through July 18, 2013.	General	-	26,469	9,384	17,085
		<u>115,896</u>	<u>187,705</u>	<u>99,862</u>	<u>203,739</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

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	\$ 480,000	-	80,000	400,000
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	295,000	-	145,000	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	1,335,000	-	75,000	1,260,000
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	568,582	-	51,564	517,018
		<u>2,678,582</u>	<u>-</u>	<u>351,564</u>	<u>2,327,018</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

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	\$ 1,370,000	-	25,000	1,345,000

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	\$ 2,829,222	-	184,645	2,644,577

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	\$ 1,265,000	-	55,000	1,210,000

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

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 \$25,129,440. 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.

Noncommitment Debt – Conduit Debt

The Village has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of the date of this report, there were two IDRBs outstanding with an original par value of \$7,000,000.

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Installment Contracts	\$ 76,384	187,705	80,478	183,611	75,897
General Obligation Alternate Revenue Bonds	1,630,000	-	220,000	1,410,000	230,000
TIF Revenue Bonds	1,370,000	-	25,000	1,345,000	25,000
	<u>3,076,384</u>	<u>187,705</u>	<u>325,478</u>	<u>2,938,611</u>	<u>330,897</u>
Business-Type Activities					
Installment Contracts	39,512	-	19,384	20,128	20,128
General Obligation Alternate Revenue Bonds	1,048,582	-	131,564	917,018	141,431
IEPA Loan	2,829,222	-	184,645	2,644,577	189,617
Debt Certificates	1,265,000	-	55,000	1,210,000	60,000
	<u>5,182,316</u>	<u>-</u>	<u>390,593</u>	<u>4,791,723</u>	<u>411,176</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

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
2013	\$ 75,897	7,839	230,000	62,640	25,000	70,612
2014	47,101	4,171	85,000	56,128	25,000	69,300
2015	28,457	1,937	90,000	52,515	25,000	67,986
2016	29,632	761	90,000	48,465	30,000	66,676
2017	2,524	9	95,000	44,415	30,000	65,100
2018	-	-	100,000	40,140	30,000	63,526
2019	-	-	105,000	35,340	30,000	61,950
2020	-	-	110,000	30,300	30,000	60,376
2021	-	-	115,000	25,020	35,000	58,800
2022	-	-	125,000	19,500	30,000	56,962
2023	-	-	130,000	13,250	30,000	55,388
2024	-	-	135,000	6,750	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
Total	183,611	14,717	1,410,000	434,463	1,345,000	910,349

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

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							
	Installment Contracts		General Obligation Alternate Revenue Bonds				Debt Certificates	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 20,128	1,033	141,431	34,606	189,617	69,483	60,000	51,014
2014	-	-	142,203	30,236	194,723	64,377	60,000	48,826
2015	-	-	158,325	25,514	199,967	59,133	55,000	46,576
2016	-	-	169,712	19,663	205,352	53,748	55,000	44,430
2017	-	-	56,408	13,080	210,882	48,218	180,000	42,230
2018	-	-	58,438	11,049	216,561	42,539	185,000	34,850
2019	-	-	60,776	8,712	222,392	36,708	195,000	27,080
2020	-	-	63,420	6,068	228,381	30,719	205,000	18,694
2021	-	-	66,305	3,183	234,530	24,570	215,000	9,676
2022	-	-	-	-	240,847	18,253	-	-
2023	-	-	-	-	247,333	11,767	-	-
2024	-	-	-	-	253,992	5,107	-	-
Total	20,128	1,033	917,018	152,111	2,644,577	464,622	1,210,000	323,376

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."

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin – Continued

Assessed Valuation - 2011	<u>\$ 168,805,218</u>
Legal Debt Limit - 8.625% of Assessed Value	14,559,450
Amount of Debt Applicable to Limit	<u>1,210,000</u>
Legal Debt Margin	<u>13,349,450</u>

NET ASSETS CLASSIFICATIONS

Investment in capital assets – net of related debt, was comprised of the following as of April 30, 2012:

Governmental Activities

Capital Assets - Net of Accumulated Depreciation \$ 31,718,897

Less Capital Related Debt:

Installment Contracts of 2008, 2010, 2011 and 2012	(183,611)	
General Obligation (ARS) Refunding Bonds of 2005	(150,000)	
General Obligation (ARS) Bonds of 2006	(1,260,000)	
TIF Revenue Bonds of 2009A	(1,345,000)	<u>(2,938,611)</u>

Investment in Capital Assets - Net of Related Debt 28,780,286

Business-Type Activities

Capital Assets - Net of Accumulated Depreciation 55,874,181

Less Capital Related Debt:

Installment Contract of 2007	(20,128)	
General Obligation (ARS) Refunding Bonds of 2003	(400,000)	
General Obligation Alternate Bonds of 2010	(517,018)	
IEPA Loan of 2002	(2,644,577)	
Debt Certificates of 2003	(1,210,000)	<u>(4,791,723)</u>

Investment in Capital Assets - Net of Related Debt 51,082,458

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

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

	General	Capital Projects				Public Use	Nonmajor	Total
		SSA 13 Improvement	Transportation Impact Fees	SSA 16 - 19 Improvements	SSA 14 Improvements			
Fund Balances								
Nonspendable	\$ 29,720	-	-	-	-	-	-	29,720
Restricted								
Highways and Streets	-	1,343,100	159,052	195,661	160,469	-	1,179,027	3,037,309
Public Safety	-	-	-	-	-	-	7,129	7,129
Subdivision Maintenance	-	-	-	-	-	-	37,857	37,857
Economic Development	-	-	-	-	-	-	1,016,345	1,016,345
Tourism	-	-	-	-	-	-	34,284	34,284
Public Use	-	-	-	-	-	605,198	-	605,198
Debt Service	-	-	-	-	-	-	60,682	60,682
	-	1,343,100	159,052	195,661	160,469	605,198	2,335,324	4,798,804
Assigned								
Police Pension	31,212	-	-	-	-	-	-	31,212
Unassigned	216,221	-	-	-	-	-	(143,029)	73,192
Total Fund Balances	277,153	1,343,100	159,052	195,661	160,469	605,198	2,192,295	4,932,928

The Village implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended April 30, 2012. In the governmental funds financial statements, the Village first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance.

Assigned Fund Balance. The Village reports assigned fund balance in the General Fund. The Village’s Board/management has assigned these funds to future police pension costs.

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.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

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, 2012.

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 two sales tax rebate agreements which were designed to induce a vendor to locate their business and personnel within the Village and a developer to acquire and improve property within the Village. The first agreement originating in 2000, covered point-of-sale transactions within the Village. The agreement has been amended from time to time with the latest amendment occurring in 2010. The 2010 amendment calls for a rebate of 50% of the sales tax receipts received by the Village starting with the first dollar.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Sales Tax Rebates – Continued

The first 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. In the second agreement, the Village has agreed to rebate 50% of the total sales tax revenues resulting from the operations at the retail facility on the Subject Property to a total amount of \$29,203. The second sales tax rebate is payable to the developer each year following receipt of the April sales tax remittance from the State of Illinois. As of April 30, 2012, sales tax rebates of \$15,651 were remitted. 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. 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.

Plan Descriptions, Provisions and Funding Policies

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 2011 was 10.65 percent.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies - Continued

For the current year, the Village's annual pension cost of \$126,101 for the plan was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the 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, 2009 was 30 years.

Trend Information

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

Fiscal Year	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 125,218	\$ 125,218	100.00%	\$ -
2011	119,630	119,630	100.00%	-
2012	126,101	126,101	100.00%	-

Funded Status and Funding Progress

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

Actuarial Valuation Date	12/31/11
Percent Funded	63.17%
Actuarial Accrued Liability for Benefits	\$2,181,700
Actuarial Value of Assets	\$1,378,253
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$803,447)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$1,184,048
Ratio of UAAL to Covered Payroll	67.86%

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress - Continued

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.

Annual Pension Cost and Net Pension Obligation

The IMRF plan did not have a pension obligation at year-end.

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

Contribution Rates	
Employer	10.65%
Employee	4.50%
Actuarial Valuation Date	12/31/2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis
Remaining Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.50% Compounded Annually
Projected Salary Increases	.4 to 10.0%
Inflation Rate Included	4.00%
Cost-of-Living Adjustments	3.00%

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements
April 30, 2012

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, 2012.

SUBSEQUENT EVENTS

During the fiscal year, the Village passed an ordinance which established a Police Pension Fund as well as implemented the Pension Board of Trustees. However, during the fiscal year, there was no activity within the Pension Fund and therefore no financial statements are reported. Previously, the Village and Police employees were required to contribute to the Illinois Municipal Retirement Fund. The accumulated contributions to the IMRF are to be transferred to the Pension Fund during the subsequent fiscal year. The Village and Police officers began contributing to the Pension Fund in May of 2012.

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
- 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, 2012

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)
2006	\$ 1,405,712	\$ 1,603,516	87.66%	\$ 197,804	\$ 1,006,043	19.66%
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%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ 98,693	\$ 98,693	100.00%
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%

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 2,178,573	2,178,573	2,184,622
Charges for Services	45,500	45,500	98,406
Licenses and Permits	74,150	74,150	97,253
Fines and Forfeits	67,000	67,000	54,818
Investment Income	2,000	2,000	1,350
Miscellaneous Income	141,000	141,000	126,300
Total Revenues	2,508,223	2,508,223	2,562,749
Expenditures			
General Government	600,075	600,075	974,830
Police Protection	1,233,841	1,233,841	1,379,525
Highways and Streets	509,879	509,879	469,789
Planning and Zoning	3,192	3,192	1,235
Debt Service			
Principal Retirement	-	-	80,478
Interest and Fiscal Charges	20,126	20,126	11,876
Total Expenditures	2,367,113	2,367,113	2,917,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	141,110	141,110	(354,984)
Other Financing Sources (Uses)			
Debt Issuance	-	-	187,705
Transfers In	115,000	115,000	115,000
Transfers Out	(206,755)	(206,755)	(164,271)
	(91,755)	(91,755)	138,434
Net Change in Fund Balance	49,355	49,355	(216,550)
Fund Balance - Beginning			493,703
Fund Balance - Ending			277,153

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
- Statement of Changes in Assets and Liabilities – Agency Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Motor Fuel Tax Fund

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

Road and Bridge Fund

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

Revolving Loan Fund

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

Special Service Areas Fund

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

Evidence Fund

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

Tax Increment Financing Fund

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

Hotel/Motel Tax Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

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

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.

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

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 Districts and the collection of taxes from special service areas 9, 14, and 16 through 19 and related remittance to the bondholders.

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual
Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 713,705	713,705	702,147
Sales and Use Taxes	591,769	591,769	607,889
State Income Taxes	406,099	406,099	436,922
Replacement Taxes	22,000	22,000	18,877
Utility Taxes	445,000	445,000	418,787
	<u>2,178,573</u>	<u>2,178,573</u>	<u>2,184,622</u>
Charges for Services	<u>45,500</u>	<u>45,500</u>	<u>98,406</u>
Licenses and Permits	<u>74,150</u>	<u>74,150</u>	<u>97,253</u>
Fines and Forfeits	<u>67,000</u>	<u>67,000</u>	<u>54,818</u>
Investment Income	<u>2,000</u>	<u>2,000</u>	<u>1,350</u>
Miscellaneous Income	<u>141,000</u>	<u>141,000</u>	<u>126,300</u>
Total Revenues	<u>2,508,223</u>	<u>2,508,223</u>	<u>2,562,749</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
General Government			
Personal Services	\$ 206,525	206,525	204,466
Contractual Services	374,250	374,250	721,121
Commodities	15,000	15,000	20,222
Other Expenditures	2,000	2,000	26,781
Capital Outlay	2,300	2,300	2,240
	<u>600,075</u>	<u>600,075</u>	<u>974,830</u>
Police Protection			
Personal Services	943,935	943,935	1,096,353
Contractual Services	170,906	170,906	151,701
Commodities	68,000	68,000	71,587
Capital Outlay	51,000	51,000	59,884
	<u>1,233,841</u>	<u>1,233,841</u>	<u>1,379,525</u>
Highways and Streets			
Personal Services	291,311	291,311	287,766
Contractual Services	150,215	150,215	131,140
Commodities	47,450	47,450	50,190
Other Expenditures	250	250	693
Capital Outlay	20,653	20,653	-
	<u>509,879</u>	<u>509,879</u>	<u>469,789</u>
Planning and Zoning			
Personal Services	2,692	2,692	1,085
Contractual Services	500	500	150
	<u>3,192</u>	<u>3,192</u>	<u>1,235</u>
Debt Service			
Principal Retirement	-	-	80,478
Interest and Fiscal Charges	20,126	20,126	11,876
	<u>20,126</u>	<u>20,126</u>	<u>92,354</u>
Total Expenditures	<u>2,367,113</u>	<u>2,367,113</u>	<u>2,917,733</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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 7,500	7,500	7,262
Investment Income	750	750	3
Total Revenues	8,250	8,250	7,265
Expenditures			
Streets and Highways	-	-	35
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,250	8,250	7,230
Other Financing (Uses)			
Transfers Out	(45,000)	(45,000)	(45,000)
Net Change in Fund Balance	<u>(36,750)</u>	<u>(36,750)</u>	(37,770)
Fund Balance - Beginning			<u>196,822</u>
Fund Balance - Ending			<u>159,052</u>

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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 2,500	2,500	719
Intergovernmental	5,000	5,000	2,316
Investment Income	1,000	1,000	390
Total Revenues	8,500	8,500	3,425
Expenditures			
Capital Outlay	63,000	63,000	-
Net Change in Fund Balance	<u>(54,500)</u>	<u>(54,500)</u>	3,425
Fund Balance - Beginning			<u>601,773</u>
Fund Balance - Ending			<u><u>605,198</u></u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
April 30, 2012**

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
April 30, 2012**

	Special Revenue				
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence
ASSETS					
Cash and Investments	\$ -	3,024	786,567	169,396	7,129
Receivables - Net of Allowances					
Property Taxes	-	113,812	-	45,400	-
Other Taxes	10,800	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	207,127	249,456	2,419	-	-
Notes Receivable	-	-	227,359	-	-
Total Assets	217,927	366,292	1,016,345	214,796	7,129
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	5,000	-	-	1,898	-
Due to Other Funds	60,137	-	-	129,641	-
Unearned/Deferred Revenue	-	113,812	-	45,400	-
Total Liabilities	65,137	113,812	-	176,939	-
Fund Balances					
Restricted	152,790	252,480	1,016,345	37,857	7,129
Unassigned	-	-	-	-	-
Total Fund Balances	152,790	252,480	1,016,345	37,857	7,129
Total Liabilities and Fund Balances	217,927	366,292	1,016,345	214,796	7,129

Tax Increment Financing	Hotel/ Motel Tax	Debt Service SSA Bond Fund 5-55	Capital Projects				Totals
			Capital Improvements	TIF Revenue Bonds of 2009A/ Tuscany Woods Line of Credit	2006A Bonds	Equipment Replacement	
-	34,284	79,424	-	669,854	45,584	470	1,795,732
21,839	-	-	-	-	-	-	181,051
-	-	-	-	-	-	-	10,800
-	-	-	-	15,039	-	-	15,039
85,520	-	-	17,843	51,760	287,365	46,848	948,338
-	-	-	-	-	-	-	227,359
107,359	34,284	79,424	17,843	736,653	332,949	47,318	3,178,319
-	-	-	-	5,297	-	-	12,195
215,325	-	18,742	31,067	244,468	55,800	37,598	792,778
21,839	-	-	-	-	-	-	181,051
237,164	-	18,742	31,067	249,765	55,800	37,598	986,024
-	34,284	60,682	-	486,888	277,149	9,720	2,335,324
(129,805)	-	-	(13,224)	-	-	-	(143,029)
(129,805)	34,284	60,682	(13,224)	486,888	277,149	9,720	2,192,295
107,359	34,284	79,424	17,843	736,653	332,949	47,318	3,178,319

VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended April 30, 2012

	Special Revenue				
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence
Revenues					
Taxes	\$ -	115,576	-	48,882	-
Intergovernmental	157,303	-	-	-	1,443
Investment Income	68	35	2,524	-	10
Miscellaneous	-	-	-	-	-
Total Revenues	157,371	115,611	2,524	48,882	1,453
Expenditures					
General Government	-	-	1,185	-	-
Highways and Streets	101,852	-	-	39,553	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	101,852	-	1,185	39,553	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	55,519	115,611	1,339	9,329	1,453
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	(115,000)	-	-	-
	-	(115,000)	-	-	-
Net Change in Fund Balances	55,519	611	1,339	9,329	1,453
Fund Balances - Beginning	97,271	251,869	1,015,006	28,528	5,676
Fund Balances - Ending	152,790	252,480	1,016,345	37,857	7,129

Tax Increment Financing	Hotel/ Motel Tax	Debt Service SSA Bond 5-55	Capital Projects				Totals
			Capital Improvements	TIF Revenue Bonds of 2009A/ Tuscany Woods Line of Credit	2006A Bonds	Equipment Replacement	
27,917	15,812	-	-	-	-	-	208,187
-	-	-	-	15,039	-	-	173,785
1	48	96	-	-	131	6	2,919
-	-	-	-	35,787	-	-	35,787
27,918	15,860	96	-	50,826	131	6	420,678
-	13,248	-	-	-	-	-	14,433
-	-	-	-	355,016	-	-	496,421
25,000	-	145,000	-	-	75,000	-	245,000
69,017	-	12,620	-	-	62,715	-	144,352
94,017	13,248	157,620	-	355,016	137,715	-	900,206
(66,099)	2,612	(157,524)	-	(304,190)	(137,584)	6	(479,528)
-	-	142,750	-	-	141,521	-	284,271
-	-	-	-	-	-	-	(115,000)
-	-	142,750	-	-	141,521	-	169,271
(66,099)	2,612	(14,774)	-	(304,190)	3,937	6	(310,257)
(63,706)	31,672	75,456	(13,224)	791,078	273,212	9,714	2,502,552
(129,805)	34,284	60,682	(13,224)	486,888	277,149	9,720	2,192,295

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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 135,000	135,000	157,303
Investment Income	-	-	68
Total Revenues	<u>135,000</u>	<u>135,000</u>	<u>157,371</u>
Expenditures			
Highways and Streets	<u>243,000</u>	<u>243,000</u>	<u>101,852</u>
Net Change in Fund Balance	<u>(108,000)</u>	<u>(108,000)</u>	55,519
Fund Balance - Beginning			<u>97,271</u>
Fund Balance - Ending			<u><u>152,790</u></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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 115,000	115,000	115,576
Investment Income	-	-	35
Total Revenues	115,000	115,000	115,611
Expenditures			
Highways and Streets	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	115,000	115,000	115,611
Other Financing (Uses)			
Transfers Out	(115,000)	(115,000)	(115,000)
Net Change in Fund Balance	-	-	611
Fund Balance - Beginning			251,869
Fund Balance - Ending			252,480

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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ 3,500	3,500	2,524
Expenditures			
General Government	32,000	32,000	1,185
Net Change in Fund Balance	<u>(28,500)</u>	<u>(28,500)</u>	1,339
Fund Balance - Beginning			<u>1,015,006</u>
Fund Balance - Ending			<u>1,016,345</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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 21,805	21,805	48,882
Expenditures			
Highways and Streets	21,805	21,805	39,553
Net Change in Fund Balance	<u>-</u>	<u>-</u>	9,329
Fund Balance - Beginning			<u>28,528</u>
Fund Balance - Ending			<u>37,857</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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Evidence Money/DUI/Drug	\$ 1,000	1,000	1,443
Investment Income	-	-	10
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,453</u>
Expenditures			
General Government	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>1,000</u>	<u>1,000</u>	1,453
Fund Balance - Beginning			<u>5,676</u>
Fund Balance - Ending			<u>7,129</u>

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, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 27,909	27,909	27,917
Investment Income	-	-	1
Total Revenues	<u>27,909</u>	<u>27,909</u>	<u>27,918</u>
Expenditures			
Debt Service			
Principal Retirement	27,909	27,909	25,000
Interest and Fiscal Charges	-	-	69,017
Total Expenditures	<u>27,909</u>	<u>27,909</u>	<u>94,017</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(66,099)
Fund Balance - Beginning			<u>(63,706)</u>
Fund Balance - Ending			<u>(129,805)</u>

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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Hotel/Motel Tax	\$ 15,000	15,000	15,812
Investment Income	40	40	48
Total Revenues	<u>15,040</u>	<u>15,040</u>	<u>15,860</u>
Expenditures			
General Government	<u>27,000</u>	<u>27,000</u>	<u>13,248</u>
Net Change in Fund Balance	<u>(11,960)</u>	<u>(11,960)</u>	2,612
Fund Balance - Beginning			<u>31,672</u>
Fund Balance - Ending			<u>34,284</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, 2012

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	96
Expenditures			
Debt Service			
Principal Retirement	151,755	151,755	145,000
Interest and Fiscal Charges	-	-	12,620
Total Expenditures	151,755	151,755	157,620
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,755)	(151,755)	(157,524)
Other Financing Sources			
Transfers In	151,755	151,755	142,750
Net Change in Fund Balance	-	-	(14,774)
Fund Balance - Beginning			75,456
Fund Balance - Ending			60,682

VILLAGE OF HAMPSHIRE, ILLINOIS

Equipment Replacement - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	6
Expenditures			
Highways and Streets	30,389	30,389	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,389)	(30,389)	6
Other Financing Sources			
Transfers In	20,653	20,653	-
Net Change in Fund Balance	<u>(9,736)</u>	<u>(9,736)</u>	6
Fund Balance - Beginning			<u>9,714</u>
Fund Balance - Ending			<u>9,720</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,511,500	1,511,500	1,488,749
Operating Expenses			
Operations			
Water Department	360,810	360,810	526,315
Sewer Department	518,220	518,220	579,124
System Improvements	30,500	30,500	23,767
Depreciation	-	-	1,359,615
Total Operating Expenses	909,530	909,530	2,488,821
Operating Income (Loss)	601,970	601,970	(1,000,072)
Nonoperating Revenues (Expenses)			
Investment Income	-	-	1,281
Interest and Fiscal Charges	(157,789)	(157,789)	(160,931)
	(157,789)	(157,789)	(159,650)
Income (Loss) Before Transfers	444,181	444,181	(1,159,722)
Transfers Out	(100,000)	(100,000)	(546,524)
Change in Net Assets	344,181	344,181	(1,706,246)
Net Assets - Beginning			53,075,851
Net Assets - Ending			51,369,605

VILLAGE OF HAMPSHIRE, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual
Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Operations			
Water Department			
Personal Services	\$ 134,060	134,060	103,841
Contractual Services	142,050	142,050	329,531
Commodities	84,500	84,500	92,749
Miscellaneous	200	200	194
	<u>360,810</u>	<u>360,810</u>	<u>526,315</u>
Sewer Department			
Personal Services	138,320	138,320	137,043
Contractual Services	311,600	311,600	375,263
Commodities	50,800	50,800	66,818
Miscellaneous	17,500	17,500	
	<u>518,220</u>	<u>518,220</u>	<u>579,124</u>
Total Operations	<u>879,030</u>	<u>879,030</u>	<u>1,105,439</u>
System Improvements			
Water Department	25,500	25,500	22,886
Sewer Department	5,000	5,000	881
Total System Improvements	<u>30,500</u>	<u>30,500</u>	<u>23,767</u>
Depreciation			
Water Department	-	-	452,721
Sewer Department	-	-	906,894
Total Depreciation	<u>-</u>	<u>-</u>	<u>1,359,615</u>
Total Operating Expenses	<u>909,530</u>	<u>909,530</u>	<u>2,488,821</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Garbage - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 385,000	385,000	355,566
Operating Expenses			
Operations			
Sewer Department	374,000	374,000	365,544
Change in Net Assets	11,000	11,000	(9,978)
Net Assets - Beginning			94,386
Net Assets - Ending			84,408

VILLAGE OF HAMPSHIRE, ILLINOIS

Agency Fund

Statement of Changes in Assets and Liabilities
Year Ended April 30, 2012

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash with Fiscal Agent	\$ 296,970	281,040	279,845	298,165
Cash and Cash Equivalents	2,661,186	1,267,903	1,267,604	2,661,485
Due from Other Funds	4,629	-	-	4,629
Total Assets	<u>2,962,785</u>	<u>1,548,943</u>	<u>1,547,449</u>	<u>2,964,279</u>
LIABILITIES				
Due to Park District	356,225	15,867	1,054	371,038
Due to School District	94,378	12,921	-	107,299
Due to Library Districts	56,566	1,030	8,364	49,232
Due to Fire District	82,394	5,079	-	87,473
Due to Others	2,939	82	80	2,941
Due to Other Funds	4,302	-	-	4,302
Due to Bondholders	2,365,981	1,513,964	1,537,951	2,341,994
Total Liabilities	<u>2,962,785</u>	<u>1,548,943</u>	<u>1,547,449</u>	<u>2,964,279</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF HAMPSHIRE, ILLINOIS

**Schedule of Tax Data - Last Ten Tax Levy Years
April 30, 2012**

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Schedule of Tax Data - Last Ten Tax Levy Years
April 30, 2012

	2002	2003	2004	2005
Assessed Valuation	\$ 87,131,304	103,180,105	118,013,685	134,812,215
Tax Rates by Fund				
General	0.1479	0.1158	0.1122	0.1138
Police Protection	0.0361	0.0305	0.0295	0.0313
Special Revenue Funds				
Audit	0.0050	0.0228	0.0221	0.0356
Liability	0.0448	0.0740	0.0718	0.0641
Illinois Municipal Retirement	0.0976	0.0740	0.0718	0.0641
Social Security	0.0732	0.0722	0.0699	0.0612
Total Tax Rates	0.4046	0.3893	0.3773	0.3701
Tax Extension by Fund				
General	\$ 128,867	119,483	132,423	153,528
Police Protection	31,454	31,470	34,755	42,220
Special Revenue Funds				
Audit	4,357	23,525	26,069	47,978
Liability	39,035	76,353	84,687	86,360
Illinois Municipal Retirement	85,040	76,353	84,687	86,360
Social Security	63,780	74,496	82,527	82,521
Total Tax Extensions	352,533	401,680	445,148	498,967
Total Collections - All Funds				
Levy Collections through April 30	350,513	400,789	444,445	494,579
Percent Collected	99.43%	99.78%	99.84%	99.12%

Note: The 2011 levy is not collected until fiscal year 2013.

2006	2007	2008	2009	2010	2011
152,273,309	171,620,628	195,010,364	196,154,394	180,785,131	168,805,218
0.1176	0.1294	0.1377	0.1404	0.1256	0.2627
0.0350	0.0646	0.0800	0.0802	0.0775	0.0727
0.0093	0.0087	0.0073	0.0073	0.0725	0.0245
0.0542	0.0408	0.0398	0.0386	0.0339	0.0380
0.0745	0.0645	0.0489	0.0511	0.0494	0.0208
0.0685	0.0591	0.0330	0.0351	0.0373	0.0129
0.3591	0.3671	0.3467	0.3527	0.3962	0.4316
179,121	209,691	267,398	274,232	226,601	442,682
53,346	104,744	155,276	156,705	139,797	122,485
14,146	14,169	14,137	14,301	130,732	41,344
82,518	66,120	77,282	75,414	61,183	64,093
113,470	104,539	94,932	99,899	89,073	34,976
104,380	95,814	63,979	68,559	67,283	21,783
546,981	595,077	673,004	689,110	714,669	727,363
546,273	580,576	662,244	677,651	702,147	-
99.87%	97.56%	98.40%	98.34%	98.25%	0.00%

VILLAGE OF HAMPSHIRE, ILLINOIS

**Schedule of Water/Sewer Data
April 30, 2012**

Number of Water Users	2,100
Water Rate per 1,000 Gallons Over 5,000 Gallons	\$ 4.00
Number of Sewer Users	2,120
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

**Trailer Mounted High Pressure Sewer Cleaner Equipment Installment Contract of 2007
April 30, 2012**

Date of Issue	September 10, 2007
Date of Maturity	September 10, 2012
Authorized Issue	\$92,172
Interest Rate	5.138%
Principal Maturity and Interest Dates	Annually
Payable at	Citizens First National Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2013	\$ 20,128	1,033	21,161

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

International Plow Truck Equipment Installment Contract of 2008
April 30, 2012

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

Fiscal Year Ending April 30	Principal	Interest	Totals
2013	\$ 19,567	557	20,124
2014	3,001	15	3,016
	22,568	572	23,140

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**Ford Crown Victoria Installment Contract of 2010
April 30, 2012**

Date of Issue	August 10, 2010
Date of Maturity	August 10, 2012
Authorized Issue	\$15,357
Interest Rate	7.10%
Principal Maturity and Interest Dates	Annually
Payable at	Ford Motor Credit Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2013	\$ 14,338	1,019	15,357

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

International Plow Truck Equipment Installment Contract of 2011
April 30, 2012

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
2013	\$ 26,243	4,150	30,393
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>114,184</u>	<u>9,923</u>	<u>124,107</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Dodge Charger Installment Contract of 2011
April 30, 2012

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 Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 7,475	1,003	8,478
2014	7,961	517	8,478
	<u>15,436</u>	<u>1,520</u>	<u>16,956</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Ford Expedition Installment Contract of 2011
April 30, 2012

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 Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 8,274	1,110	9,384
2014	8,811	573	9,384
	<u>17,085</u>	<u>1,683</u>	<u>18,768</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

General Obligation (Alternate Revenue Source) Refunding Bonds of 2003

April 30, 2012

Date of Issue	November 6, 2003
Date of Maturity	December 15, 2015
Authorized Issue	\$865,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.25%
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
2013	\$ 90,000	16,550	106,550
2014	90,000	12,950	102,950
2015	105,000	9,350	114,350
2016	115,000	4,887	119,887
	<u>400,000</u>	<u>43,737</u>	<u>443,737</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

General Obligation (Alternate Revenue Source) Refunding Bonds of 2005
April 30, 2012

Date of Issue	August 25, 2005
Date of Maturity	October 1, 2012
Authorized Issue	\$625,000
Denomination of Bonds	\$5,000
Interest Rates	3.70% to 4.15%
Interest Dates	April 1 and October 1
Principal Maturity Date	October 1
Payable at	Amalgamated Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2013	\$ 150,000	3,112	153,112

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**General Obligation (Alternate Revenue Source) Bonds of 2006
April 30, 2012**

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
2013	\$ 80,000	59,528	139,528
2014	85,000	56,128	141,128
2015	90,000	52,515	142,515
2016	90,000	48,465	138,465
2017	95,000	44,415	139,415
2018	100,000	40,140	140,140
2019	105,000	35,340	140,340
2020	110,000	30,300	140,300
2021	115,000	25,020	140,020
2022	125,000	19,500	144,500
2023	130,000	13,250	143,250
2024	135,000	6,750	141,750
	<u>1,260,000</u>	<u>431,351</u>	<u>1,691,351</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

**Taxable General Obligation Alternate Bonds of 2010
April 30, 2012**

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 April 30			
	Principal	Interest	Totals
2013	\$ 51,431	18,056	69,487
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>517,018</u>	<u>108,374</u>	<u>625,392</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

TIF Revenue Bonds of 2009A
April 30, 2012

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
2013	\$ 25,000	70,612	95,612
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>1,345,000</u>	<u>910,349</u>	<u>2,255,349</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2002

April 30, 2012

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
2013	\$ 189,617	69,483	259,100
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>2,644,577</u>	<u>464,622</u>	<u>3,109,199</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Debt Certificates of 2003

April 30, 2012

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
2013	\$ 60,000	51,014	111,014
2014	60,000	48,826	108,826
2015	55,000	46,576	101,576
2016	55,000	44,430	99,430
2017	180,000	42,230	222,230
2018	185,000	34,850	219,850
2019	195,000	27,080	222,080
2020	205,000	18,694	223,694
2021	215,000	9,676	224,676
	<u>1,210,000</u>	<u>323,376</u>	<u>1,533,376</u>

REPORT OF INDEPENDENT ACCOUNTANTS

October 23, 2013

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

We have examined management's assertion included in its representation report that the Village of Hampshire, Illinois, with respect to the Central Area Redevelopment Project TIF District, complied with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2012. As discussed in that representation letter, management is responsible for the Village of Hampshire, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of Hampshire, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of Hampshire, Illinois' compliance with specified requirements.

In our opinion, management's assertion that the Village of Hampshire, Illinois complied with the aforementioned requirements during the year ended April 30, 2012 is fairly stated in all material respects.

This report is intended solely for the information and use of the President, Board of Trustees, Village Manager, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.



LAUTERBACH & AMEN, LLP

**REDEVELOPMENT PROJECT AREA
HAMPSHIRE****LEGAL DESCRIPTION**

THAT PART OF THE SOUTH HALF OF SECTION 21 AND PART OF THE SOUTH HALF OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 6 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE SOUTH RIGHT OF WAY LINE OF THE SOO RAILROAD WITH THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 21; THENCE WESTERLY ALONG SAID SOUTH LINE, 496.5 FEET; THENCE NORTH, PARALLEL WITH THE EAST LINE OF SAID SOUTHWEST QUARTER, 416.66 FEET TO THE SOUTH LINE OF PROPERTY CONVEYED TO THE VILLAGE OF HAMPSHIRE; THENCE NORTHERLY ALONG THE WEST LINE OF SAID VILLAGE PROPERTY, 324 FEET TO THE NORTH LINE OF SAID PROPERTY; THENCE EASTERLY ALONG SAID NORTH LINE, SAID LINE BEING PARALLEL WITH THE NORTH LINE OF SAID RAILROAD RIGHT OF WAY, 1075.56 FEET TO THE NORTHWEST CORNER OF PROPERTY DESCRIBED IN WARRANTY DEED RECORDED JULY 21, 1971 AS DOCUMENT NUMBER 1197917; THENCE EASTERLY ALONG THE NORTH LINE OF SAID PROPERTY, 268.89 FEET TO THE WEST LINE OF PROPERTY DESCRIBED IN WARRANTY DEED RECORDED DECEMBER 17, 1981 AS DOCUMENT NUMBER 1595225; THENCE EASTERLY ALONG THE NORTH LINE OF SAID PROPERTY, 1058.0 FEET; THENCE EASTERLY ALONG SAID NORTH LINE 162.84 FEET TO THE EAST LINE OF SAID PROPERTY; THENCE SOUTHERLY ALONG SAID EAST LINE, 159.42 FEET TO THE NORTH LINE OF PROPERTY DESCRIBED IN QUIT CLAIM DEED RECORDED OCTOBER 20, 1992 AS DOCUMENT NUMBER 92K74284; THENCE WESTERLY ALONG SAID NORTH LINE, 75 FEET TO THE WEST LINE OF SAID PROPERTY; THENCE SOUTHERLY ALONG SAID WEST LINE AND WEST LINE EXTENDED SOUTHERLY, 148 FEET TO THE NORTH LINE OF LOT 4 IN BLOCK 7 IN WHELPLEY AND RINN'S ADDITION; THENCE WESTERLY ALONG SAID NORTH LINE TO THE WEST LINE OF SAID LOT 4; THENCE SOUTHERLY ALONG SAID WEST LINE, 130' TO THE NORTH LINE OF MILL STREET; THENCE EASTERLY ALONG SAID NORTH LINE TO THE NORTHWEST CORNER OF EAST STREET AND MILL STREET; THENCE SOUTHERLY TO THE NORTHWEST CORNER OF LOT 2 IN BLOCK 2 OF THE BOARD OF TRUSTEE'S AMENDED PLAT OF WHELPHEY & RINN'S ADDITION; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 2 TO THE NORTH LINE OF THE SOUTH 3 FEET OF SAID LOT 2; THENCE EASTERLY ALONG SAID NORTH LINE AND THE NORTH LINE OF THE SOUTH 3 FEET OF LOT 1 IN SAID BLOCK 2, TO THE EAST LINE OF SAID LOT 1; THENCE NORTH ALONG SAID EAST LINE AND SAID LINE EXTENDED NORTH, TO THE NORTH LINE OF SAID MILL STREET; THENCE EAST ALONG SAID NORTH LINE TO A LINE PARALLEL TO AND 223 FEET WEST OF THE EAST LINE OF SAID SECTION 21; THENCE NORTHERLY ALONG SAID PARALLEL LINE TO THE NORTH LINE OF PROPERTY DESCRIBED AS PARCEL 1 IN WARRANTY DEED RECORDED JULY 23, 2004 AS DOCUMENT NUMBER 2004K099275; THENCE EASTERLY ALONG SAID NORTH LINE, 223 FEET TO THE EAST LINE OF SECTION 21; THENCE NORTHERLY ALONG SAID EAST LINE TO THE NORTH LINE OF PROPERTY DESCRIBED IN WARRANTY DEED RECORDED FEBRUARY 1, 1994 AS DOCUMENT NUMBER 94K011225; THENCE EASTERLY ALONG SAID NORTH LINE, SAID LINE BEING PARALLEL WITH THE NORTH LINE OF KEYES AVENUE, 234.95 FEET TO THE WEST LINE OF PROPERTY DESCRIBED IN WARRANTY DEED RECORDED DECEMBER 23, 1996 AS DOCUMENT NUMBER 96K090344; THENCE NORTHERLY ALONG SAID WEST LINE, 65 FEET TO THE NORTH LINE OF SAID PROPERTY; THENCE EASTERLY ALONG SAID NORTH LINE, SAID LINE BEING PARALLEL WITH THE NORTH LINE OF KEYES AVENUE, 293 FEET TO THE WEST LINE OF PROPERTY DESCRIBED IN TRUSTEES DEED RECORDED DECEMBER 10, 1996 AS DOCUMENT NUMBER 96K086829; THENCE EASTERLY ALONG THE NORTH LINE OF SAID PROPERTY, PARALLEL WITH THE NORTH LINE OF KEYES AVENUE, 198.06 FEET TO THE EAST LINE OF BRANDT DRIVE; THENCE SOUTHERLY ALONG SAID EAST LINE TO THE NORTH LINE

SECTION 8 - LEGAL DESCRIPTION

OF KEYES AVENUE; THENCE EASTERLY ALONG SAID NORTH LINE TO THE WEST LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 22; THENCE NORTH ALONG SAID WEST LINE TO THE SOUTH LINE OF PROPERTY DESCRIBED IN WARRANTY DEED RECORDED SEPTEMBER 17, 2004 AS DOCUMENT NUMBER 2004K122700; THENCE EASTERLY ALONG SAID SOUTH LINE, PARALLEL TO THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SOUTHWEST QUARTER, 602.66 FEET TO THE EAST LINE OF INDUSTRIAL DRIVE; THENCE SOUTHERLY ALONG SAID EAST LINE TO THE NORTH LINE OF KEYES AVENUE; THENCE EASTERLY ALONG SAID NORTH LINE TO THE SOUTHWEST CORNER OF CORK'S ADDITION TO HAMPSHIRE; THENCE EASTERLY ALONG THE SOUTH LINE OF LOT 1 IN SAID CORK'S ADDITION, 216 FEET TO THE EAST LINE OF SAID LOT 1; THENCE NORTHERLY ALONG SAID EAST LINE, 471.83 FEET TO THE SOUTH LINE OF INDUSTRIAL DRIVE; THENCE EASTERLY ALONG SAID SOUTH LINE, 429.24 FEET TO THE EAST LINE OF PROPERTY DESCRIBED IN DOCUMENT NUMBER 1743901; THENCE SOUTHERLY ALONG SAID EASTERLY LINE, PARALLEL TO THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 22, 475.89 FEET TO THE SOUTH LINE OF SAID PROPERTY; THENCE WESTERLY ALONG SAID SOUTH LINE AND THE SOUTH LINE OF CORK'S ADDITION TO THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 22; THENCE SOUTHERLY ALONG SAID EAST LINE TO THE NORTH LINE OF THE RAILROAD RIGHT OF WAY; THENCE WESTERLY ALONG SAID NORTH LINE TO THE SOUTHEAST CORNER OF PROPERTY DESCRIBED IN WARRANTY DEED RECORDED DECEMBER 7, 2000 AS DOCUMENT NUMBER 2000K098490; THENCE SOUTHERLY TO THE NORTHEAST CORNER OF LOT 3 IN BLOCK 1 IN LOCK FACTORY ADDITION; THENCE WESTERLY ALONG THE SOUTH LINE OF THE RAILROAD TO THE EAST LINE OF LOT 13 IN BLOCK 1 IN HAMPSHIRE CENTER (ORIGINAL TOWN); THENCE SOUTHERLY ALONG SAID EAST LINE AND EAST LINE EXTENDED, 183' TO THE SOUTH LINE OF WASHINGTON STREET; THENCE WESTERLY ALONG SAID SOUTH LINE TO THE EAST LINE OF LOT 2 IN BLOCK 3 IN SAID HAMPSHIRE CENTER; THENCE SOUTHERLY ALONG SAID EAST LINE TO THE NORTH LINE OF LOT 1 IN SAID HAMPSHIRE CENTER; THENCE WESTERLY ALONG SAID NORTH LINE TO THE WEST LINE OF SAID LOT 1; THENCE SOUTHERLY ALONG SAID WEST LINE TO THE NORTH LINE OF JEFFERSON STREET; THENCE EASTERLY ALONG SAID NORTH LINE TO THE EAST LINE OF LOT 6 IN BLOCK 7 EXTENDED NORTH; THENCE SOUTHERLY ALONG SAID EAST LINE TO THE SOUTH LINE OF BLOCK 7; THENCE WESTERLY ALONG SAID SOUTH LINE TO A LINE 60 FEET WEST OF THE EAST LINE OF LOT 6 IN BLOCK 1 IN A.J. WILLING'S ADDITION; THENCE SOUTHERLY ALONG SAID LINE TO THE NORTH LINE OF JACKSON AVENUE; THENCE WESTERLY ALONG SAID NORTH LINE, TO A LINE 83.5 FEET WEST OF THE EAST LINE OF LOTS 1,2,3,4 IN BLOCK 6 IN REED AND SHOLES ADDITION; THENCE NORTHERLY ALONG SAID LINE, 110.64 FEET TO THE NORTH LINE OF LOT 4; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 4, 62.5' TO THE EAST LINE OF LOT 6 IN BLOCK 1 OF JACOB RINN'S SECOND ADDITION; THENCE NORTHERLY ALONG THE EAST LINE OF LOTS 6,7,8 IN SAID BLOCK, 90 FEET TO THE SOUTH LINE OF LOT 9 IN SAID BLOCK; THENCE WESTERLY ALONG SAID SOUTH LINE, 70 FEET TO THE EAST LINE OF PROPERTY DESCRIBED IN WARRANTY DEED RECORDED NOVEMBER 9, 1999 AS DOCUMENT NUMBER 1999K107308; THENCE NORTHERLY ALONG SAID EAST LINE AND SAID EAST LINE EXTENDED 126 FEET TO THE NORTH LINE OF JEFFERSON STREET; THENCE EASTERLY ALONG SAID NORTH LINE TO THE WEST LINE OF THE EAST HALF OF LOT 12, IN BLOCK 1 OF JACOB RINN'S ADDITION TO THE TOWN OF HAMPSHIRE CENTER; THENCE NORTHERLY ALONG SAID WEST LINE AND THE WEST LINE OF THE EAST HALF OF LOT 13 OF SAID JACOB RINN'S ADDITION TO THE NORTH LINE OF SAID LOT 13; THENCE WESTERLY ALONG SAID NORTH LINE AND SAID NORTH LINE EXTENDED, TO THE WEST LINE OF PARK STREET; THENCE NORTHERLY ALONG SAID WEST LINE, TO THE SOUTH LINE OF LOT 3 IN BLOCK 2 IN SAID JACOB RINN'S ADDITION; THENCE WESTERLY ALONG SAID SOUTH LINE, 141 FEET TO THE EAST LINE OF LOT 14 IN SAID BLOCK 2; THENCE NORTHERLY ALONG THE EAST LINE OF LOTS 14,15,16 IN SAID BLOCK TO THE NORTH LINE OF RINN AVENUE; THENCE WESTERLY ALONG SAID NORTH LINE, 326 FEET TO THE EAST LINE (EXTENDED NORTH) OF LOT 16 IN BLOCK 3 IN

SECTION 8 - LEGAL DESCRIPTION

SAID JACOB RINN'S ADDITION; THENCE SOUTHERLY ALONG SAID EAST LINE AND EAST LINE EXTENDED TO THE SOUTH LINE OF THE FENZEL PROPERTY DESCRIBED IN DOCUMENT NUMBER 1713801; THENCE WESTERLY ALONG SAID SOUTH LINE, 125' TO THE EAST LINE OF PRAIRIE STREET; THENCE NORTHERLY ALONG SAID EAST LINE TO THE NORTH LINE OF RINN AVENUE; THENCE WESTERLY ALONG SAID NORTH LINE 359 FEET TO THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21; THENCE SOUTHERLY ALONG SAID EAST LINE, 100' TO THE SOUTH LINE OF PROPERTY DESCRIBED IN QUITCLAIM DEED RECORDED APRIL 30, 1992 AS DOCUMENT NUMBER 92K31097; THENCE WESTERLY ALONG SAID SOUTH LINE, 1318.37 FEET TO THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 21; THENCE NORTHERLY ALONG SAID EAST LINE 100 FEET TO THE SOUTH LINE OF THE SOO RAILROAD RIGHT OF WAY AND THE POINT OF BEGINNING, IN HAMPSHIRE TOWNSHIP, KANE COUNTY, ILLINOIS.

