

VILLAGE OF HAMPSHIRE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended  
April 30, 2007

**A Sikich LLP**

Certified Public Accountants & Advisors

VILLAGE OF HAMPSHIRE, ILLINOIS  
TABLE OF CONTENTS

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	<u>Page(s)</u>
TRANSMITTAL LETTER .....	i-v
INDEPENDENT AUDITOR’S REPORT .....	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets - Modified Cash Basis .....	3
Statement of Activities - Modified Cash Basis .....	4-5
Fund Financial Statements	
Governmental Funds	
Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions.....	6-7
Reconciliation of Fund Balances Arising from Modified Cash Basis of Governmental Funds to the Governmental Activities in the Statement of Net Assets .....	8
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis.....	9-10
Reconciliation of the Governmental Funds Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances to the Governmental Activities in the Statement of Activities .....	11
Enterprise Funds	
Statement of Net Assets - Modified Cash Basis .....	12
Statement of Revenues Collected, Expenses Paid and Changes in Fund Net Assets - Modified Cash Basis .....	13
Statement of Cash Flows.....	14
Fiduciary Funds	
Statement of Fiduciary Net Assets.....	15
Notes to Financial Statements.....	16-34

VILLAGE OF HAMPSHIRE, ILLINOIS  
 TABLE OF CONTENTS (Continued)

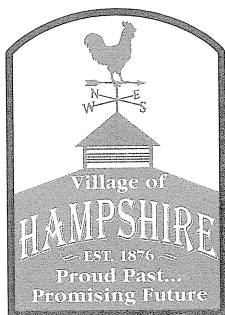
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	<u>Page(s)</u>
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)</b>	
Required Supplementary Information	
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance (Cash Basis) - Budget and Actual General Fund .....	35-36
Illinois Municipal Retirement Fund	
Schedule of Funding Progress.....	37
Schedule of Employer Contributions .....	38
Notes to Required Supplementary Information .....	39
 <b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
Major Capital Projects Funds	
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis - Budget and Actual .....	40
 Nonmajor Governmental Funds	
Combining Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions.....	41-42
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis .....	43-44
Combining Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis - Budget and Actual .....	45-48
 Major Enterprise Funds	
Combining Schedule of Net Assets - Modified Cash Basis - Water Sub Funds .....	49
Combining Schedule of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis - Budget and Actual - Water Sub Funds .....	50-51
Combining Schedule of Net Assets - Modified Cash Basis - Sewer Sub Funds.....	52
Combining Schedule of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis - Budget and Actual - Sewer Sub Funds.....	53-54

VILLAGE OF HAMPSHIRE, ILLINOIS  
TABLE OF CONTENTS (Continued)

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	<u>Page(s)</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)	
Nonmajor Enterprise Funds	
Schedule of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis - Budget and Actual - Garbage Fund .....	55
Fiduciary Funds	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds .....	56
Long-Term Debt Payable by Governmental Funds	
Schedule of General Long-Term Debt .....	57
SUPPLEMENTARY SCHEDULES	
Schedule of Tax Data.....	58
Schedule of Legal Debt Margin.....	59
Schedule of Water/Sewer Data.....	60



# VILLAGE OF HAMPSHIRE

*Village President*  
*Jeffrey R. Magnussen*

*Village Administrator*  
*Eric J. Palm*

*Village Clerk*  
*Linda Vasquez*

*Village Trustees*  
*George E. Brust*  
*Karyn Danielson*  
*Martin Ebert*  
*Jan Kraus*  
*Orris Ruth*  
*Ed Szydlowski*

*Chief of Police*  
*Tom Atchison*

*Director of Finance*  
*Kathryn Michael*

*Public Works Director*  
*John Bidinger*

July 20, 2007

The Honorable Village President  
and Board of Trustees  
Residents of the Village of Hampshire

The annual financial report of the Village of Hampshire, Illinois for the period ending April 30, 2007, is submitted. This report represents a picture of the Village's financial activities during the twelve month period and the condition of the various funds at the end of April 30, 2007. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of my knowledge, the enclosed data is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the Village and the results of its operations as measured by the financial activity of its various funds. This is the third year that the Village of Hampshire is applying GASB Statement No. 34. Therefore, comparative data for the prior year is available. In future years a comparative analysis of government-wide data will continue to be presented.

This report is presented in two sections: introductory and financial. The introductory section includes this transmittal letter. The financial section includes the basic financial statements, the combining and individual fund financial statements and schedules, as well as the auditor's report.

## **THE REPORTING ENTITY AND ITS SERVICES:**

The Village of Hampshire was settled in 1836, at the junction of Big Timber and Brier Hill Roads and the present US Rt. 20, formerly Henpeck Road. When the Chicago Pacific Railroad was located 3 miles to the South, the original Village was moved to the present location and incorporated November 9, 1876.

By 1883, the growing Village needed a Village Hall. A two story brick building was constructed on the site of a former blacksmith shop where it remains today. A bond Issue for \$3,500.00 was approved by the voters for the construction of this building.

The building site was chosen on the south side of the railroad due to the expansion of the Village in that direction. The downstairs housed the fire fighting equipment and a Board Room. The upstairs was a hall used for a community center. Due to the growing population, the first and second grade classes for the elementary school were conducted upstairs from 1892-1896.

A 2 cell calaboose (jail) was added to the west end of the building in 1890 and served until 1950. After 1950, detainees were transferred to the Kane County Jail. This same year, the original Victorian Cornices were removed from the roof line of the Village Hall. The red brick was covered with plaster.

Further changes were made; 1976, Village Offices were located to the first floor; 1993, a west side addition to house police headquarters was built; 2003, a special census was conducted increasing our population to 3,815 and housing population to 1,389; 2004, the Police Department was moved from the west side of the Village Hall to its current location. This allowed for more space for the Village's administration where this remains in place today. Hampshire is a non-home rule municipality as defined by the Illinois Constitution. Hampshire is located south west of Interstate 90, bordering Rt. 72.

The Village provides a range of services including police, streets, water and wastewater, planning and zoning, building inspection, public improvements and general administrative services.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

**Accounting System:** The Village operates under the Appropriation Act as defined by Illinois State Statute. The Village Board adopts a Budget prior to the end of the Fiscal Year. This Budget is used as a "working document" for all departments as a guideline for controlling spending against anticipated revenue.

The Village uses Funds to report its financial position and the results of its operations, each of which is considered a separate accounting entity. The operations of the Funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual Funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are classified into the following categories: Governmental, Proprietary and Fiduciary. Each category, in turn, is divided into separate Fund types.

The Village is not responsible for reporting School District 300, Hampshire Fire Protection District, Hampshire Ella Johnson Library, and the Hampshire Township Park District. These entities are separate governments, organized under the laws of the State of Illinois. They are directed by elected boards performing functions which are not provided by the Village. The Village does not control their fiscal management or operations, nor is the Village legally responsible for the funding of operations or debt.

Village management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Village are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles.

The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

**Budgetary Controls.** The Village maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual Budget approved by the Village's governing body. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Fund and Enterprise Funds are contained in the annual Budget approved by the Village Board.

The level of budgetary control, that is, the level at which expenditures cannot exceed the budgeted amount, is established at the department level. Any Budget revisions altering the total Budget for a department must be approved by the Village Board of Trustees.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Outlook**

The Village's fiscal solvency is reliant upon external economic factors, and these factors impact revenues and the cost of providing essential services. As part of the Budget process all aspects of revenue source are considered. The State's financial condition remains a concern. For example, shared revenue can be affected by unemployment rate, slow economy in regard to sales tax, unfunded mandates handed down from the State, wastewater permit discharge fees and the late adoption of the State's Budget. Because of these uncertain revenue sources, the expenses approved within the Budget are closely monitored. A purchase order requisition is submitted prior to placing an order for goods or services. A decline in monthly revenue receipts may prohibit approval of purchases for a particular month.

A portion of our shared revenue comes from the State of Illinois income tax. During May 2004 and June 2004 income tax receipts were lower than in 2003 reflecting the higher deductions for the income tax refund fund. Amounts held back from the State for refunds had been dramatically reduced between July 2003 and June 2004. From July 2004 through June 2005 distributions to the Municipalities were about 7% higher due to a legislative change reducing the percentage withheld for the current year's estimated income tax refunds.

:

The 2005 MFY income tax shared revenue received was \$67.73 per capita. The FY 2006 income tax estimate has been increased from \$71.00 to \$75.80. That represents a 12% increase over last year's \$67.73. In the first half of the year actual receipts have risen 19% but some of that increase is a carry-over from the refund adjustments received in the previous year. The \$75.80 estimate assumes 5% growth in the last half of this year. The FY 2007 income tax estimate (May 1, 2006 – April 30, 2007) is \$83.00 per capita, or 8.7% of the shared revenue.

The motor fuel tax estimate for FY 2006 has been reduced from \$29.30 to \$28.50. That represents a 1.8% decrease from last year's \$29.01. In the first half of the year actual receipts decreased 3.4% and it is projected that the receipts will be flat in the last half of this year. The fiscal year 2007 estimate is -1.1% or \$28.60 in dollars per capita.

The state use tax estimate for FY 2006 remains at \$11.00 representing a 7.6% increase over last year's \$10.22. In the first half of the year receipts increased 12% and to ensure our \$11.00 estimate, receipts in the last half of the year must grow by 3%. The FY 2007 estimate is 8.6% or \$12.90 in dollars per capita.

The corporate personal property replacement tax estimates for FY 2006 increased from \$980 million to \$1.26 billion representing a 32% increase. In the first half of the year receipts increased \$227 million, or 52%. The revised FY 2006 estimate reflects 15% growth in the last half of the year. The FY 2006 estimate is 5.6% or \$1,300,000 in thousands of dollars.

The mixed signals of a recovering national economy require that the Village continue to be cautious in managing its financial resources. There are still signs that an economic recovery remains sluggish. Development projections remain unstable. Overall unemployment rates continue to increase and a complete economic recovery will be difficult until hiring increases.

### **Risk Management**

The Village maintains liability coverage and workers' compensation through the Illinois Municipal League, Risk Management Program.

### **Health Insurance**

The Village offers a health insurance program to all full-time employees and their dependents. The Village pays 99% of the employee premium. Dental insurance and vision insurance are also offered through the payroll deduction plan for employees and dependents at the same % rate. Life Insurance is offered only to employees.

### **Employee Pensions**

All full-time employees working an excess of 1,000 hours per year are covered by the Illinois Municipal Retirement Fund (IMRF), a statewide pension plan. Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by Illinois State Statute. The employer rate for FY 2007 was 9.38% and is established by an actuarially determined rate. IMRF acts as the administrative agent for local governments, parks, fire protection districts and various school districts in Illinois. The Illinois State Statute establishes benefit provisions and funding requirements.

The Village has engaged in an independent deferred compensation program to allow employees to contribute to investment plans of their choice through payroll deductions. This program is at no cost to the Village.

## **MAJOR INITIATIVES**

### **FY 2006-07 Significant Accomplishments**

- Jefferson Street Roadway Improvements – Phase II Final Engineering
- MFT – Park(Jefferson-Jackson), Jackson(Prairie-State), Oak (Terwilliger-Jefferson)
- STAG Grant – Engineering
- STAG Grant – Construction \$600,000 STAG Funding
- \$500,000 Bond Issue
- Purchase Two Police Vehicles
- Purchase 8 Acres – WWTF Expansion
- Certificates of Acceptance for Hampshire Prairie, Units 1-5
- Certificates of Acceptance for Hampshire Fields, Units 1- 2
- Certificate of Acceptance for Hampshire Hills
- Establish TIF District

### **Future Goals and Objectives**

- Hiring a Village Administrator. Fiscal Year 2007-08
- Reconstruction and construction of Keyes Avenue, Mill Street and Industrial Drive
  - Purpose of the project is the reconstruction and construction of Keyes Avenue, Mill Street and Industrial Drive
  - Total project cost estimated at \$2,428,855
  - Transportation Equity Act: A Legacy for Users (H.R.3)
  - Funding basis is 80% grant; 20% local match
- Annex strategic areas into the Village
- Attract Commercial/Retail Business to Hampshire Woods and Arrowhead Business Park
- Work with the property owner to develop Shireland property
- Continue progress on the new Municipal Center to the next stage of development
- Continue the annual street and sidewalk replacement program, set up a 5 year plan
- Work towards the Toll Way Interchange at Brier Hill
- Actively pursue Retail/Commercial development along Routs 20, 47 and 72
- Continue the expansion of the Waste Water Facility
- Public Works Facility – next stage of development
- Sewer Rate Study
- Water Rate Study
- Security Improvements Well #9 WTP
- Water and Wastewater System Improvements
  - Purpose of project is to rehabilitate sanitary sewers in the older part of the Village and rehabilitate well no. 5
  - Total project cost estimated at \$1,090,909
- SCADA Improvements
- Hampshire Creek Improvements
- Shallow Groundwater Study



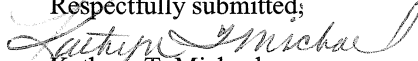
### **INDEPENDENT AUDIT**

The Illinois State Statute require an annual audit by independent certified public accountants. The accounting firm of Sikich, LLP was selected by the Village. The independent auditors' report is included in the financial section of this report.

**Acknowledgements.** In closing, I would like to express my sincere gratitude to all members of the Finance Committee and Department Heads who directly assisted and contributed to the strict control of budget spending throughout this past year. Without their cooperation it would not have been possible to end this fiscal year on a positive note.

I also wish to express my appreciation to the Village President and the Board of Trustees for their leadership and continued support in all matters of Village Government.

Respectfully submitted,



Kathryn T. Michael  
Finance Director  
Village of Hampshire



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of  
Certified Public Accountants &  
Illinois CPA Society

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the Village of Hampshire, Illinois as of and for the year ended April 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Hampshire, Illinois, as of April 30, 2007, the respective changes in financial position - modified cash basis, and where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules and the supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Hampshire, Illinois. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Aurora, Illinois  
June 22, 2007

A handwritten signature in black ink, appearing to read "Bill ZP". The signature is written in a cursive, flowing style.

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

**VILLAGE OF HAMPSHIRE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

July 25, 2007

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This section of the Village of Hampshire's Annual Financial Report presents our discussion and analysis of the Village's financial activities during the fiscal year ended April 30, 2007. This should be read in conjunction with the transmittal letter at the front of this report and with the Village's financial statements which follow this section.

**Financial Highlights**

- The assets of the Village of Hampshire exceeded its liabilities at the close of the most recent fiscal year, April 30, 2007, by \$49,616,959 (*net assets*). Of this amount, \$1,318,748 (*unrestricted net assets*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- As of the close of the current Fiscal Year, the Governmental Funds reported combined ending Fund Balances of \$8,146,786, an increase of \$5,239,613 in comparison with the prior year.
- At the end of the current Fiscal Year, unreserved Fund Balance for General Fund was \$933,776 or 35 percent of total General Fund expenditures.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements.** The *Government-wide financial statements* are designed to provide readers with a broad overview of the Village of Hampshire's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents 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 Village's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Village'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).

(See independent auditor's report)

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, public safety, streets, sanitation, health and welfare, economic development, and culture and recreation. The business-type activities include the water and sewer operations.

The government-wide financial statements can be found on pages 3 through 5 of this report.

**Fund Financial Statements.** A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

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

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 this comparison between governmental funds and governmental activities.

Governmental Funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The Village adopts an annual budget for its General Fund and uses this as a working document. The basic Governmental Fund financial statements can be found beginning on pages 6 through 10 of this report.

**Proprietary Funds.** The Village maintains three individual Enterprise Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an Enterprise Fund to account for its Water, Sewer and Garbage system.

Proprietary Funds 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, Sewer and Garbage Funds, which are considered to be major funds of the village.

The basic proprietary fund financial statements can be found on pages 12 through 14 of this report.

***Fiduciary Funds.*** Fiduciary Funds are used to account for resources held for the benefit of parties outside of 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's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Village maintains an Agency Fund for monies held on behalf of the Ella Johnson Hampshire Library, Hampshire Fire Protection District, Hampshire Township Park District and the School District and deposits held in escrow for bond reserve on the non commitment debt.

The basic fiduciary fund financial statements can be found on page 15 of this report.

**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 16 through 34 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 progress in funding its obligation to provide pension to its employees. Required supplementary information can be found on pages 35 through 39 of this report.

### **Financial Analysis of the Village as a Whole**

In accordance with GASB Statement No. 34, the Village is not required to restate prior periods for the purpose of providing comparative information. However, since this is the second year the Village has implemented GASB Statement No. 34, prior year information is available and a comparative analysis of government-wide information is presented.

**Net Assets.** The table on the following page reflects the condensed Statement of Net Assets.

VILLAGE OF HAMPSHIRE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table 1**  
**Statement of Net Assets**  
**As of April 30, 2007**

	<b>Governmental Activities 2006</b>	<b>Governmental Activities 2007</b>	<b>Business Type Activities 2006</b>	<b>Business Type Activities 2007</b>	<b>Total Primary Government 2006</b>	<b>Total Primary Government 2007</b>
Current and Other Assets	\$ 4,901,054	\$ 9,286,040	\$ 1,670,390	\$ 1,713,323	\$ 6,571,444	\$ 10,999,363
Capital Assets	\$ 9,993,038	\$ 20,669,617	\$ 16,492,138	\$ 27,188,586	\$ 26,485,176	\$ 47,858,203
<b>Total Assets</b>	<b>\$ 14,894,092</b>	<b>\$ 29,955,657</b>	<b>\$ 18,162,528</b>	<b>\$ 28,901,909</b>	<b>\$ 33,056,620</b>	<b>\$ 58,857,566</b>
Long-Term Liabilities	\$ 875,000	\$ 2,385,000	\$ 5,944,547	\$ 5,692,988	\$ 6,819,547	\$ 8,077,988
Other Liabilities	\$ 1,993,881	\$ 1,139,254	\$ 15,530	\$ 23,365	\$ 2,009,411	\$ 1,162,619
<b>Total Liabilities</b>	<b>\$ 2,868,881</b>	<b>\$ 3,524,254</b>	<b>\$ 5,960,077</b>	<b>\$ 5,716,353</b>	<b>\$ 8,828,958</b>	<b>\$ 9,240,607</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Debt	\$ 9,118,038	\$ 19,123,478	\$ 10,547,591	\$ 21,495,598	\$ 19,665,629	\$ 40,609,076
Restricted	\$ 1,947,908	\$ 7,213,010	\$ 1,004,505	\$ 1,304,286	\$ 2,952,413	\$ 8,517,296
Unrestricted	\$ 959,265	\$ 933,776	\$ 650,355	\$ 385,672	\$ 1,609,620	\$ 1,318,748
<b>Total Net Assets</b>	<b>\$ 12,025,211</b>	<b>\$ 26,431,403</b>	<b>\$ 12,202,451</b>	<b>\$ 23,185,556</b>	<b>\$ 24,227,662</b>	<b>\$ 49,616,959</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Hampshire, assets exceeded liabilities by \$49,616,959. This is an increase of \$25,389,297 over Fiscal Year 2006's net assets of \$24,227,662. The largest portion of the Village's net assets is its investments in capital assets (e.g., land, infrastructure, buildings, machinery, 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.

The second portion of the Village's net assets is the unrestricted assets in the amount of \$1,318,748. In total, this represents a decrease of \$290,172 over Fiscal Year 2006's unrestricted assets of \$1,609,620. This amount represents \$385,672 from the Water/Sewer Funds and \$933,076 for governmental activities. \$1,304,286 of business-type activities net assets is restricted for system improvements. \$7,213,010 of governmental activities net assets is restricted for highways and streets, public safety, subdivision maintenance, debt service, economic development, tourism, beautification and municipal improvements.

For more detailed information see the Statement of Net Assets (page 3).



### **Normal Impacts**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

**Net Results of Activities** – which will impact (increase/decrease) current assets and unrestricted net assets.

**Borrowing for Capital** – which will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital** – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

**Spending of Non-borrowed Current Assets on New Capital** – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

**Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

**Reduction of Capital Assets through Depreciation** – which will reduce capital assets and invested in capital assets, net of debt.

### **Current Year Impacts**

In keeping with the FY 2006 accelerated infrastructure program, the Village engaged in the completion of numerous projects during FY 2007. The majority of the work was targeted for the Jefferson Street Roadway Improvements – Phase II program. This included Park (Jefferson – Jackson), Jackson (Prairie – State) and Oak (Terwilliger – Jefferson). \$250,000 of the project was funded through a Bond issue and the Village portion of \$250,000 was paid in part from the Utility Tax Fund and the Road and Bridge Tax Fund. The Sanitary Sewer Rehabilitation project began the first phase of the project. Funding for the project was shared with the Sewer Fund, Bond Issue and STAG Grant.

The following chart shows the revenue and expenses of the Village's activities.

VILLAGE OF HAMPSHIRE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table 2**  
**Statement of Activities**  
**For the fiscal year ended April 30, 2007**

	<b>Governmental Activities 2006</b>	<b>Governmental Activities 2007</b>	<b>Business Type Activities 2006</b>	<b>Business Type Activities 2007</b>	<b>Total Primary Government 2006</b>	<b>Total Primary Government 2007</b>
<b>Revenues</b>						
Program Revenues						
Charges for Service	\$ 340,937	\$ 1,842,835	\$ 1,273,783	\$ 1,372,968	\$ 1,614,720	\$ 3,215,803
Operating Grants	\$ 135,160	\$ 141,117	\$ 462,776	\$ 311,321	\$ 597,936	\$ 452,438
Capital Grants	\$ 53,735	\$ 10,193,074	\$ 125,934	\$ 7,904,243	\$ 179,669	\$ 18,097,317
<b>Total Revenue:</b>	<b>\$ 529,832</b>	<b>\$ 12,177,026</b>	<b>\$ 1,862,493</b>	<b>\$ 9,588,532</b>	<b>\$ 2,392,325</b>	<b>\$ 21,765,558</b>
<b>Expenses</b>						
General Government	\$ 816,624	\$ 1,498,600			\$ 816,624	\$ 1,498,600
Public Safety	\$ 850,501	\$ 1,049,530			\$ 850,501	\$ 1,049,530
Highway and Streets	\$ 848,772	\$ 7,530,114			\$ 848,772	\$ 7,530,114
Water			\$ 1,021,532	\$ 684,268	\$ 1,021,532	\$ 684,268
Sewer			\$ 1,279,791	\$ 2,506,898	\$ 1,279,791	\$ 2,506,898
Garbage			\$ 223,268	\$ 245,880	\$ 223,268	\$ 245,880
Interest	\$ 64,640	\$ 403,288			\$ 64,640	\$ 403,288
<b>Total Expenses - primary government</b>	<b>\$ 2,580,537</b>	<b>\$ 10,481,532</b>	<b>\$ 2,524,591</b>	<b>\$ 3,437,046</b>	<b>\$ 5,105,128</b>	<b>\$ 13,918,578</b>
<b>NET REVENUE(EXPENSES)</b>	<b>\$ (2,050,705)</b>	<b>\$ 1,695,494)</b>	<b>\$ (662,098)</b>	<b>\$ 6,151,486</b>	<b>\$ (2,712,803)</b>	<b>\$ 7,846,980</b>
<b>General Revenue:</b>						
Taxes						
Property	\$ 542,468	\$ 593,980			\$ 542,468	\$ 593,980
Replacement	\$ 20,196	\$ 21,888			\$ 20,196	\$ 21,888
Sales	\$ 1,485,220	\$ 1,190,320			\$ 1,485,220	\$ 1,190,320
Income	\$ 262,996	\$ 317,909			\$ 262,996	\$ 317,909
Utility	\$ 418,513	\$ 411,856			\$ 418,513	\$ 411,856
Local Use	\$ 45,568	\$ 49,505			\$ 45,568	\$ 49,505
Investment Income	\$ 75,516	\$ 421,303	\$ 41,580	\$ 71,999	\$ 117,096	\$ 493,302
Miscellaneous	\$ 35,523	\$ 70,052			\$ 35,523	\$ 70,052
Gain on Capital Assets		\$ -			\$ -	\$ -
Contributions	\$ 5,501,600	\$ 9,418,656	\$ 457,472	\$ 4,811,349	\$ 5,959,072	\$ 14,230,005
Transfers		\$ 22,400		\$ (22,400)	\$ -	\$ -
<b>Total</b>	<b>\$ 8,387,600</b>	<b>\$ 12,517,869</b>	<b>\$ 499,052</b>	<b>\$ 4,860,948</b>	<b>\$ 8,886,652</b>	<b>\$ 17,378,817</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 6,336,895</b>	<b>\$ 14,213,363</b>	<b>\$ (163,046)</b>	<b>\$ 11,012,434</b>	<b>\$ 6,173,849</b>	<b>\$ 25,225,797</b>
<b>NET ASSETS (DEFICIT), MAY 1</b>	<b>\$ 5,688,316</b>	<b>\$ 12,025,211</b>	<b>\$ 12,365,497</b>	<b>\$ 12,202,451</b>	<b>\$ 18,053,813</b>	<b>\$ 24,227,662</b>
Prior period adjustment		\$ 192,829		\$ (29,329)		\$ 163,500
<b>NET ASSETS, MAY 1 RESTATED</b>		<b>\$ 12,218,040</b>		<b>\$ 12,173,122</b>		<b>\$ 24,391,162</b>
<b>NET ASSETS APRIL 30</b>	<b>\$ 12,025,211</b>	<b>\$ 26,431,403</b>	<b>\$ 12,202,451</b>	<b>\$ 23,185,556</b>	<b>\$ 24,227,662</b>	<b>\$ 49,616,959</b>

(See independent auditor's report)  
MD&A 6

### **Normal Impact**

There are eight basic impacts on revenues and expenses as reflected below.

#### **Revenues:**

**Economic Condition** – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

**Increase/Decrease in Village approved rates** – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (property taxes, water/sewer, impact fees, building fees, utility tax rates, etc.)

**Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)** – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one time) grants are less predictable and often distorting in their impact on year to year comparisons.

**Market Impacts on Investment Income** – the Village’s investment portfolio is managed using a longer maturity and the market condition may cause investment income to fluctuate more than alternative shorter-terms options.

#### **Expenses:**

**Introduction of New Program** – within the functional expense categories (Municipal Services, Law Enforcement Services, and General Government, etc.) individual programs may be added or deleted to meet changing Community needs.

**Increase in Authorized Personnel** – changes in service demand may cause the Village Board to increase/decrease authorized staffing.

**Inflation** – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

### **Current Year Impacts**

#### **Revenue:**

The increase in capital grants to \$10,193,074 is a result of the issuance of special service area (SSA) no commitment bonds for infrastructure in SSA 14. The payment of these proceeds to the developer resulted in the increase in highway and street expenses to \$7,530,114.

Revenues from the Village’s largest single source comes from sales tax followed by property taxes. Other sources of revenue come from personal property replacement, utility and local use tax. These taxes as well as telecommunication taxes support governmental activities.

(See independent auditor’s report)

VILLAGE OF HAMPSHIRE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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Property taxes in the amount of \$593,980 increased by \$50,020 in FY 2007. Sales tax revenues combined with the local utility tax, replacement tax and shared state income tax revenue total \$1,989,956. The amount collected in total is \$241,084 less than FY 2006. Sales tax receipts help support the debt payment for Special Service Area #5, sales tax rebates and reserves for street equipment, reserves for future Police Pension obligations and reserves for downtown development. These funds are supported by monthly transfers.

Income tax distributions were approximately 21% higher than the previous year. The state shared revenue experienced a modest increase in FY 2007. Another important economic factor affecting the Village was the slow and steady increase on the interest rate.

Locally, the Village generated \$290,963 less in sales tax than the previous year. Building permits will continue to increase throughout the next Fiscal Year due to developments of Hampshire East, Hampshire West, Brier Hill Crossing and Tuscany Woods. Taxes generated from gas and electric utilities during FY 2007 decreased over FY 2006 by \$6,657.

**Long-Term Debt.:**

At the end of the April 2007, the Governmental Activities had outstanding debt of \$2,385,000, an increase of \$1,510,000 over FY 2006. This is due to the 2006A General Obligation (Alternate Revenue Source) Bonds issued in the amount of \$1,600,000.

Bonds were issued for the purpose of funding the acquisition and construction of a water well (Well #9) in 2003 including a new well house and treatment facility within the Village. The Series 2003 debt certificates are payable from (a) revenues from the Waterworks system, and if necessary b) property taxes.

General Obligation (Alternate Revenue) Refunding Bonds Series 2003 were issued for the purpose of refunding \$795,000 of the Village's outstanding General Obligation (Alternate Revenue) Refunding Bonds Series 1996, dated April 1, 1996.

The Village received an Illinois EPA loan for rehabilitation of the Village's wastewater treatment facility. The loan agreement, dated April 18, 2002 provides for maximum borrowings of \$3,993,045.

See note 3 for additional information on the Village's long-term debt.

VILLAGE OF HAMPSHIRE, ILLINOIS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table 3**  
**Revenues vs. Expenditures**  
**Changes in Fund Balances for the Year Ended April 30, 2007**

	General Fund 2006	General Fund 2007	No major Governmental Funds 2006	No major Governmental Funds 2007	Total Government 2006	Total Government 2007
<b>REVENUES COLLECTED</b>						
Taxes	\$ 2,675,587	\$ 2,484,523	\$ 122,690	\$ 128,369	\$ 2,798,277	\$ 2,612,892
Intergovernmental		\$ 573,400	\$ 154,857	\$ 110,371	\$ 154,857	\$ 683,771
Charges for Services		\$ 2,014,454	\$ 30,380		\$ 30,380	\$ 2,014,454
Reimbursements	\$ 86,811	\$ 165,444			\$ 86,811	\$ 165,444
Grant Revenue	\$ 9,185				\$ 9,185	
Other	\$ 293,363	\$ 728,234	\$ 42,959	99,722	\$ 336,322	\$ 827,956
<b>TOTAL REVENUES COLLECTED</b>	<b>\$ 3,064,946</b>	<b>\$ 5,966,055</b>	<b>\$ 350,886</b>	<b>\$ 338,462</b>	<b>\$ 3,415,832</b>	<b>\$ 6,304,517</b>
<b>EXPENDITURES PAID</b>						
Current						
General Government	\$ 750,043	\$ 1,487,635	\$ 65,521	\$ 32,355	\$ 815,564	\$ 1,519,990
Police Protection	\$ 852,667	\$ 1,089,752		\$ 22,009	\$ 852,667	\$ 1,111,761
Highways and Streets	\$ 493,975	\$ 8,043,705	\$ 296,166	\$ 660,711	\$ 790,141	\$ 8,704,416
Debt Service						
Principal retirement			\$ 110,000	\$ 90,000	\$ 110,000	\$ 90,000
Interest and fiscal charges		\$ 295,066	\$ 54,639	\$ 108,222	\$ 54,639	\$ 403,288
<b>TOTAL EXPENDITURES PAID</b>	<b>\$ 2,096,685</b>	<b>\$ 10,916,158</b>	<b>\$ 526,326</b>	<b>\$ 913,297</b>	<b>\$ 2,623,011</b>	<b>\$ 11,829,455</b>
<b>EXCESS(DEFICIENCY)OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>	<b>\$ 968,261</b>	<b>\$(4,950,103)</b>	<b>\$ (175,440)</b>	<b>\$ (574,835)</b>	<b>\$ 792,821</b>	<b>\$ (5,524,938)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of capital assets	\$ 11,084				\$ 11,084	
Contribution from property owner		\$ 8,949,322			\$ -	\$ 8,949,322
Bond issuance			\$ 625,000	\$ 1,600,000	\$ 625,000	\$ 1,600,000
Discount on bond issuance			\$ (3,670)		\$ (3,670)	
Payment to escrow agent			\$ (606,331)		\$ (606,331)	
Transfers in		\$ 517,912	\$ 166,000	\$ 672,758	\$ 166,000	\$ 1,190,670
Transfers out	\$ (166,000)	\$ (400,268)		\$ (768,002)	\$ (166,000)	\$ (1,168,270)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (154,916)</b>	<b>\$ 9,066,966</b>	<b>\$ 180,999</b>	<b>\$ 1,504,756</b>	<b>\$ 26,083</b>	<b>\$ 10,571,722</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 813,345</b>	<b>\$ 4,116,863</b>	<b>\$ 5,559</b>	<b>\$ 929,921</b>	<b>\$ 818,904</b>	<b>\$ 5,046,784</b>
<b>FUND BALANCES (DEFICIT) May 1</b>	<b>\$ 145,830</b>	<b>\$ 1,604,853</b>	<b>\$ 1,942,439</b>	<b>\$ 1,302,320</b>	<b>\$ 2,088,269</b>	<b>\$ 2,907,173</b>
Prior year adjustment		\$ 192,829				\$ 192,829
<b>FUND BALANCES May 1 restated</b>						
<b>FUND BALANCE APRIL 30 2007</b>	<b>\$ 959,175</b>	<b>\$ 5,914,545</b>	<b>\$ 1,947,998</b>	<b>\$ 2,232,241</b>	<b>\$ 2,907,173</b>	<b>\$ 8,146,786</b>

(See independent auditor's report)  
 MD&A 9

VILLAGE OF HAMPSHIRE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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Net Change in Fund Balances for total Governmental Funds is \$5,046,784. Amounts reported for governmental activities in the statement of activities are different because Governmental Funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities.

The issuance of long-term debt is reported as another financing source in Governmental Funds but as an increase in long-term debt on the statement of net assets.

Contributions of capital assets are reported only in the statement of activities. The repayment of the principal portion long-term debt is reported as an expenditure when due in Governmental Funds but as a reduction of principal outstanding in the statement of activities.

Some expenses in the statement of activities (e.g. depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Transfers in/out are used to fund Special Service Area #5, Street Equipment Fund, Police Pension, Downtown Improvements and Sales Tax Rebate Fund from sales tax received in the General Corporate Fund. Water Fund transfers monthly to the Water Reconstruction Fund with the intent to build a reserve in this Fund. The money is generated in the Water Fund from user fees. Sewer Fund transfers monthly to the Sewer Construction Fund with the intent to build a reserve in this Fund. The money is generated in the Sewer Fund from user fees. An annual transfer from Refuse Fund to General Corporate is made to supplement the portion of expenses related to the performance of water/sewer/refuse utility billing services.

Due From/To Other Funds is used to pay back money borrowed. Short-term interfund loans, if any, are classified as "interfund receivables/payables". Long-term interfund loans, if any, are classified as "advances to/from other funds".

Total net assets for the Water/Sewer/Refuse Fund are \$23,185,556, \$11,012,434 more than FY 2006. This is attributed to the wastewater treatment plant and well #9 projects completed in fiscal year 2005.

VILLAGE OF HAMPSHIRE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table 5**  
**Schedule of Revenues vs. Expenditures**  
**As of April 30, 2007**

	Original and Final Budget 2006	Original and Final Budget 2007	Actual 2006	Actual 2007
Revenues Collected				
Total taxes	\$ 2,222,051	\$ 2,695,967	\$ 2,675,587	\$ 2,484,523
Intergovernmental				
Licenses and permits	\$ 211,000	\$ 148,900	\$ 149,075	\$ 282,425
Fines	\$ 65,000	\$ 65,000	\$ 74,670	\$ 50,865
Investment Income	\$ 8,000	\$ 14,000	\$ 34,094	\$ 81,098
franchise and rent	\$ 35,000	\$ 35,000	\$ 32,161	\$ 32,842
Reimbursements	\$ 240,000	\$ 365,000	\$ 86,811	\$ 165,444
Grant revenue			\$ 9,185	
Miscellaneous income	\$ 337,900	\$ 3,000	\$ 3,363	\$ 37,209
<b>Total Revenues Collected</b>	<b>\$ 3,118,951</b>	<b>\$ 3,326,867</b>	<b>\$ 3,064,946</b>	<b>\$ 3,134,406</b>
Expenditures Paid				
Total general government	\$ 906,537	\$ 1,359,704	\$ 750,043	\$ 1,211,872
Total police protection	\$ 972,093	\$ 1,212,791	\$ 852,667	\$ 1,089,752
Total highways and streets	\$ 773,130	\$ 524,126	\$ 404,441	\$ 423,064
Total planning and zoning	\$ 121,035	\$ 194,225	\$ 89,534	\$ 17,436
<b>Total Expenditures Paid</b>	<b>\$ 2,772,795</b>	<b>\$ 3,290,846</b>	<b>\$ 2,096,685</b>	<b>\$ 2,742,124</b>
<b>EXCESS (DIFFICENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>	<b>\$ 346,156</b>	<b>\$ 36,021</b>	<b>\$ 968,261</b>	<b>\$ 392,282</b>

*Actual* revenues over *budgeted* revenues decreased by \$192,461 ending April 30, 2007. *Actual* expenditures over *budgeted* expenditures decreased by \$548,722 ending April 30, 2007 with a surplus of \$356,261 in statement of revenues vs. expenditures. Taking into account other financing sources, the Total Governmental Funds Balances April 30, 2007 are \$8,146,786

Fiscal year 2005 began with a deficit Fund Balance. To achieve a positive balance at the close of Fiscal Year 2005 and to continue this positive balance in future fiscal years, the new procedures implemented in Fiscal Year 2005 continued. Spending constraints imposed on all departments using the purchase order system and evaluation of revenues vs. expenditures continued to be well monitored by the Finance Committee. Monthly staff meetings reviewing the revenue vs expense reports, headed by the Village President, increased awareness of the need to impose budget constraints. Fifty percent of utility tax receipts allocated to the general government increased substantially as well as the 25% reserved for street projects and 25% reserved for street debt over fiscal year 2007 due to higher energy costs.

VILLAGE OF HAMPSHIRE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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The positive Fund Balance can also be attributed to several projects budgeted in fiscal year 2007 but not completed. Such as the following:

- Rehab Keys Avenue pending congressional approval
- Rehab Well #5, inflow and infiltration system pending congressional approval
- MFT Program to include work done on Klick Street, Prairie and Baldwin
- Possible purchase of Salt Storage Building for the Street
- SCADA Improvements – Lift Station
- Sanitary Sewer Manhole Rehabilitation

**MAJOR INITIATIVES:**

**FY 2006-07 Significant Accomplishments**

- Jefferson Street Roadway Improvements – Phase II Final Engineering and Construction
- MFT – Park (Jefferson-Jackson), Jackson (Prairie – State), Oak (Terwilliger-Jefferson)
- STAG Grant – Engineering
- STAG Grant – Construction \$600,000 STAG Funding, \$500,000 Bond Issue
- Purchase Two Police Vehicles
- Purchase 8 Acres – WWTF Expansion
- SCADA – Improves Communication Network on three existing sites
- Certificates of Acceptance for Hampshire Prairie, Units 1-5
- Certificates of Acceptance for Hampshire Fields, Units 1 & 2
- Certificate of Acceptance for Hampshire Hills
- Establish a TIF District

**Future Goals and Objectives**

- Hiring a Village Administrator Fiscal Year 2007-08
- Annex strategic areas into the Village
- Attract Commercial/Retail Business to Hampshire Woods and Arrowhead Business Park
- Work the property owner to develop Shireland property
- Progress the Municipal Center to the next stage of development
- Continue the annual street and sidewalk replacement program, set up a 5 year plan
- Work towards the Toll Way Interchange at Brier Hill
- Actively pursue Retail/Commercial development along Routs 20, 47 and 72



**Future Goals and Objectives – continued**

- Continue the expansion of the Waste Water Facility
- Ride in Kane – in conjunction with other Government sponsors, set up a centralized dispatch of taxis, Pace lift-equipment busses and other service providers for demand-response, curb to curb transportation.

Administration:

- Metro West – Kane County Council of Mayors
- Laserfiche Document Imaging

Police:

- Two New Patrolmen
- Lease two additional police vehicles

Street:

- Tree trim within the Village
- New street signs, maintain alleys
- Manholes replaced throughout the Village
- New plow truck
- Klick Street North

Public Use:

- Keyes, Industrial, Mill project
- Sidewalk repair downtown – State Street
- Possible land purchase

Motor Fuel Tax/Road and Bridge Tax:

- Engineering/Construction Prairie Street, Jefferson St., East St. Grace St, Elm St.

**Contacting the Village’s Financial Management**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village’s finances and to demonstrate the Village’s accountability of the money it receives. Questions concerning this report or requests for additional financial information should be directed to Kathryn T. Michael, Director of Finance, Village of Hampshire, 234 South State Street, PO Box 457, Hampshire Illinois 60140.

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 8,983,028	\$ 1,713,323	\$ 10,696,351
Notes receivable	303,012	-	303,012
Capital assets not being depreciated	16,133,231	9,110,962	25,244,193
Capital assets (net of accumulated depreciation)	4,536,386	18,077,624	22,614,010
<b>Total assets</b>	<b>29,955,657</b>	<b>28,901,909</b>	<b>58,857,566</b>
<b>LIABILITIES</b>			
Deferred revenue	57,517	-	57,517
Deposits	476,962	-	476,962
Other liabilities	604,775	23,365	628,140
Long-term liabilities			
Due within one year	160,000	186,790	346,790
Due in more than one year	2,225,000	5,506,198	7,731,198
<b>Total liabilities</b>	<b>3,524,254</b>	<b>5,716,353</b>	<b>9,240,607</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	19,123,478	21,495,598	40,619,076
Restricted for			
System improvements	-	1,304,286	1,304,286
Highways and streets	3,672,451	-	3,672,451
Public safety	8,921	-	8,921
Subdivision maintenance	25,284	-	25,284
Economic development	962,506	-	962,506
Tourism	18,569	-	18,569
Beautification	13,835	-	13,835
Public use	1,473,030	-	1,473,030
Debt service	137,177	-	137,177
Audit purposes	37,206	-	37,206
Employee retirement	25,870	-	25,870
Unrestricted	933,076	385,672	1,318,748
<b>TOTAL NET ASSETS</b>	<b>\$ 26,431,403</b>	<b>\$ 23,185,556</b>	<b>\$ 49,616,959</b>

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,498,600	\$ 1,502,398	\$ 27,434	\$ -
Public safety	1,049,530	50,865	3,312	-
Highways and streets	7,530,114	289,572	110,371	10,193,074
Interest	403,288	-	-	-
Total governmental activities	10,481,532	1,842,835	141,117	10,193,074
Business-Type Activities				
Water	684,268	488,578	138,068	-
Sewer	2,506,898	643,345	173,253	7,904,243
Garbage	245,880	241,045	-	-
Total business-type activities	3,437,046	1,372,968	311,321	7,904,243
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 13,918,578</b>	<b>\$ 3,215,803</b>	<b>\$ 452,438</b>	<b>\$ 18,097,317</b>

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ 31,232	\$ -	\$ 31,232
	(995,353)	-	(995,353)
	3,062,903	-	3,062,903
	(403,288)	-	(403,288)
	<u>1,695,494</u>	<u>-</u>	<u>1,695,494</u>
	-	(57,622)	(57,622)
	-	6,213,943	6,213,943
	-	(4,835)	(4,835)
	<u>-</u>	<u>6,151,486</u>	<u>6,151,486</u>
	<u>1,695,494</u>	<u>6,151,486</u>	<u>7,846,980</u>
General Revenues			
Taxes			
Property	593,980	-	593,980
Replacement	21,888	-	21,888
Sales	1,190,320	-	1,190,320
Income	317,909	-	317,909
Utility	411,856	-	411,856
Local use	49,505	-	49,505
Investment income	421,303	71,999	493,302
Miscellaneous	70,052	-	70,052
Transfers	22,400	(22,400)	-
Contributions	9,418,656	4,811,349	14,230,005
Total	<u>12,517,869</u>	<u>4,860,948</u>	<u>17,378,817</u>
CHANGE IN NET ASSETS	<u>14,213,363</u>	<u>11,012,434</u>	<u>25,225,797</u>
NET ASSETS, MAY 1	12,025,211	12,202,451	24,227,662
Prior period adjustment	<u>192,829</u>	<u>(29,329)</u>	<u>163,500</u>
NET ASSETS, MAY 1, RESTATED	<u>12,218,040</u>	<u>12,173,122</u>	<u>24,391,162</u>
NET ASSETS, APRIL 30	<u>\$ 26,431,403</u>	<u>\$ 23,185,556</u>	<u>\$ 49,616,959</u>

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUNDS

April 30, 2007

	General Fund	SSA 14 Improvement
<b>ASSETS</b>		
Cash and investments	\$ 2,081,803	\$ 3,066,336
Notes receivable	-	-
Due from other funds	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,081,803</b>	<b>\$ 3,066,336</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Due to other funds	\$ 3,214	\$ -
Other liabilities	604,775	-
Deposits	476,962	-
Deferred revenue	-	-
<b>Total liabilities</b>	<b>1,084,951</b>	<b>-</b>
<b>FUND BALANCES</b>		
Reserved for highways and streets	-	3,066,336
Reserved for public safety	-	-
Reserved for subdivision maintenance	-	-
Reserved for economic development	-	-
Reserved for tourism	-	-
Reserved for downtown beautification	-	-
Reserved for public use	-	-
Reserved for debt service	-	-
Reserved for audit purposes	37,206	-
Reserved for employee retirement	25,870	-
Unreserved		
Designated for police pension	20,000	-
Undesignated - General Fund	913,776	-
<b>Total fund balances</b>	<b>996,852</b>	<b>3,066,336</b>
<b>TOTAL LIABILITIES AND AND FUND BALANCES</b>	<b>\$ 2,081,803</b>	<b>\$ 3,066,336</b>

Transportation Impact Fees	Sanitary Sewer Rehab	Public Use	Nonmajor Governmental Funds	Total Governmental Funds
\$ 378,327	\$ 573,400	\$ 1,473,030	\$ 1,410,132	\$ 8,983,028
-	-	-	303,012	303,012
-	-	-	576,614	576,614
<u>\$ 378,327</u>	<u>\$ 573,400</u>	<u>\$ 1,473,030</u>	<u>\$ 2,289,758</u>	<u>\$ 9,862,654</u>
\$ -	\$ 573,400	\$ -	\$ -	\$ 576,614
-	-	-	-	604,775
-	-	-	-	476,962
-	-	-	57,517	57,517
-	573,400	-	57,517	1,715,868
378,327	-	-	1,065,949	4,510,612
-	-	-	8,921	8,921
-	-	-	25,284	25,284
-	-	-	962,506	962,506
-	-	-	18,569	18,569
-	-	-	13,835	13,835
-	-	1,473,030	-	1,473,030
-	-	-	137,177	137,177
-	-	-	-	37,206
-	-	-	-	25,870
-	-	-	-	20,000
-	-	-	-	913,776
<u>378,327</u>	<u>-</u>	<u>1,473,030</u>	<u>2,232,241</u>	<u>8,146,786</u>
<u>\$ 378,327</u>	<u>\$ 573,400</u>	<u>\$ 1,473,030</u>	<u>\$ 2,289,758</u>	<u>\$ 9,862,654</u>

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

RECONCILIATION OF FUND BALANCES ARISING FROM MODIFIED CASH BASIS  
OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE  
STATEMENT OF NET ASSETS

April 30, 2007

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 8,146,786
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 governmental funds	20,669,617
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(2,385,000)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 26,431,403</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2007

	General Fund	SSA 14 Improvement
<b>REVENUES COLLECTED</b>		
Taxes	\$ 2,484,523	\$ -
Intergovernmental	-	-
Charges for services	-	-
Contributions from property owners	-	8,949,322
Licenses and permits	282,425	-
Fines	50,865	-
Investment income	81,098	183,564
Franchise and rent	32,842	-
Reimbursements	165,444	-
Miscellaneous income	37,209	-
	<u>3,134,406</u>	<u>9,132,886</u>
<b>EXPENDITURES PAID</b>		
Current		
General government	1,211,872	-
Police protection	1,089,752	-
Highways and streets	440,500	5,771,484
Debt service		
Principal retirement	-	-
Interest and fiscal charges	-	295,066
	<u>2,742,124</u>	<u>6,066,550</u>
	<u>392,282</u>	<u>3,066,336</u>
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>		
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond issuance	-	-
Transfers in	-	-
Transfers (out)	(383,934)	-
	<u>(383,934)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>		
	<u>8,348</u>	<u>3,066,336</u>
<b>FUND BALANCES, MAY 1</b>		
	959,175	-
Prior period adjustment	29,329	-
	<u>988,504</u>	<u>-</u>
<b>FUND BALANCES, MAY 1, RESTATED</b>		
	<u>988,504</u>	<u>-</u>
<b>FUND BALANCES, APRIL 30</b>		
	<u>\$ 996,852</u>	<u>\$ 3,066,336</u>



Transportation Impact Fees	Sanitary Sewer Rehab	Public Use	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 128,369	\$ 2,612,892
-	573,400	-	110,371	683,771
959,924	-	1,054,530	-	2,014,454
-	-	-	-	8,949,322
-	-	-	-	282,425
-	-	-	-	50,865
11,646	-	48,585	96,410	421,303
-	-	-	-	32,842
-	-	-	-	165,444
-	-	-	3,312	40,521
971,570	573,400	1,103,115	338,462	15,253,839
-	-	275,763	32,355	1,519,990
-	-	-	22,009	1,111,761
740,409	1,091,312	-	660,711	8,704,416
-	-	-	90,000	90,000
-	-	-	108,222	403,288
740,409	1,091,312	275,763	913,297	11,829,455
231,161	(517,912)	827,352	(574,835)	3,424,384
-	-	-	1,600,000	1,600,000
-	517,912	-	672,758	1,190,670
(16,334)	-	-	(768,002)	(1,168,270)
(16,334)	517,912	-	1,504,756	1,622,400
214,827	-	827,352	929,921	5,046,784
-	-	645,678	1,302,320	2,907,173
163,500	-	-	-	192,829
163,500	-	645,678	1,302,320	3,100,002
\$ 378,327	\$ -	\$ 1,473,030	\$ 2,232,241	\$ 8,146,786

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES  
COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2007

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NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 5,046,784
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	1,349,548
Contributions of capital assets are reported only in the statement of activities	9,418,656
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(87,331)
The loss on disposal of capital assets does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(4,294)
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase in long-term debt on the statement of net assets	(1,600,000)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	<u>90,000</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 14,213,363</u>

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
ENTERPRISE FUNDS

April 30, 2007

	Water	Sewer	Garbage	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 269,593	\$ 1,443,730	\$ -	\$ 1,713,323
Due from other funds	1,735	41,069	-	42,804
<b>Total current assets</b>	<b>271,328</b>	<b>1,484,799</b>	<b>-</b>	<b>1,756,127</b>
<b>CAPITAL ASSETS</b>				
Assets not being depreciated	1,321,577	7,789,385	-	9,110,962
Assets being depreciated				
Cost	10,218,957	12,024,569	-	22,243,526
Accumulated depreciation	(1,944,961)	(2,220,941)	-	(4,165,902)
<b>Total capital assets</b>	<b>9,595,573</b>	<b>17,593,013</b>	<b>-</b>	<b>27,188,586</b>
<b>Total assets</b>	<b>9,866,901</b>	<b>19,077,812</b>	<b>-</b>	<b>28,944,713</b>
<b>CURRENT LIABILITIES</b>				
Due to other funds	41,069	-	1,735	42,804
Bonds and debt certificates payable	90,000	-	-	90,000
Note payable	-	13,225	-	13,225
IEPA loan payable	-	83,565	-	83,565
Other liabilities	23,365	-	-	23,365
<b>Total current liabilities</b>	<b>154,434</b>	<b>96,790</b>	<b>1,735</b>	<b>252,959</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds and debt certificates payable	2,120,000	-	-	2,120,000
Note payable	-	31,587	-	31,587
IEPA loan payable	-	3,354,611	-	3,354,611
<b>Total long-term liabilities</b>	<b>2,120,000</b>	<b>3,386,198</b>	<b>-</b>	<b>5,506,198</b>
<b>Total liabilities</b>	<b>2,274,434</b>	<b>3,482,988</b>	<b>1,735</b>	<b>5,759,157</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,385,573	14,110,025	-	21,495,598
Restricted for system improvements	-	1,304,286	-	1,304,286
Unrestricted	206,894	180,513	(1,735)	385,672
<b>TOTAL NET ASSETS</b>	<b>\$ 7,592,467</b>	<b>\$ 15,594,824</b>	<b>\$ (1,735)</b>	<b>\$ 23,185,556</b>

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENSES PAID  
AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS  
ENTERPRISE FUNDS

For the Year Ended April 30, 2007

	Water	Sewer	Garbage	Total
<b>OPERATING REVENUES COLLECTED</b>				
Charges for services	\$ 488,578	\$ 643,345	\$ 241,045	\$ 1,372,968
Total operating revenues collected	488,578	643,345	241,045	1,372,968
<b>OPERATING EXPENSES PAID</b>				
Salaries and benefits	126,026	209,104	-	335,130
Repairs and maintenance	67,781	23,213	-	90,994
Utilities	23,905	99,169	-	123,074
Supplies and materials	122,313	35,363	1,410	159,086
Engineering services	1,774	48,288	-	50,062
Legal and professional services	10,344	9,685	-	20,029
Capital outlay	1,532	1,636,745	-	1,638,277
Garbage disposal	-	-	244,470	244,470
Miscellaneous	974	10,498	-	11,472
Total operating expenses paid	354,649	2,072,065	245,880	2,672,594
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>				
	133,929	(1,428,720)	(4,835)	(1,299,626)
Depreciation	241,059	337,528	-	578,587
<b>OPERATING INCOME (LOSS)</b>				
	(107,130)	(1,766,248)	(4,835)	(1,878,213)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	5,876	66,123	-	71,999
Tap on and impact fees	138,068	173,253	-	311,321
Developer impact fees	-	7,904,243	-	7,904,243
Interest expense	(88,560)	(97,305)	-	(185,865)
Total nonoperating revenues (expenses)	55,384	8,046,314	-	8,101,698
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>				
	(51,746)	6,280,066	(4,835)	6,223,485
<b>TRANSFERS (OUT)</b>				
	-	(22,400)	-	(22,400)
<b>CONTRIBUTIONS</b>				
Contribution revenues	2,456,490	2,354,859	-	4,811,349
<b>NET INCOME (LOSS)</b>				
	2,404,744	8,612,525	(4,835)	11,012,434
<b>NET ASSETS, MAY 1</b>				
	5,148,198	7,051,153	3,100	12,202,451
Prior period adjustment	39,525	(68,854)	-	(29,329)
<b>NET ASSETS, MAY 1, RESTATED</b>				
	5,187,723	6,982,299	3,100	12,173,122
<b>NET ASSETS, APRIL 30</b>				
	\$ 7,592,467	\$ 15,594,824	\$ (1,735)	\$ 23,185,556

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS

For the Year Ended April 30, 2007

	Water	Sewer	Garbage	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 496,413	\$ 643,345	\$ 241,045	\$ 1,380,803
Payments to suppliers	(228,623)	(1,862,961)	(245,880)	(2,337,464)
Payments to employees	(126,026)	(209,104)	-	(335,130)
Net cash from operating activities	141,764	(1,428,720)	(4,835)	(1,291,791)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Tap on and impact fees	138,068	8,077,496	-	8,215,564
Transfers (to) from other funds	31,914	(68,373)	1,735	(34,724)
Net cash from noncapital financing activities	169,982	8,009,123	1,735	8,180,840
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income received	5,876	66,123	-	71,999
Net cash from investing activities	5,876	66,123	-	71,999
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on note payable	-	(12,726)	-	(12,726)
Principal paid on loan payable	-	(163,833)	-	(163,833)
Principal paid on bonds	(75,000)	-	-	(75,000)
Interest paid	(88,560)	(97,305)	-	(185,865)
Purchase of capital assets	-	(6,463,688)	-	(6,463,688)
Net cash from capital and related financing activities	(163,560)	(6,737,552)	-	(6,901,112)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,062	(91,026)	(3,100)	59,936
CASH AND CASH EQUIVALENTS, MAY 1	115,531	1,534,756	3,100	1,653,387
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 269,593	\$ 1,443,730	\$ -	\$ 1,713,323
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (107,130)	\$ (1,766,248)	\$ (4,835)	\$ (1,878,213)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	241,059	337,528	-	578,587
Change in assets and liabilities				
Other liabilities	7,835	-	-	7,835
NET CASH FROM OPERATING ACTIVITIES	\$ 141,764	\$ (1,428,720)	\$ (4,835)	\$ (1,291,791)
<b>NONCASH TRANSACTIONS</b>				
Contributions of capital assets	\$ 2,456,490	\$ 2,354,859	\$ -	\$ 4,811,349

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

April 30, 2007

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ASSETS	
Cash and cash equivalents	<u>\$ 2,295,511</u>
TOTAL ASSETS	<u><u>\$ 2,295,511</u></u>
LIABILITIES	
Due to others	\$ 1,921,515
Due to bondholders	<u>373,996</u>
TOTAL LIABILITIES	<u><u>\$ 2,295,511</u></u>

See accompanying notes to financial statements.

VILLAGE OF HAMPSHIRE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

April 30, 2007

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Hampshire, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)), except as described in Note 1d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS) governed by an elected President and Board of Trustees. The Village is considered to be a primary government pursuant to GASB Statement No. 14 since it is legally separate and fiscally independent.

b. Fund Accounting

The Village uses funds to report its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the Village has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village utilizes agency funds which are generally used to account for assets that the Village holds in an agent capacity on behalf of others.

c. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major governmental funds:

The General Fund is the general operating fund of the Village and is used to account for all financial resources of the Village unless required to be accounted for in another fund.

The SSA 14 Improvement fund is used to account for the proceeds from the SSA 14 bond issue (reported as contribution from property owner), received by the Village and the capital improvements benefiting SSA 14.

The Transportation Impact Fee fund is used to account for the proceeds of Transportation Impact fees charged by the Village and the improvements funded by the fees.

The Sanitary Sewer Rehab Fund is used to account for the expenditures related to the federally funded sanitary sewer rehabilitation project and the related grant proceeds.

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.

The Village reports the following major enterprise funds:

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

The Village reports agency funds as fiduciary funds to account for the collection and remittance of impact fees for the Park District, Library District, School District and Fire Protection District and collection of taxes from special services area 9 and 14 and remittance to the bondholders.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the enterprise fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the Village. Expenses are recorded when the funds are disbursed except that the acquisition of a capital asset is capitalized and depreciation of capital assets has been reported as an expense. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recorded at the time of receipt by the Village. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

e. Capital Assets

As of May 1, 2004, the Village performed an inventory and appraisal of its capital assets and used this as a basis to record capital assets in these financial statements. Capital assets are recorded as expenditures at the time of purchase in governmental funds but are capitalized at the time of purchase in enterprise funds. Capital assets, which include property, plant, equipment and infrastructure assets (on a prospective basis only), are reported in the applicable columns in the government-wide financial statements and in the Enterprise Fund's fund financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives, including street overlays, are not capitalized.

VILLAGE OF HAMPSHIRE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Capital Outlay (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	10 - 50
Vehicles and equipment	5 - 20
Underground water/sewer lines	25 - 50
Infrastructure	25 - 50

f. Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 enterprise fund financial statements. 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 funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. 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 expenditures.

g. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Investments

Investments in non-negotiable certificates of deposit and other investments with a maturity of less than one year when purchased are stated at cost. Investments with a maturity of one year or greater, if any, when purchased are reported at fair value. Investments in the Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at \$1 per share value, which equals the Village's fair value of the pool.

i. Cash and Cash Equivalents

For the statement of cash flows, the Village considers all deposits in demand accounts (cash) and investments with a maturity of ninety days or less when purchased to be cash and cash equivalents.

j. Accumulated Unpaid Sick Pay and Vacation Pay

Accumulated unpaid sick pay and vacation pay is not accrued in the governmental funds because, as stated above, the Village's financial statements are prepared on the modified cash basis of accounting.

k. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Short-term interfund loans, if any, are classified as "interfund receivables/payables". Long-term interfund loans, if any, are classified as "advances to/from other funds".

Interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

VILLAGE OF HAMPSHIRE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the Village.

- The property tax lien date is January 1;
- The annual tax levy ordinance for 2005 was passed on December 1, 2005;
- Property taxes are due to the County Collector in two installments, June 1 and September 1;
- Significant amounts of property taxes for 2005 were distributed to the Village during June, July and September-November of 2006;
- The annual tax levy ordinance for 2006 was passed on December 18, 2006;
- Significant amounts of property taxes for 2006 will be distributed to the Village during June, July and September-November of 2007.

3. LONG-TERM DEBT

a. Governmental Activities Long-Term Debt

The following is a summary of changes in long-term debt of the governmental activities of the Village for the year ended April 30, 2007:

	1998 Special Service Area Number 5 Refunding Bonds	2004 Special Service Area Number 5 Refunding Bonds	2005 Special Service Area Number 5 Refunding Bonds	2006 A GO Alternative Revenue Source Bonds	Total
BALANCES, MAY 1, 2006	\$ 90,000	\$ 160,000	\$ 625,000	\$ -	\$ 875,000
Additions	-	-	-	1,600,000	1,600,000
Retirements	90,000	-	-	-	90,000
BALANCES, APRIL 30, 2007	\$ -	\$ 160,000	\$ 625,000	\$ 1,600,000	\$ 2,385,000
CURRENT PORTION	\$ -	\$ 100,000	\$ -	\$ 60,000	\$ 160,000

3. LONG-TERM DEBT (Continued)

a. Governmental Activities Long-Term Debt (Continued)

Long-term debt is comprised of the following issues:

Special Service Area Number 5 Refunding Bonds, Series 1998, dated December 1, 1998, original issue of \$1,060,000 with interest ranging from 3.65% - 4.15%. Annual principal payments ranging from \$15,000 - \$690,000 are due October 1 with interest payable semi-annually each April 1 and October 1. The bonds are payable from property taxes levied on property in Special Service Number 5. In addition, the Village has pledged \$150,000 of annual sales tax revenue as additional security for the bonds. Accordingly, the bonds do not meet the definition of noncommitment debt pursuant to GASB Statement No. 6. \$600,000 of these bonds was refunded through the issuance of the 2005 Special Service Areas Number 5 refunding bonds.

Special Service Area Number 5 Refunding Bonds, Series 2004, dated September 8, 2004, original issue of \$160,000 with interest ranging from 2.30% - 2.65%. Principal is due in two installments, \$100,000 due October 1, 2007 and \$60,000 due October 1, 2008. Interest is payable semiannually on April 1 and October 1. The bonds are payable from property taxes levied on property in Special Service Number 5 and a pledge of sales tax revenues. Accordingly, the bonds do not meet the definition of noncommitment debt pursuant to GASB Statement No. 6.

Special Service Area Number 5 Refunding Bonds, Series 2005, dated August 25, 2005, original issue of \$625,000 with interest ranging from 3.70% - 4.15%. Principal is due in annual installments ranging from \$60,000 - \$150,000 due October 1 beginning October 1, 2008 through October 1, 2012. Interest is payable semiannually on April 1 and October 1. The bonds are payable from property taxes levied on property in Special Service Number 5 and a pledge of sales tax revenues. Accordingly, the bonds do not meet the definition of noncommitment debt pursuant to GASB Statement No. 6.

General Obligation Alternate Revenue Source Bond Series 2006A, dated June 15, 2006, original issue of \$1,600,000 with interest ranging from 4.10% - 5.00%. Principal is due in annual installments ranging from \$60,000 - \$135,000 due December 15 beginning December 15, 2007 through December 15, 2023. Interest is payable semiannually on June 15 and December 15. The bonds are payable from municipal utility taxes imposed by the Village.

VILLAGE OF HAMPSHIRE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LONG-TERM DEBT (Continued)

a. Governmental Activities Long-Term Debt (Continued)

Principal and interest outstanding at April 30, 2007, is scheduled to mature as follows:

Year Ended April 30,	2006A General Obligation Alternate Revenue Source Bonds		2004 Special Service Area Number 5 Refunding Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 60,000	\$ 73,685	\$ 100,000	\$ 2,740
2009	65,000	71,225	60,000	795
2010	70,000	68,560	-	-
2011	70,000	65,690	-	-
2012	75,000	62,715	-	-
2013	80,000	59,528	-	-
2014	85,000	56,128	-	-
2015	90,000	52,515	-	-
2016	90,000	48,465	-	-
2017	95,000	44,415	-	-
2018	100,000	40,140	-	-
2019	105,000	35,340	-	-
2020	110,000	30,300	-	-
2021	115,000	25,020	-	-
2022	125,000	19,500	-	-
2023	130,000	13,250	-	-
2024	135,000	6,750	-	-
<b>TOTAL</b>	<b>\$1,600,000</b>	<b>\$ 773,226</b>	<b>\$ 160,000</b>	<b>\$ 3,535</b>

Year Ended April 30,	2005 Special Service Area Number 5 Refunding Bonds		Total	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ 24,645	\$ 160,000	\$ 101,070
2009	60,000	23,535	185,000	95,555
2010	130,000	16,955	200,000	85,515
2011	140,000	11,755	210,000	77,445
2012	145,000	9,125	220,000	71,840
2013	150,000	3,112	230,000	62,640
2014	-	-	85,000	56,128
2015	-	-	90,000	52,515
2016	-	-	90,000	48,465

VILLAGE OF HAMPSHIRE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LONG-TERM DEBT (Continued)

a. Governmental Activities Long-Term Debt (Continued)

Year Ended April 30,	2005 Special Service Area Number 5 Refunding Bonds		Total	
	Principal	Interest	Principal	Interest
	2017	\$ -	\$ -	\$ 95,000
2018	-	-	100,000	40,140
2019	-	-	105,000	35,340
2020	-	-	110,000	30,300
2021	-	-	115,000	25,020
2022	-	-	125,000	19,500
2023	-	-	130,000	13,250
2024	-	-	135,000	6,750
<b>TOTAL</b>	<b>\$ 625,000</b>	<b>\$ 89,127</b>	<b>\$ 2,385,000</b>	<b>\$ 865,888</b>

b. Enterprise Funds/Business-Type Activities

The following is a summary of changes in Enterprise Funds/Business-Type Activities proprietary long-term debt of the Village for the year ended April 30, 2007:

	2003 Series Debt Certificates	2003 Series Refunding Bonds	IEPA Loan Payable	Truck Note Payable	Total
BALANCES, MAY 1, 2006	\$ 1,475,000	\$ 810,000	\$ 3,602,009	\$ 57,538	\$ 5,944,547
Additions	-	-	-	-	-
Retirements	25,000	50,000	163,833	12,726	251,559
BALANCES, APRIL 30, 2007	\$ 1,450,000	\$ 760,000	\$ 3,438,176	\$ 44,812	\$ 5,692,988
CURRENT PORTION	\$ 25,000	\$ 65,000	\$ 83,565	\$ 13,225	\$ 186,790

Enterprise Funds/Business-Type Activities long-term debt is comprised of the following issues:

The Village issued Debt Certificates Series 2003, dated December 1, 2003, original issue of \$1,500,000 with interest ranging from 1.7% - 4.50%. Annual principal payments ranging from \$25,000 - \$215,000 are due December 15 with interest payable semiannually on June 15 and December 15 each year. The bonds were issued for the purpose of funding the acquisition and construction of a water well (Well Number 9) including a new well house and treatment facility within the Village. The Series 2003 debt certificates are payable from (a) revenues from the Waterworks System, and, if necessary, b) property taxes.



VILLAGE OF HAMPSHIRE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LONG-TERM DEBT (Continued)

b. Enterprise Funds/Business-Type Activities (Continued)

The Village issued General Obligation (Alternate Revenue) Refunding Bonds Series 2003, dated December 1, 2003, original issue of \$865,000 with interest ranging from 2.00% - 4.25%. Annual principal payments ranging from \$10,000 - \$115,000 are due December 15 with interest payable semiannually on June 15 and December 15 each year. The bonds were issued for the purpose of refunding \$795,000 of the Village's outstanding General Obligation (Alternate Revenue) Refunding Bonds Series 1996, dated April 1, 1996.

The Village received an Illinois EPA loan for rehabilitation of the Village's wastewater treatment facility. The loan agreement, dated April 18, 2002, provides for maximum borrowings of \$3,993,045. Interest accrues on drawdowns at a rate of 2.675% per annum. The loan amount is due in semiannual installments commencing May 15, 2004.

The Village received a note payable from a local bank for the purchase of a truck for the Village's sewer department. The note agreement, dated July 15, 2005, provides for borrowing of \$66,767. Interest accrues at a rate of 3.850% per annum. The loan amount is due in quarterly installments commencing October 15, 2005 through July 15, 2010.

Principal and interest outstanding at April 30, 2007, is scheduled to mature as follows:

Year Ended April 30,	2003 Series Debt Certificates		2003 Series Refunding Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 25,000	\$ 58,328	\$ 65,000	\$ 28,483
2009	50,000	57,728	70,000	26,857
2010	55,000	56,378	70,000	24,687
2011	55,000	54,726	75,000	22,517
2012	55,000	52,940	80,000	19,630
2013	60,000	51,014	90,000	16,550
2014	60,000	48,826	90,000	12,950
2015	55,000	46,576	105,000	9,350
2016	55,000	44,430	115,000	4,887
2017	180,000	42,230	-	-
2018	185,000	34,850	-	-
2019	195,000	27,080	-	-
2020	205,000	18,694	-	-
2021	215,000	9,676	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,450,000</b>	<b>\$ 603,476</b>	<b>\$ 760,000</b>	<b>\$ 165,911</b>

VILLAGE OF HAMPSHIRE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LONG-TERM DEBT (Continued)

b. Enterprise Funds/Business-Type Activities (Continued)

Year Ended April 30,	IEPA Loan		Truck Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 83,565	\$ 45,986	\$ 13,225	\$ 1,541	\$ 186,790	\$ 134,338
2009	170,497	88,603	13,743	1,023	304,240	174,211
2010	175,088	84,012	14,281	485	314,369	165,562
2011	179,803	79,297	3,563	34	313,366	156,574
2012	184,645	74,455	-	-	319,645	147,025
2013	189,617	69,483	-	-	339,617	137,047
2014	194,723	64,377	-	-	344,723	126,153
2015	199,967	59,133	-	-	359,967	115,059
2016	205,352	53,748	-	-	375,352	103,065
2017	210,882	48,218	-	-	390,882	90,448
2018	216,561	42,539	-	-	401,561	77,389
2019	222,392	36,708	-	-	417,392	63,788
2020	228,381	30,719	-	-	433,381	49,413
2021	234,530	24,570	-	-	449,530	34,246
2022	240,847	18,253	-	-	240,847	18,253
2023	247,333	11,767	-	-	247,333	11,767
2024	253,992	5,107	-	-	253,992	5,107
TOTAL	\$ 3,438,175	\$ 836,975	\$ 44,812	\$ 3,083	\$ 5,692,987	\$ 1,609,445

c. Noncommitment Debt

In addition to Special Service Area Number 5 Bonds, as previously discussed, Special Service Area Number 9 and Special Service Area Number 14 Bonds as of the date of this report totaled \$2,890,000 and \$12,120,000, respectively. These bonds are not an obligation of the Village and are secured by the levy of real estate taxes on certain property within the special service areas. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

d. 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. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as liability in these financial statements. At April 30, 2007, there were two IDRBs outstanding with an original par value of \$7,000,000.

VILLAGE OF HAMPSHIRE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CASH AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds. The Village's investment policy limits its investments to those allowed under statute but does not provide additional restrictions, except for bond proceeds which are governed by the bond ordinance.

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, legality, safety of principal, liquidity and yield:

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance held by an independent third party in the Village's name. As of April 30, 2007 the Village had \$1,767,914 of uninsured and uncollateralized deposits out of a total \$9,070,876, which is not in compliance with the Village's investment policy.

Investments

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2007.

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
US Treasury Notes	\$ 2,529,113	\$ 728,142	\$ 1,800,971	\$ -	\$ -
Repurchase Agreements	1,386,660	1,386,660	-	-	-
Illinois Funds	3,446,114	3,446,114	-	-	-
Money Market Mutual Funds	809,367	809,367	-	-	-
<b>TOTAL</b>	<b>\$ 8,171,254</b>	<b>\$ 6,370,283</b>	<b>\$ 1,800,971</b>	<b>\$ -</b>	<b>\$ -</b>

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio 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 3 years from purchase, unless designated for a specific purpose.

VILLAGE OF HAMPSHIRE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CASH AND INVESTMENTS (Continued)

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing external investment pools. Illinois Funds and Money Market Mutual Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, 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. Illinois Funds and the Money Market Mutual Funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has too high a percentage of their investments invested in one type of investment. At April 30, 2007, the Village did not have greater than five percent of its overall portfolio invested in any single investment type. The Village's investment policy requires diversification of investments to avoid unreasonable risk.

5. CAPITAL ASSETS

The following is a summary of capital asset activity during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 8,708,180	\$ 6,865,445	\$ -	\$ 15,573,625
Construction in progress	-	559,606	-	559,606
Total capital assets not being depreciated	8,708,180	7,425,051	-	16,133,231
Capital assets being depreciated				
Buildings and improvements	58,800	-	-	58,800
Vehicles and equipment	631,299	94,106	60,631	664,774
Infrastructure	1,100,704	3,249,047	-	4,349,751
Total capital assets being depreciated	1,790,803	3,343,153	60,631	5,073,325
Less accumulated depreciation for				
Buildings and improvements	38,660	1,060	-	39,720
Vehicles and equipment	438,792	34,681	56,337	417,136
Infrastructure	28,493	51,590	-	80,083
Total accumulated depreciation	505,945	87,331	56,337	536,939
Total capital assets being depreciated, net	1,284,858	3,255,822	4,294	4,536,386
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 9,993,038</b>	<b>\$ 10,680,873</b>	<b>\$ 4,294</b>	<b>\$ 20,669,617</b>

VILLAGE OF HAMPSHIRE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 367,894	\$ 120,000	\$ -	\$ 487,894
Construction in progress	-	8,623,068	-	8,623,068
Total capital assets not being depreciated	367,894	8,743,068	-	9,110,962
Capital assets being depreciated				
Buildings	10,168,883	-	-	10,168,883
Machinery and equipment	130,419	17,710	-	148,129
Underground water and sewer lines	9,412,257	2,514,257	-	11,926,514
Total capital assets being depreciated	19,711,559	2,531,967	-	22,243,526
Less accumulated depreciation for				
Buildings	1,392,951	330,989	-	1,723,940
Machinery and equipment	54,786	20,423	-	75,209
Underground water and sewer lines	2,139,578	227,175	-	2,366,753
Total accumulated depreciation	3,587,315	578,587	-	4,165,902
Total capital assets being depreciated, net	16,124,244	1,953,380	-	18,077,624
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 16,492,138	\$ 10,696,448	\$ -	\$ 27,188,586

Depreciation expense was charged to the governmental activities functions/programs as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 1,060
Public safety	27,581
Highways and streets, including depreciation of general infrastructure assets	58,690
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 87,331</b>

VILLAGE OF HAMPSHIRE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. INDIVIDUAL FUND DISCLOSURES

The composition of interfund balances as of April 30, 2007 are as follows:

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	General	\$ 3,214
Nonmajor Governmental	Nonmajor Governmental	573,400
Water	Garbage	1,735
Sewer	Water	41,069
TOTAL		<u>\$ 619,418</u>

The purpose of significant due from/to other funds is as follows:

The due to/from other funds represent short-term borrowing from other funds that will be repaid in one year.

Interfund transfers during the year ended April 30, 2007 consisted of the following:

Transfer In	Transfer Out	Amount
Nonmajor Governmental	General	\$ 383,934
Nonmajor Governmental	Transportation Impact Fees	16,334
Nonmajor Governmental	Nonmajor Governmental	768,002
Nonmajor Governmental	Sewer	22,400
TOTAL		<u>\$ 1,190,670</u>

The purpose of significant transfers is as follows:

- The transfer from the General Fund to nonmajor governmental funds are for capital and debt related transactions, these amounts will not be repaid.
- The transfer from nonmajor governmental funds to other nonmajor Governmental funds relates mostly to the funding of the sanitary sewer rehabilitation as well as other capital and debt related activities.

VILLAGE OF HAMPSHIRE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. RISK MANAGEMENT ASSOCIATION

The Village is exposed to various risks of loss, including but not limited to, property and casualty, general and public officials' liability, workers' compensation and employees' health. The Village participates in the Illinois Municipal Leagues Risk Management Association. There is no applicable annual deductible for the plan. The Village's 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 as of April 30, 2007. The Village purchases health insurance through a third party indemnity for employee health coverage.

8. COMMUNITY DEVELOPMENT ASSISTANCE PROGRAM LOANS

The Village provides financing for qualified recipients under the Community Development Assistance Program (CDAP). Principal balances outstanding as of April 30, 2007, total \$303,012. Minimum future receipts from recipients under this program are as follows:

<u>Year Ended April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 44,300	\$ 15,096	\$ 59,396
2009	37,432	5,406	42,838
2010	36,644	6,194	42,838
2011	37,758	5,079	42,837
2012	38,907	3,931	42,838
2013-2016	107,971	5,314	113,285
<b>TOTAL</b>	<b>\$ 303,012</b>	<b>\$ 41,020</b>	<b>\$ 344,032</b>

9. CONTINGENT LIABILITIES

a. Litigation

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

9. CONTINGENT LIABILITIES (Continued)

b. Grants

Amounts received 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.

c. Sales Tax Rebates

The Village has a sales tax rebate agreement with a local vendor to induce the vendor to locate its billing operation and personnel into the Village. The Village has agreed to rebate sales taxes in excess of \$175,000 at a 60% to 75% rate depending on the vendor's sales taxes remitted to the Village. The sales tax rebate is payable to the vendor each year once the June sales tax remittance has been received by the Village from the State of Illinois. As of April 30, 2007, estimated sales tax rebates of \$584,705 were collected but not yet remitted to the vendor. The Village has recorded this liability in the General Fund.

10. ILLINOIS MUNICIPAL RETIREMENT FUND

The Village's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. 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 by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.



VILLAGE OF HAMPSHIRE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

Employees participating in the IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Village is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 9.81% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

For December 31, 2006, the Village's annual pension cost of \$98,693 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 0.4% to 11.6% per year, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.00%. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 was 26 years.

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

For Calendar Year	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
2004	\$ 75,640	100.00%	\$ -
2005	83,603	100.00%	-
2006	98,693	100.00%	-

11. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been recorded in the General, Water and Sewer funds in the amounts of \$29,329, \$39,525 and (\$68,854), respectively, to adjust old interfund receivables and payables that will not be repaid. Additionally a prior period adjustment of \$163,500 was recorded in the Transportation Impact Fee fund to record the fund as a Capital Projects fund in the current year, as it had been recorded as an Agency Fund in prior years.

The prior period adjustments resulted in restatements of \$192,829 and (\$29,329) for the Governmental Activities and Business-type Activities, respectively, on the Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE (CASH BASIS) - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2007

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Taxes collected		
Property tax	\$ 498,967	\$ 494,567
Sales and use tax	1,442,000	1,239,825
Utility tax	385,000	411,856
Other tax	95,000	20,366
State income tax	275,000	317,909
Total taxes collected	<u>2,695,967</u>	<u>2,484,523</u>
Licenses and permits	148,900	282,425
Fines	65,000	50,865
Investment income	14,000	81,098
Franchises and rent	35,000	32,842
Reimbursements	365,000	165,444
Miscellaneous income	3,000	37,209
Total revenues collected	<u>3,326,867</u>	<u>3,134,406</u>
<b>EXPENDITURES PAID</b>		
General government		
Personal services	292,367	166,398
Contractual services	834,736	969,737
Commodities	10,800	7,725
Other expenses	21,444	22,367
Capital outlay	200,357	45,645.04
Total general government	<u>1,359,704</u>	<u>1,211,872</u>
Police protection		
Personal services	881,591	820,142
Contractual services	155,400	154,086
Commodities	58,500	48,949
Other expenses	300	81
Capital outlay	117,000	66,494
Total police protection	<u>1,212,791</u>	<u>1,089,752</u>
Highways and streets		
Personal services	197,404	189,526
Contractual services	279,022	192,502
Commodities	47,600	40,751
Other expenses	100	285
Total highways and streets	<u>524,126</u>	<u>423,064</u>

(This schedule is continued on the following page.)

VILLAGE OF HAMPSHIRE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE (CASH BASIS) - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2007

	Original and Final Budget	Actual
EXPENDITURES PAID (Continued)		
Planning and zoning		
Contractual services	\$ 193,000	\$ 16,742
Commodities	1,200	694
Other expenses	25	-
Total planning and zoning	<u>194,225</u>	<u>17,436</u>
Total expenditures paid	<u>3,290,846</u>	<u>2,742,124</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>36,021</u>	<u>392,282</u>
OTHER FINANCING SOURCES (USES)		
Transfers (out)	<u>(227,250)</u>	<u>(383,934)</u>
Total other financing sources (uses)	<u>(227,250)</u>	<u>(383,934)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (191,229)</u>	<u>8,348</u>
FUND BALANCE, MAY 1		959,175
Prior period adjustment		<u>29,329</u>
FUND BALANCE, MAY 1, RESTATED		<u>988,504</u>
FUND BALANCE, APRIL 30		<u>\$ 996,852</u>

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2007

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2001	\$ 745,671	\$ 846,418	88.10%	\$ 100,747	\$ 720,859	13.98%
2002	846,598	944,517	89.63%	97,919	772,603	12.67%
2003	954,469	1,070,631	89.15%	116,162	788,236	14.74%
2004	1,086,628	1,259,852	86.25%	173,224	816,848	21.21%
2005	1,171,967	1,399,513	83.74%	227,546	891,293	25.53%
2006	1,405,712	1,603,516	87.66%	197,804	1,006,043	19.66%

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2007

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<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage Contributed</u>
2001	\$ 68,409	\$ 68,409	100.00%
2002	71,698	71,698	100.00%
2003	73,452	73,452	100.00%
2004	75,640	75,640	100.00%
2005	83,603	83,603	100.00%
2006	98,693	98,693	100.00%

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2007

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BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The budgets are adopted on a cash basis of accounting which is not consistent with generally accepted accounting principles (GAAP).
2. The Village, each year prior to July 31 of the fiscal year, must file and pass the budget for the fiscal year ended April 30. This budget can be subsequently amended by a two-thirds vote of the Board of Trustees. The amounts shown on the financial statements under the budget column reflect amendments, if any, that have been adopted by the Board of Trustees since the original budget was passed.
3. Budgets are adopted and formal budgetary integration is employed as a control device during the year at the object level for the governmental funds and enterprise funds, except for the SSA No. 14 Fund.
4. All budgets lapse at the end of the year for which the budgets were adopted.

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES - CASH BASIS - BUDGET AND ACTUAL  
MAJOR CAPITAL PROJECTS FUNDS

For the Year Ended April 30, 2007

	Transportation Impact Fees		Sanitary Sewer Rehab		Public Use	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES COLLECTED</b>						
Charges for services	\$ 607,700	\$ 959,924	\$ -	\$ -	\$ 365,000	\$ 1,054,530
Intergovernmental	-	-	600,000	573,400	-	-
Investment income	500	11,646	-	-	18,000	48,585
Total revenues collected	608,200	971,570	600,000	573,400	383,000	1,103,115
<b>EXPENDITURES PAID</b>						
Current						
General government	-	-	-	-	814,632	275,763
Highways and streets	1,880,000	740,409	1,100,000	1,091,312	-	-
Total expenditures paid	1,880,000	740,409	1,100,000	1,091,312	814,632	275,763
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>						
	(1,271,800)	231,161	(500,000)	(517,912)	(431,632)	827,352
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond issuance	500,000	-	-	-	-	-
Transfers in	-	-	500,000	517,912	-	-
Transfers (out)	(16,334)	(16,334)	-	-	-	-
Total other financing sources (uses)	483,666	(16,334)	500,000	517,912	-	-
<b>NET CHANGES IN FUND BALANCES</b>						
	\$ (788,134)	214,827	\$ -	-	\$ (431,632)	827,352
<b>FUND BALANCES, MAY 1</b>						
		-		-		645,678
Prior period adjustment		163,500		-		-
<b>FUND BALANCES, MAY 1, RESTATED</b>						
		163,500		-		645,678
<b>FUND BALANCES, APRIL 30</b>						
		\$ 378,327		\$ -		\$ 1,473,030

(See independent auditor's report.)



NONMAJOR GOVERNMENTAL FUNDS

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS  
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2007

	Special Revenue			
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas
<b>ASSETS</b>				
Cash and investments	\$ 114,115	\$ 109,989	\$ 659,494	\$ 25,284
Notes receivable	-	-	303,012	-
Due from other funds	-	3,214	-	-
<b>TOTAL ASSETS</b>	<b>\$ 114,115</b>	<b>\$ 113,203</b>	<b>\$ 962,506</b>	<b>\$ 25,284</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved for highways and streets	114,115	113,203	-	-
Reserved for public safety	-	-	-	-
Reserved for subdivision maintenance	-	-	-	25,284
Reserved for economic development	-	-	962,506	-
Reserved for tourism	-	-	-	-
Reserved for downtown beautification	-	-	-	-
Reserved for debt service	-	-	-	-
<b>Total fund balances</b>	<b>114,115</b>	<b>113,203</b>	<b>962,506</b>	<b>25,284</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 114,115</b>	<b>\$ 113,203</b>	<b>\$ 962,506</b>	<b>\$ 25,284</b>

Special Revenue		Capital Projects			Debt Service	Total Nonmajor
Evidence	Hotel/ Motel Tax	Minerallac E.D. Project	2006A Bonds	Phase 1 Downtown Project	SSA Bond Fund 5-55	Governmental Funds
\$ 8,921	\$ 18,569	\$ -	\$ 265,231	\$ 71,352	\$ 137,177	\$ 1,410,132
-	-	-	-	-	-	303,012
-	-	-	573,400	-	-	576,614
<u>\$ 8,921</u>	<u>\$ 18,569</u>	<u>\$ -</u>	<u>\$ 838,631</u>	<u>\$ 71,352</u>	<u>\$ 137,177</u>	<u>\$ 2,289,758</u>
\$ -	\$ -	\$ -	\$ -	\$ 57,517	\$ -	\$ 57,517
-	-	-	-	57,517	-	57,517
-	-	-	838,631	-	-	1,065,949
8,921	-	-	-	-	-	8,921
-	-	-	-	-	-	25,284
-	-	-	-	-	-	962,506
-	18,569	-	-	-	-	18,569
-	-	-	-	13,835	-	13,835
-	-	-	-	-	137,177	137,177
<u>8,921</u>	<u>18,569</u>	<u>-</u>	<u>838,631</u>	<u>13,835</u>	<u>137,177</u>	<u>2,232,241</u>
<u>\$ 8,921</u>	<u>\$ 18,569</u>	<u>\$ -</u>	<u>\$ 838,631</u>	<u>\$ 71,352</u>	<u>\$ 137,177</u>	<u>\$ 2,289,758</u>

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES - CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2007

	Special Revenue			
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas
<b>REVENUES COLLECTED</b>				
Taxes	\$ -	\$ 90,952	\$ -	\$ 9,983
Intergovernmental	110,371	-	-	-
Investment income	5,690	4,360	43,236	11
Miscellaneous	-	-	-	-
Total revenues collected	116,061	95,312	43,236	9,994
<b>EXPENDITURES PAID</b>				
Current				
General government	-	-	9,234	-
Police protection	-	-	-	-
Highways and streets	139,005	498,514	-	15,702
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures paid	139,005	498,514	9,234	15,702
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>	(22,944)	(403,202)	34,002	(5,708)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	-	-	-	-
Transfers in	-	460,000	90	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	460,000	90	-
<b>NET CHANGE IN FUND BALANCES</b>	(22,944)	56,798	34,092	(5,708)
<b>FUND BALANCES, MAY 1</b>	137,059	56,405	928,414	30,992
<b>FUND BALANCES, APRIL 30</b>	\$ 114,115	\$ 113,203	\$ 962,506	\$ 25,284

Special Revenue		Capital Projects			Debt	Total
Evidence	Hotel/ Motel Tax	Minerallac Project	E.D. 2006A Bonds	Phase 1 Downtown Project	Service SSA Bond Fund 5-55	Nonmajor Governmental Funds
\$ -	\$ 27,434	\$ -	\$ -	\$ -	\$ -	\$ 128,369
-	-	-	-	-	-	110,371
410	730	-	36,699	2,355	2,919	96,410
3,312	-	-	-	-	-	3,312
3,722	28,164	-	36,699	2,355	2,919	338,462
-	23,121	-	-	-	-	32,355
22,009	-	-	-	-	-	22,009
-	-	-	-	7,490	-	660,711
-	-	-	-	-	90,000	90,000
-	-	-	76,824	-	31,398	108,222
22,009	23,121	-	76,824	7,490	121,398	913,297
(18,287)	5,043	-	(40,125)	(5,135)	(118,479)	(574,835)
-	-	-	1,600,000	-	-	1,600,000
-	-	-	46,668	10,000	156,000	672,758
-	-	(90)	(767,912)	-	-	(768,002)
-	-	(90)	878,756	10,000	156,000	1,504,756
(18,287)	5,043	(90)	838,631	4,865	37,521	929,921
27,208	13,526	90	-	8,970	99,656	1,302,320
\$ 8,921	\$ 18,569	\$ -	\$ 838,631	\$ 13,835	\$ 137,177	\$ 2,232,241

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES - CASH BASIS - BUDGET AND ACTUAL  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2007

	Special Revenue			
	Motor Fuel Tax		Road and Bridge	
	Budget	Actual	Budget	Actual
REVENUES COLLECTED				
Taxes	\$ -	\$ -	\$ 86,000	\$ 90,952
Intergovernmental	120,000	110,371	-	-
Investment income	2,500	5,690	500	4,360
Miscellaneous	-	-	-	-
Total revenues collected	122,500	116,061	86,500	95,312
EXPENDITURES PAID				
Current				
General government	-	-	-	-
Police protection	-	-	-	-
Highways and streets	130,000	139,005	500,000	498,514
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures paid	130,000	139,005	500,000	498,514
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(7,500)	(22,944)	(413,500)	(403,202)
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	-	-
Transfers in	-	-	460,000	460,000
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	460,000	460,000
NET CHANGES IN FUND BALANCES	\$ (7,500)	(22,944)	\$ 46,500	56,798
FUND BALANCES, MAY 1		137,059		56,405
FUND BALANCES, APRIL 30		\$ 114,115		\$ 113,203

Special Revenue							
Revolving Loan		Special Service Areas		Evidence		Hotel/Motel Tax	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 10,500	\$ 9,983	\$ -	\$ -	\$ 15,000	\$ 27,434
-	-	-	-	-	-	-	-
11,408	43,236	-	11	240	410	600	730
-	-	-	-	8,000	3,312	-	-
11,408	43,236	10,500	9,994	8,240	3,722	15,600	28,164
638,879	9,234	-	-	-	-	27,800	23,121
-	-	-	-	22,000	22,009	-	-
-	-	11,010	15,702	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
638,879	9,234	11,010	15,702	22,000	22,009	27,800	23,121
(627,471)	34,002	(510)	(5,708)	(13,760)	(18,287)	(12,200)	5,043
-	-	-	-	-	-	-	-
-	90	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	90	-	-	-	-	-	-
<u>\$ (627,471)</u>	34,092	<u>\$ (510)</u>	(5,708)	<u>\$ (13,760)</u>	(18,287)	<u>\$ (12,200)</u>	5,043
	<u>928,414</u>		<u>30,992</u>		<u>27,208</u>		<u>13,526</u>
	<u>\$ 962,506</u>		<u>\$ 25,284</u>		<u>\$ 8,921</u>		<u>\$ 18,569</u>

(This schedule is continued on the following pages.)

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES - CASH BASIS - BUDGET AND ACTUAL (Continued)  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2007

	Capital Projects			
	2006A Bonds		Phase 1 Downtown Project	
	Budget	Actual	Budget	Actual
REVENUES COLLECTED				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment income	-	36,699	2,400	2,355
Miscellaneous	-	-	-	-
Total revenues collected	-	36,699	2,400	2,355
EXPENDITURES PAID				
Current				
General government	-	-	-	-
Police protection	-	-	-	-
Highways and streets	-	-	30,000	7,490
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	46,668	76,824	-	-
Total expenditures paid	46,668	76,824	30,000	7,490
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(46,668)	(40,125)	(27,600)	(5,135)
OTHER FINANCING SOURCES (USES)				
Bond issuance	1,560,018	1,600,000	-	-
Transfers in	46,668	46,668	10,000	10,000
Transfers (out)	(1,452,650)	(767,912)	-	-
Total other financing sources (uses)	154,036	878,756	10,000	10,000
NET CHANGES IN FUND BALANCES	\$ 107,368	838,631	\$ (17,600)	4,865
FUND BALANCES, MAY 1		-		8,970
FUND BALANCES, APRIL 30		\$ 838,631		\$ 13,835



Debt Service		Total Nonmajor Governmental Funds	
SSA Bond Fund 5-55			
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 111,500	\$ 128,369
-	-	120,000	110,371
3,500	2,919	21,148	96,410
-	-	8,000	3,312
3,500	2,919	260,648	338,462
-	-	666,679	32,355
-	-	22,000	22,009
-	-	671,010	660,711
90,000	90,000	90,000	90,000
37,403	31,398	84,071	108,222
127,403	121,398	1,533,760	913,297
(123,903)	(118,479)	(1,273,112)	(574,835)
-	-	1,560,018	1,600,000
156,000	156,000	672,668	672,758
-	-	(1,452,650)	(767,912)
156,000	156,000	780,036	1,504,846
<u>\$ 32,097</u>	37,521	<u>\$ (493,076)</u>	930,011
	<u>99,656</u>		<u>1,302,230</u>
	<u>\$ 137,177</u>		<u>\$ 2,232,241</u>

(See independent auditor's report.)

## MAJOR ENTERPRISE FUNDS

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS - MODIFIED CASH BASIS  
WATER SUB FUNDS

April 30, 2007

	Water Operating Sub-Fund	Water Reconstruction Sub-Fund	Eliminations	Total
<b>ASSETS</b>				
Cash	\$ 141,497	\$ 128,096	\$ -	\$ 269,593
Due from other funds	1,735	-	-	1,735
Capital assets	9,595,573	-	-	9,595,573
<b>Total assets</b>	<b>9,738,805</b>	<b>128,096</b>	<b>-</b>	<b>9,866,901</b>
<b>LIABILITIES</b>				
Due to other funds	41,069	-	-	41,069
General obligation alternate revenue source bonds	760,000	-	-	760,000
Debt certificates payable	1,450,000	-	-	1,450,000
Other liabilities	23,365	-	-	23,365
<b>Total liabilities</b>	<b>2,274,434</b>	<b>-</b>	<b>-</b>	<b>2,274,434</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,385,573	-	-	7,385,573
Unrestricted	78,798	128,096	-	206,894
<b>TOTAL NET ASSETS</b>	<b>\$ 7,464,371</b>	<b>\$ 128,096</b>	<b>\$ -</b>	<b>\$ 7,592,467</b>

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
WATER SUB FUNDS

For the Year Ended April 30, 2007

	Water Operating Sub-Fund		Water Reconstruction Sub-Fund	
	Budget	Actual	Budget	Actual
<b>OPERATING REVENUES</b>				
Charges for services	\$ 386,500	\$ 488,578	\$ -	\$ -
Total operating revenues	386,500	488,578	-	-
<b>OPERATING EXPENSES</b>				
Salaries and benefits	126,244	126,026	-	-
Insurance	-	-	-	-
Repairs and maintenance	8,000	7,913	74,000	59,868
Utilities	10,300	23,905	-	-
Supplies and materials	62,456	73,097	50,000	49,216
Engineering services	-	-	30,000	1,774
Legal and professional services	21,500	10,344	-	-
Capital outlay	4,000	1,532	-	-
Miscellaneous expense	4,000	974	21,000	-
Total operating expenses	236,500	243,791	175,000	110,858
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	150,000	244,787	(175,000)	(110,858)
DEPRECIATION	-	241,059	-	-
OPERATING INCOME (LOSS)	150,000	3,728	(175,000)	(110,858)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	1,263	800	4,613
Tap on and impact fees	-	15,895	326,750	122,173
Principal retirement	(100,000)	-	-	-
Interest expense	(88,561)	(88,560)	-	-
Total nonoperating revenues (expenses)	(188,561)	(71,402)	327,550	126,786
INCOME (LOSS) BEFORE TRANSFERS	(38,561)	(67,674)	152,550	15,928
<b>TRANSFERS</b>				
Transfers in	100,000	-	36,000	36,000
Transfers (out)	(61,000)	(36,000)	-	-
Total transfers	39,000	(36,000)	36,000	36,000
<b>CONTRIBUTIONS</b>				
Contribution revenues	-	2,456,490	-	-
NET INCOME (LOSS)	\$ 439	2,352,816	\$ 188,550	51,928
NET ASSETS (DEFICIT), MAY 1		5,602,817		(454,619)
Prior period adjustment		(491,262)		530,787
NET ASSETS, MAY 1, RESTATED		5,111,555		76,168
NET ASSETS, APRIL 30	\$	7,464,371	\$	128,096

Intrafund Eliminations		Total	
Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 386,500	\$ 488,578
-	-	386,500	488,578
-	-	126,244	126,026
-	-	-	-
-	-	82,000	67,781
-	-	10,300	23,905
-	-	112,456	122,313
-	-	30,000	1,774
-	-	21,500	10,344
-	-	4,000	1,532
-	-	25,000	974
-	-	411,500	354,649
-	-	(25,000)	133,929
-	-	-	241,059
-	-	(25,000)	(107,130)
-	-	800	5,876
-	-	326,750	138,068
-	-	(100,000)	-
-	-	(88,561)	(88,560)
-	-	138,989	55,384
-	-	113,989	(51,746)
(36,000)	(36,000)	100,000	-
36,000	36,000	(25,000)	-
-	-	75,000	-
-	-	-	2,456,490
\$ -	\$ -	\$ 188,989	2,404,744
-	-	-	5,148,198
-	-	-	39,525
-	-	-	5,187,723
\$ -	\$ -	\$ -	\$ 7,592,467

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS - MODIFIED CASH BASIS  
SEWER SUB FUNDS

April 30, 2007

	Operating Sewer Sub-Fund	Sewer Construction Sub-Fund	Wastewater System Improvement Sub-Fund	HPI Improvement Sub-Fund	Eliminations	Total
<b>ASSETS</b>						
Cash	\$ 139,444	\$ 1,300,136	\$ 3,257	\$ 893	\$ -	\$ 1,443,730
Due from other funds	41,069	-	-	-	-	41,069
Capital assets	17,593,013	-	-	-	-	17,593,013
<b>Total assets</b>	<b>17,773,526</b>	<b>1,300,136</b>	<b>3,257</b>	<b>893</b>	<b>-</b>	<b>19,077,812</b>
<b>LIABILITIES</b>						
Note payable	44,812	-	-	-	-	44,812
IEPA loan payable	-	3,438,176	-	-	-	3,438,176
<b>Total liabilities</b>	<b>44,812</b>	<b>3,438,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,482,988</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	17,548,201	(3,438,176)	-	-	-	14,110,025
Restricted for system improvements	-	1,300,136	3,257	893	-	1,304,286
Unrestricted	180,513	-	-	-	-	180,513
<b>TOTAL NET ASSETS</b>	<b>\$ 17,728,714</b>	<b>\$ (2,138,040)</b>	<b>\$ 3,257</b>	<b>\$ 893</b>	<b>\$ -</b>	<b>\$ 15,594,824</b>

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
SEWER SUB FUNDS

For the Year Ended April 30, 2007

	Operating Sewer Sub-Fund		Sewer Construction Sub-Fund	
	Budget	Actual	Budget	Actual
<b>OPERATING REVENUES</b>				
Charges for services	\$ 707,000	\$ 643,345	\$ -	\$ -
Total operating revenues	707,000	643,345	-	-
<b>OPERATING EXPENSES</b>				
Salaries and benefits	178,864	209,104	-	-
Repairs and maintenance	40,000	23,213	-	-
Utilities	93,000	99,169	-	-
Supplies and materials	35,106	35,363	-	-
Engineering services	5,000	48,288	-	-
Legal and professional services	7,000	3,564	15,000	6,121
Capital outlay	40,000	485	245,000	183,475
Miscellaneous expense	18,400	10,498	1,200	-
Total operating expenses	417,370	429,684	261,200	189,596
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	289,630	213,661	(261,200)	(189,596)
DEPRECIATION	-	337,528	-	-
OPERATING INCOME (LOSS)	289,630	(123,867)	(261,200)	(189,596)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	-	10,000	62,933
Tap on and impact fees	-	-	376,875	173,253
Interest expense	(273,866)	(97,305)	-	-
Developer impact fees	-	-	-	-
Total nonoperating revenues (expenses)	(273,866)	(97,305)	386,875	236,186
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	15,764	(221,172)	125,675	46,590
<b>TRANSFERS</b>				
Transfers in	25,000	6,445,978	48,000	211,835
Transfers (out)	(170,400)	(234,235)	-	-
Total transfers	(145,400)	6,211,743	48,000	211,835
<b>CONTRIBUTIONS</b>				
Contribution revenue	-	2,354,859	-	-
CHANGE IN NET ASSETS	\$ (129,636)	8,345,430	\$ 173,675	258,425
NET ASSETS, MAY 1		9,648,657		(2,615,998)
Prior period adjustment		(265,373)		219,533
NET ASSETS, MAY 1, RESTATED		9,383,284		(2,396,465)
NET ASSETS, APRIL 30		\$ 17,728,714		\$ (2,138,040)

Wastewater System Improvement Sub-Fund		HPI Waterworks Improvement Sub-Fund		Intrafund Eliminations		Total	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 707,000	\$ 643,345
-	-	-	-	-	-	707,000	643,345
-	-	-	-	-	-	178,864	209,104
-	-	-	-	-	-	40,000	23,213
-	-	-	-	-	-	93,000	99,169
-	-	-	-	-	-	35,106	35,363
-	-	-	-	-	-	5,000	48,288
-	-	-	-	-	-	22,000	9,685
10,800,000	317,624	2,790,000	1,135,161	-	-	13,875,000	1,636,745
-	-	-	-	-	-	19,600	10,498
10,800,000	317,624	2,790,000	1,135,161	-	-	14,268,570	2,072,065
(10,800,000)	(317,624)	(2,790,000)	(1,135,161)	-	-	(13,561,570)	(1,428,720)
-	-	-	-	-	-	-	337,528
(10,800,000)	(317,624)	(2,790,000)	(1,135,161)	-	-	(13,561,570)	(1,766,248)
5,000	3,190	-	-	-	-	15,000	66,123
-	-	-	-	-	-	376,875	173,253
-	-	-	-	-	-	(273,866)	(97,305)
10,800,000	6,768,207	2,790,000	1,136,036	-	-	13,590,000	7,904,243
10,805,000	6,771,397	2,790,000	1,136,036	-	-	13,708,009	8,046,314
5,000	6,453,773	-	875	-	-	146,439	6,280,066
-	-	-	-	(48,000)	(6,657,813)	25,000	-
-	(6,445,978)	-	-	48,000	6,657,813	(122,400)	(22,400)
-	(6,445,978)	-	-	-	-	(97,400)	(22,400)
-	-	-	-	-	-	-	2,354,859
\$ 5,000	7,795	\$ -	875	\$ -	-	\$ 49,039	8,612,525
	18,476		18		-		7,051,153
	(23,014)		-		-		(68,854)
	(4,538)		18		-		6,982,299
\$ 3,257		\$ 893		\$ -			\$ 15,594,824

(See independent auditor's report.)



NONMAJOR ENTERPRISE FUNDS

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
 IN NET ASSETS - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
 GARBAGE FUND

For the Year Ended April 30, 2007

	<u>Budget</u>	<u>Actual</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 232,200	\$ 241,045
Total operating revenues	<u>232,200</u>	<u>241,045</u>
<b>OPERATING EXPENSES</b>		
Supplies and materials	1,625	1,410
Garbage disposal	220,000	244,470
Total operating expenses	<u>221,625</u>	<u>245,880</u>
<b>TRANSFERS</b>		
Transfer (out)	<u>(15,000)</u>	-
<b>NET INCOME (LOSS)</b>	<u>\$ (4,425)</u>	(4,835)
<b>NET ASSETS, MAY 1</b>		<u>3,100</u>
<b>NET ASSETS, APRIL 30</b>		<u>\$ (1,735)</u>

(See independent auditor's report.)

## FIDUCIARY FUNDS

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS

For the Year Ended April 30, 2007

	May 1, 2006	Additions	Reductions	April 30, 2007
<b>ASSETS</b>				
Cash with fiscal agent	\$ 175,422	\$ 3,021,685	\$ 2,887,253	\$ 309,854
Cash and investments	852,374	1,664,299	531,016	1,985,657
<b>TOTAL ASSETS</b>	<b>\$ 1,027,796</b>	<b>\$ 4,685,984</b>	<b>\$ 3,418,269</b>	<b>\$ 2,295,511</b>
<b>LIABILITIES</b>				
Due to park district	\$ 355,249	\$ 506,263	\$ 21,944	\$ 839,568
Due to school district	410,153	877,308	408,528	878,933
Due to library district	27,313	42,465	300	69,478
Due to fire district	39,079	102,587	21,860	119,806
Due to others	3,113	10,617	-	13,730
Due to bondholders	192,889	3,146,744	2,965,637	373,996
<b>TOTAL LIABILITIES</b>	<b>\$ 1,027,796</b>	<b>\$ 4,685,984</b>	<b>\$ 3,418,269</b>	<b>\$ 2,295,511</b>

(See independent auditor's report.)

LONG-TERM DEBT PAYABLE BY GOVERNMENTAL FUNDS

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF GENERAL LONG-TERM DEBT

April 30, 2007

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AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE  
RETIREMENT OF GENERAL LONG-TERM DEBT

Amount available for retirement of general long-term debt	\$ 137,177
Amount to be provided for retirement of general long-term debt	<u>2,247,823</u>

TOTAL AMOUNT AVAILABLE AND TO BE PROVIDED  
FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT

\$ 2,385,000

GENERAL LONG-TERM DEBT PAYABLE

2006A General Obligation (Alternate Revenue Source) Bonds	\$ 1,600,000
2005 Special Service Area Number 5 Refunding Bonds	625,000
2004 Special Service Area Number 5 Refunding Bonds	<u>160,000</u>

TOTAL GENERAL LONG-TERM DEBT PAYABLE

\$ 2,385,000

(See independent auditor's report.)

**SUPPLEMENTARY SCHEDULES**

VILLAGE OF HAMPSHIRE, ILLINOIS

SCHEDULE OF TAX DATA

Last Ten Fiscal Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
ASSESSED VALUATIONS	\$ 152,273,309	\$ 134,812,215	\$ 118,013,685	\$ 103,180,105	\$ 87,131,304	\$ 77,582,044	\$ 65,241,199	\$ 56,946,589	\$ 46,574,876	\$ 45,494,992
TAX RATES BY FUND										
General	0.1176	0.1138	0.1122	0.1158	0.1479	0.1756	0.1426	0.1185	0.1455	0.1495
Police protection	0.0350	0.0313	0.0295	0.0305	0.0361	0.0650	0.0713	0.0810	0.0727	0.0873
Special revenue funds										
Audit	0.0093	0.0356	0.0221	0.0228	0.0050	0.0046	0.0065	0.0067	0.0070	0.0054
Liability insurance	0.0542	0.0641	0.0718	0.0740	0.0448	0.0423	0.0520	0.0615	0.0773	0.0664
Illinois municipal retirement	0.0745	0.0641	0.0718	0.0740	0.0976	0.0698	0.0868	0.0925	0.0665	0.0729
Social security	0.0685	0.0612	0.0699	0.0722	0.0732	0.0563	0.0712	0.0766	0.0924	0.0660
Bonds and interest	-	-	-	-	-	-	-	0.2093	0.2615	0.2605
TOTAL TAX RATES	0.3591	0.3701	0.3773	0.3893	0.4046	0.4136	0.4304	0.6461	0.7229	0.7080
TAX EXTENSIONS BY FUND										
General	\$ 179,121	\$ 153,528	\$ 132,423	\$ 119,483	\$ 128,867	\$ 136,234	\$ 93,034	\$ 67,482	\$ 67,766	\$ 68,015
Police protection	53,346	42,220	34,755	31,470	31,454	50,428	46,517	46,127	33,860	39,717
Special revenue funds										
Audit	14,146	47,978	26,069	23,525	4,357	3,569	4,241	3,815	3,260	2,457
Liability insurance	82,518	86,360	84,687	76,353	39,035	32,817	33,925	35,022	36,002	33,166
Illinois municipal retirement	113,470	86,360	84,687	76,353	85,040	54,152	56,629	52,676	30,972	30,027
Social security	104,380	82,521	82,527	74,496	63,780	43,679	46,452	43,621	43,035	30,209
Bonds and interest	-	-	-	-	-	-	-	119,189	121,793	118,514
TOTAL TAX EXTENSIONS	\$ 546,981	\$ 498,967	\$ 445,148	\$ 401,680	\$ 352,533	\$ 320,879	\$ 280,798	\$ 367,932	\$ 336,688	\$ 322,105
TAX COLLECTIONS - ALL FUNDS										
Levy collections through April 30	\$ -	\$ 494,579	\$ 444,445	\$ 400,789	\$ 350,513	\$ 319,943	\$ 280,102	\$ 366,847	\$ 336,073	\$ 320,914
PERCENT COLLECTED	0.00%	99.12%	99.84%	99.78%	99.43%	99.75%	99.75%	99.71%	99.82%	99.63%

(See independent auditor's report.)



VILLAGE OF HAMPSHIRE, ILLINOIS  
SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2007

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ASSESSED VALUATION (2006 Latest Year Available)	<u>\$ 152,237,309</u>
Statutory debt limitation (8.625% of assessed valuation)	\$ 13,130,468
General obligation debt None	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 13,130,468</u>

(See independent auditor's report.)

VILLAGE OF HAMPSHIRE, ILLINOIS  
SCHEDULE OF WATER/SEWER DATA

April 30, 2007

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Number of water users		1,582
Water quarterly user rate (first 5,000 gallons)	\$	12.25
Water rate per 1,000 gallons over 5,000 gallons	\$	3.50
Number of sewer users		1,599
Sewer rate per 1,000 gallons	\$	4.30
Sewer user billing charge per quarter	\$	1.00

(See independent auditor's report.)