



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

FY 2016

<b>Name of Redevelopment Project Area:</b>	Central Area Redevelopment Project
<b>Primary Use of Redevelopment Project Area*:</b>	Combination/Mixed
<b>If "Combination/Mixed" List Component Types:</b>	Comml, Ind, Inst, Res
<b>Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):</b>	
<b>Tax Increment Allocation Redevelopment Act</b> <input checked="" type="checkbox"/>	<b>Industrial Jobs Recovery Law</b> _____

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] <b>If yes, please enclose the amendment labeled Attachment A</b>	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] <b>Please enclose the CEO Certification labeled Attachment B</b>		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] <b>Please enclose the Legal Counsel Opinion labeled Attachment C</b>		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] <b>If yes, please enclose the Activities Statement labeled Attachment D</b>		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] <b>If yes, please enclose the Agreement(s) labeled Attachment E</b>	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] <b>If yes, please enclose the Additional Information labeled Attachment F</b>	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] <b>If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G</b>	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] <b>If yes, please enclose the Joint Review Board Report labeled Attachment H</b>	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] <b>If yes, please enclose the Official Statement labeled Attachment I</b>		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] <b>If yes, please enclose the Analysis labeled Attachment J</b>	X	
Cumulatively, have deposits from any source equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) <b>If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K</b>		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] <b>If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L</b>		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] <b>If yes, please enclose list only, not actual agreements labeled Attachment M</b>	X	

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

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

**Provide an analysis of the special tax allocation fund.**

**FY 2016**

**TIF NAME: Central Area Redevelopment Project**

Fund Balance at Beginning of Reporting Period \$ (320,560)

<b>Revenue/Cash Receipts Deposited in Fund During Reporting FY:</b>	<b>Reporting Year</b>	<b>Cumulative*</b>	<b>% of Total</b>
Property Tax Increment	\$ 17,234	\$ 237,066	8%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 5	\$ 17,750	1%
Land/Building Sale Proceeds			0%
Bond Proceeds	\$ 1,034,000	\$ 2,392,000	83%
Transfers from Municipal Sources	\$ 65,000	\$ 65,000	2%
Private Sources			0%
Other (IDOT Local Agency Reimbursement, Premium on Debt Issuance)	\$ 64,950	\$ 182,435	6%

\*must be completed where current or prior year(s) have reported funds

**Total Amount Deposited in Special Tax Allocation Fund During Reporting Period** \$ 1,181,189

**Cumulative Total Revenues/Cash Receipts** \$ 2,894,251 100%

**Total Expenditures/Cash Disbursements** (Carried forward from Section 3.2) \$ 1,210,529

**Distribution of Surplus**  

**Total Expenditures/Disbursements** \$ 1,210,529

**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS** \$ (29,340)

**FUND BALANCE, END OF REPORTING PERIOD\*** \$ (349,900)

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

**SURPLUS\*/(DEFICIT)(Carried forward from Section 3.3)** \$ (1,834,540)

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

FY 2016

TIF NAME: Central Area Redevelopment Project

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

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

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Legal expenses associated with TIF District reporting and administration	363	
Professional services associated with accounting and audit reporting	640	
		\$ 1,003
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly: property acquisition, building demolition, site preparation and environmental site improvement costs. Subsections (q)(2), (o)(2) and (o)(3)		
		\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
		\$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

**SECTION 3.2 A**

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs related to obligations issued by the municipality. Subsection (q) (6) and (o)(8)		
Principal Retirement	26,400	
Interest and Fiscal Charges	92,409	
Professional services associated with Bond Administration	1,628	
Payment to escrow due to Bond Refunding	1,089,089	
		\$ 1,209,526
9. Approved taxing district's capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes as defined in Subsections 11-74.43(m) and 11-74.6-10(k). Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

**SECTION 3.2 A**

**PAGE 3**

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
<b>TOTAL ITEMIZED EXPENDITURES</b>		<b>\$ 1,210,529</b>



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

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

FY 2016

TIF NAME: Central Area Redevelopment Project

FUND BALANCE, END OF REPORTING PERIOD \$ (192,049)

	Amount of Original Issuance	Amount Designated
<b>1. Description of Debt Obligations</b>		
General Obligation Bonds (Alternate Revenue Source)	\$ 1,400,000	\$ 56,958
Series 2009A		
General Obligation Bonds (Alternate Revenue Source)		
Refunding Bonds of 2016 [88% of \$1,175,000 issuance is TIF]	\$ 1,034,000	\$ 1,427,682

Total Amount Designated for Obligations \$ 2,434,000    \$ 1,484,640

**2. Description of Project Costs to be Paid**


Total Amount Designated for Project Costs \$ -

**TOTAL AMOUNT DESIGNATED** \$ 1,484,640

**SURPLUS\*/(DEFICIT)** \$ (1,676,689)

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

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

FY 2016

TIF NAME: Central Area Redevelopment Project

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

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

Property Acquired by the Municipality Within the Redevelopment Project Area

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

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

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

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

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

FY 2016

TIF NAME: Central Area Redevelopment Project

\*Page 1 is to be included with TIF Report. Pages 2-3 are to be included ONLY if projects are listed.

Box below must be filled in with either a check or number of projects, not both

Check if NO projects were undertaken by the Municipality Within the Redevelopment Project Area:   X  

ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below\*.

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 1,525,919	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 1: \*IF PROJECTS ARE LISTED NUMBER MUST BE ENTERED ABOVE

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

Project 2: Keyes Industrial & Mill Reconstruction Project			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 1,335,386		
Ratio of Private/Public Investment	0		0

Project 3:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.\*even though optional MUST be included as part of complete TIF report

**SECTION 6**

**FY 2016**

**TIF NAME: Central Area Redevelopment Project**

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

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
2007	\$ 7,544,065	\$ 6,184,269

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

The overlapping taxing districts did not receive a surplus.

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

**SECTION 7**

Provide information about job creation and retention

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

**SECTION 8**

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

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

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

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

## SECTION 8 - LEGAL DESCRIPTION

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

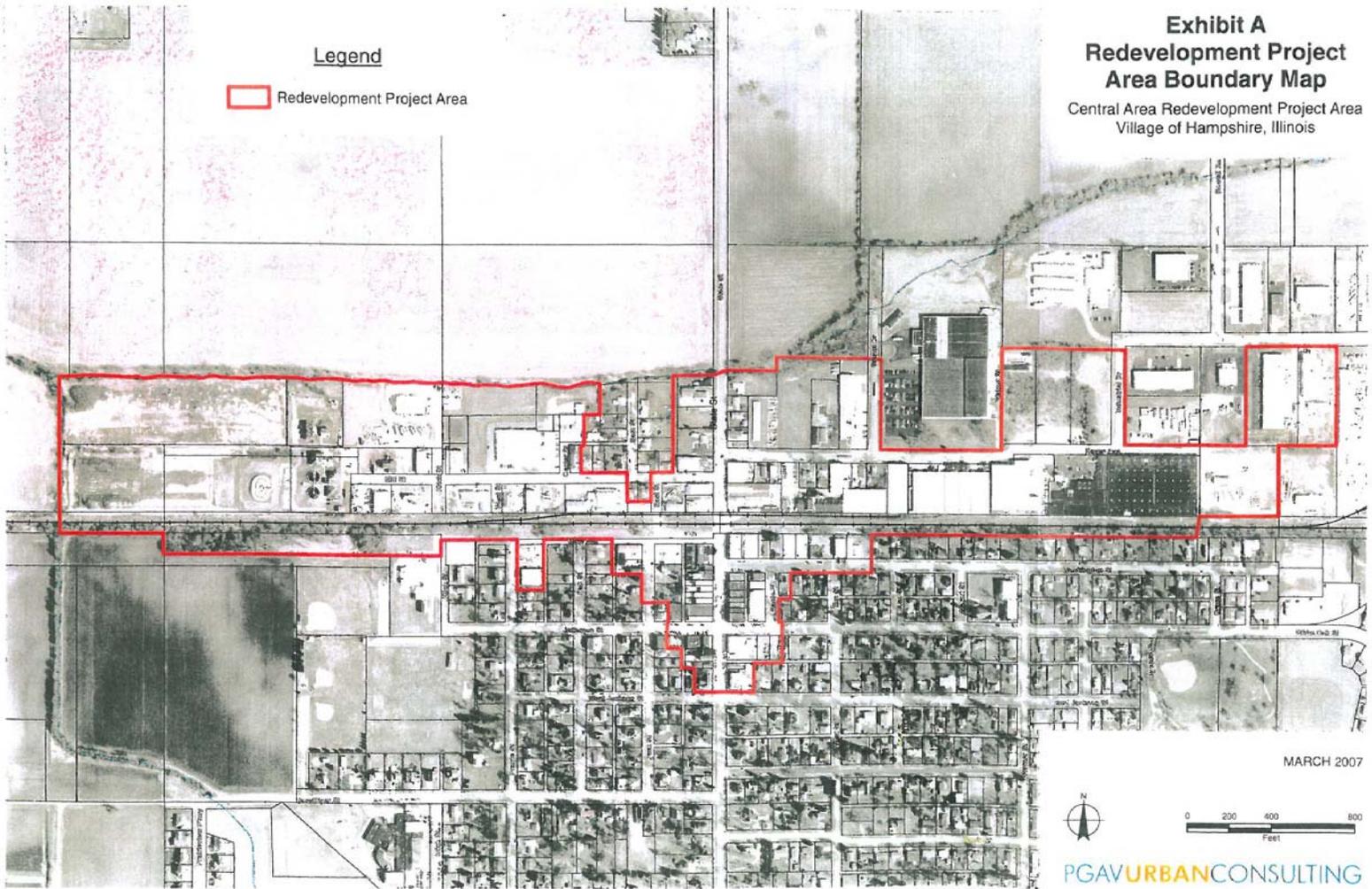
SECTION 8 - LEGAL DESCRIPTION

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

Legend

 Redevelopment Project Area

**Exhibit A**  
**Redevelopment Project**  
**Area Boundary Map**  
Central Area Redevelopment Project Area  
Village of Hampshire, Illinois



**Village President**  
Jeffrey R. Magnussen

**Attachment B**

**Village Trustees**  
Christine Klein  
Toby Koth  
Ryan Krajecki  
Jan Kraus  
Mike Reid  
Erik Robinson

**Village of Hampshire (Kane County)**  
**Central Area Redevelopment Project**

—  
**Fiscal Year**

**May 1, 2015 to April 30, 2016**

**CERTIFICATION**

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

I, Jeffrey R. Magnussen, Village President of the Village of Hampshire, County of Kane, State of Illinois, do hereby certify that the Village of Hampshire has complied with all requirements pertaining to the Tax Increment Redevelopment Act during the fiscal year ended April 30, 2016, and provided the Village audit for the 2016 fiscal year having been concluded on April 23, 2018. A meeting of the Joint Review Board "to review the effectiveness and status of the re-development project area up to that date," will be schedule as soon as practicable, as required under Section 74.4-5(e).

Dated: May 9, 2018

  
\_\_\_\_\_  
Jeffrey R. Magnussen  
Village President

# BAZOSFREEMAN

Bazos, Freeman, Kramer, Schuster & Braithwaite, LLC



Peter C. Bazos  
Bradley T. Freeman  
Robert S. Kramer  
Mark Schuster  
J. William Braithwaite  
Jonathan S. Pope

—  
Aaron H. Reinke

—  
Christopher S. Nudo,  
of counsel

—  
*Writer's Contact:*  
mschuster@sbfklaw.com  
847-742-8800 x2023

May 15, 2018

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

Re: Village of Hampshire / Fiscal Year May '16 – Apr. '17  
Tax Increment Financing District and Redevelopment Project

Dear Ms. Canello:

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

It is my opinion that the Village has complied with the requirements of the Act in creating the TIF District, and establishing the Redevelopment Area and Project, including the formation of a Joint Review Board; except that, the Joint Review Board has not met within 180 after the close of the 2015-16 fiscal year to review the effectiveness and status of the redevelopment project area up to date.

Now that a certified audit report has been received by the Village, I have advised the Village to convene a meeting of the Joint Review Board without delay, in order to review the effectiveness and status of the redevelopment project area for the 2015-16 fiscal year, and steps have been taken to schedule such a meeting. A supplemental opinion may be submitted to your office, certifying that such meeting has been held, upon your direction.

1250 Larkin Avenue #100  
Elgin, IL 60123

847-742-8800 (o)  
847-742-9777 (fx)

[www.sbfklaw.com](http://www.sbfklaw.com)



Ms. Canelo  
May 15, 2018  
Page Two

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

Sincerely yours,

A handwritten signature in cursive script that reads "Mark Schuster".

Mark Schuster  
Bazos, Freeman, Schuster & Braithwaite LLC  
Attorney for the Village of Hampshire

MS/kmc

cc: L. Vasquez / Village Clerk  
J. Magnussen / Village President  
L. Lyons / Village Finance Director

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Ms. Canelo  
May 15, 2018  
Page Two

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

Sincerely yours,

A handwritten signature in cursive script that reads "Mark Schuster".

Mark Schuster  
Bazos, Freeman, Schuster & Braithwaite LLC  
Attorney for the Village of Hampshire

MS/kmc

cc: L. Vasquez / Village Clerk  
J. Magnussen / Village President  
L. Lyons / Village Finance Director

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**Village President**

Jeffrey R. Magnussen

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Christine Klein

Toby Koth

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Mike Reid

Erik Robinson

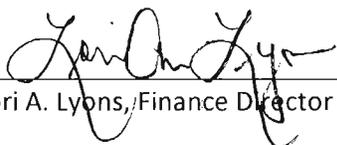
**Attachment D**

I, Lori A. Lyons, Village of Hampshire Finance Director do hereby certify that the following activities were undertaken in furtherance of the objectives of the redevelopment plan for the Tax Increment Finance District #1 (Central Area Redevelopment Project Area) between May 1, 2015 and April 30, 2016 in Hampshire Illinois:

1. Legal fee expense totaling \$363 associated with TIF District reporting.
2. Accounting expense totaling \$640 associated with audit and TIF District Reporting.

There was principal retirement of \$26,400 and interest payments totaling \$92,409 paid during the year and \$1,628 in bond administration expenses paid. The TIF Revenue Bonds of 2009A were refunded in April 2016 to take advantage of favorable interest rates.

Following this cover letter for Attachment D is a reconciliation of the accounting for the TIF project for the year 2015/2016 fiscal year. Only a portion of the debt issued in Fiscal Year 2010 and that refunded in Fiscal Year 2016 was for TIF related activities and the reconciliation details the breakdown between TIF and non-TIF spending activity for the various revenue and expenditures.



Lori A. Lyons, Finance Director

May 8, 2018

The Village reports the activity of the Central Area Redevelopment Project Area TIF in two funds. The activity surrounding the capital projects, including the expenditures for project improvements and the debt issuance for these projects is recorded in the Capital Projects - Capital Improvements and TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund and the activity surrounding the property tax collections and the debt service payments are recorded in the Tax Increment Financing Fund. As of April 30, 2016, approximately 88% of the debt issuance was used to fund projects of the TIF district. There are currently two non-TIF projects reported in the Capital Projects - TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund.

	Capital Projects TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit	Tax Increment Financing	Total	Non-TIF	TIF
Revenues					
Taxes	-	17,234	17,234	-	17,234
Intergovernmental	-	-	-	-	-
Investment Income	-	5	5	-	5
Miscellaneous	-	-	-	-	-
Total Revenues	-	17,239	17,239	-	17,239
Expenditures					
Highways & Streets	-	-	-	-	-
General Government	-	2,631	2,631	-	2,631
Principal Retirement	-	26,400	26,400	-	26,400
Interest & fiscal Charges	-	92,409	92,409	-	92,409
Total Expenditures	-	121,440	121,440	-	121,440
Deficiency of Revenues over Expenditures	-	(104,201)	(104,201)	-	(104,201)
Other Financing Sources					
Debt Issuance	-	1,034,000	1,034,000	-	1,034,000
Premium on Debt Issuance	-	64,950	64,950	-	64,950
Payment to Escrow Agent	-	(1,089,089)	(1,089,089)	-	(1,089,089)
Transfer In	-	65,000	65,000	-	65,000
	-	74,861	74,861	-	74,861
Net Change in Fund Balances	-	(29,340)	(29,340)	-	(29,340)
Fund Balance Beginning	79,613	(320,560)	(240,947)	(78,238)	(162,709)
Fund Balance Ending	79,613	(349,900)	(270,287)	(78,238)	(192,049)

Central Area Redevelopment Project Area

TIF Name:

New Issue

Insured Investment Rating:  
Standard & Poor's ... AA (Stable Outlook)  
(AGM Insured)  
Underlying Investment Rating:  
Standard & Poor's ... A

### Final Official Statement Dated March 23, 2016

Subject to compliance by the Village with certain covenants, in the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

**\$1,175,000**  
**VILLAGE OF HAMPSHIRE**  
**Kane County, Illinois**  
**General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016**

**Dated**   **Date of Delivery**   **Book-Entry**   **Bank-Qualified**   **Due December 15, 2023, 2026 and 2028**

The \$1,175,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016 (the "Bonds") are being issued by the Village of Hampshire, Kane County, Illinois (the "Village"). Interest is calculated based on a 360-day year of twelve 30-day months. Interest is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2016. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 15 as detailed below.

#### AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS

			CUSIP(1) Number
\$205,000 .....	3.000%	Term Bonds due December 15, 2023; Yield .....	408864 EY8
\$565,000* .....	4.000%	Term Bonds due December 15, 2026; Yield .....	408864 EZ5
\$405,000* .....	4.000%	Term Bonds due December 15, 2028; Yield .....	408864 FA9

For further details see "MANDATORY REDEMPTION" herein.

\*These maturities have been priced to call.

#### OPTIONAL REDEMPTION

Bonds due December 15, 2017-2024, inclusive, are non-callable. Bonds due December 15, 2026, inclusive, are callable in whole or in part on any date on or after December 15, 2024, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

#### BOND INSURANCE

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM"). See APPENDIX E herein. The cost for the bond insurance premium and the related rating fees of the Village and Standard & Poor's will be paid for with Bond proceeds.



#### PURPOSE, LEGALITY AND SECURITY

Bond proceeds will be used: (i) to advance refund a portion of the Village's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2009A, and (ii) to pay the cost of issuing the Bonds. See "PLAN OF FINANCING" herein.

In the opinion of Bond Counsel, Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, the Bonds will constitute valid and legally binding obligations of the Village payable as to principal and interest; (i) from all collections distributed to the Village from municipal utility taxes on electricity and gas imposed pursuant to Division 11 of Article 8 of the Illinois Municipal Code, as supplemented and amended from time to time, or substitute taxes therefor as provided in the future, (ii) from revenues or funds to be deposited by the Village in a special tax allocation fund created or designated pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, as supplemented and amended from time to time, and (iii) from ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE DESCRIPTION OF THE BONDS" herein.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, and certain other conditions. It is expected that the Bonds will be made available for delivery on or about April 7, 2016.

## BAIRD

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. The Village is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Final Official Statement.

No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the Village and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE VILLAGE SINCE THE RESPECTIVE DATES THEREOF.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Final Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the headings “**APPENDIX E - BOND INSURANCE AND SPECIMEN POLICY**”.

## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Final Official Statement, which should be reviewed in its entirety by potential investors.

<b>Issuer:</b>	Village of Hampshire, Kane County, Illinois.
<b>Issue:</b>	\$1,175,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016.
<b>Dated Date:</b>	Date of delivery, expected to be on or about April 7, 2016.
<b>Interest Due:</b>	Each June 15 and December 15, commencing December 15, 2016.
<b>Principal Due:</b>	December 15, 2023, 2026 and 2028, as detailed on the front page of this Final Official Statement.
<b>Optional Redemption:</b>	Bonds maturing on or after December 15, 2026, are callable at the option of the Village in whole or in part on any date on or after December 15, 2024, at a price of par plus accrued interest. See <b>“OPTIONAL REDEMPTION”</b> herein.
<b>Mandatory Redemption:</b>	The Bonds are subject to mandatory redemption. See <b>“MANDATORY REDEMPTION”</b> herein.
<b>Authorization:</b>	By vote of the Village Board and pursuant to the provisions of the Illinois Municipal Code and the Local Government Debt Reform Act (the “Debt Reform Act”) of the State of Illinois.
<b>Security:</b>	In the opinion of Bond Counsel, Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, the Bonds will constitute valid and legally binding obligations of the Village payable as to principal and interest; (i) from all collections distributed to the Village from municipal utility taxes on electricity and gas imposed pursuant to Division 11 of Article 8 of the Illinois Municipal Code, as supplemented and amended from time to time, or substitute taxes therefor as provided in the future, (ii) from revenues or funds to be deposited by the Village in a special tax allocation fund created or designated pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, as supplemented and amended from time to time, and (iii) from ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See <b>“THE DESCRIPTION OF THE BONDS”</b> herein.
<b>Ratings/Insurance:</b>	Standard & Poor’s, a Division of the McGraw-Hill Companies is expected to assign their municipal bond ratings of “AA” (Stable Outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy guaranteeing payment when due of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. See <b>APPENDIX E</b> herein. <b>The cost for the bond insurance premium and the related rating fees of the Village and Standard &amp; Poor’s will be paid for with Bond proceeds.</b> The Village’s outstanding general obligation bond rating is “A” from Standard & Poor’s.
<b>Purpose:</b>	Bond proceeds will be used: (i) to advance refund a portion of the Village’s outstanding General Obligation Bonds (Alternate Revenue Source), Series 2009A, and (ii) to pay the cost of issuing the Bonds. See <b>“PLAN OF FINANCING”</b> herein.
<b>Tax Exemption:</b>	Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, will provide an opinion as to the tax exemption of the Bonds as discussed under <b>“TAX MATTERS”</b> in this Final Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
<b>Bank Qualification:</b>	The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
<b>Bond Registrar/Paying Agent/ Escrow Agent:</b>	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.
<b>Verification Agent:</b>	Dunbar, Breitweiser and Company, LLP, Bloomington, Illinois.
<b>Delivery:</b>	The Bonds are expected to be delivered on or about April 7, 2016.
<b>Book-Entry Form:</b>	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Underwriter:</b>	Robert W. Baird & Co., Inc., Naperville, Illinois.
<b>Municipal Advisor:</b>	Speer Financial, Inc., Chicago, Illinois.

**VILLAGE OF HAMPSHIRE**  
**Kane County, Illinois**

Jeffrey Magnussen  
*Village President*

**Trustees**

Michael Armato  
George Brust

Martin Ebert  
Toby Koth

Jan Kraus  
Michael Reid Jr.

**Officials**

Linda Vasquez  
*Village Clerk*

Lori Lyons  
*Finance Director*

**DESCRIPTION OF THE BONDS**

**Security: Alternate Revenue Sources and Tax Levy**

In the opinion of Bond Counsel, Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, the Bonds will constitute valid and legally binding obligations of the Village payable as to principal and interest ratably and equally with unrefunded 2009A Bonds (the "2009A Bonds"); (i) from all collections distributed to the Village from municipal utility taxes on electricity and gas imposed pursuant to Division 11 of Article 8 of the Illinois Municipal Code, as supplemented and amended from time to time, or substitute taxes therefor as provided in the future, (ii) from revenues or funds to be deposited by the Village in a special tax allocation fund created or designated pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, as supplemented and amended from time to time (all revenue sources described in (i) and (ii) are collectively defined as the "Pledged Revenues"), and (iii) from ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion (the "Pledged Taxes"). See "**THE DESCRIPTION OF THE BONDS**" herein.

In the Bond Ordinance, the Village covenants and agrees with the purchasers and the owners of the Bonds that so long as any of the Bonds remain outstanding, the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to collect the Pledged Revenues or, except for abatement of tax levies as permitted in the Bond Ordinance, to levy and collect the Pledged Taxes. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided in the Bond Ordinance and deposited in the Bond Fund.

## Highlights of Alternate Bonds

Section 15 of the Act provides that whenever revenue bonds have been duly authorized, a local government unit may issue its general obligation bonds in lieu of such revenue bonds as authorized, and such general obligation bonds may be referred to as “alternate bonds.” The Act also provides that whenever there exists an alternate revenue source, a local government unit may issue alternate bonds. Such bonds are general obligation debt payable from the pledged alternate revenues with the general obligation of the issuer acting as back-up security. The Act prescribes several conditions that must be met before alternate bonds may be issued.

First, alternate bonds must be issued for a lawful corporate purpose. If issued in lieu of revenue bonds, the alternate bonds must be authorized under applicable law. Alternate bonds may be issued payable from either enterprise revenues or other revenue sources, or both.

Second, the question of issuance must be submitted to referendum if, within thirty (30) days after publication of an authorizing ordinance and notice of intent to issue alternate bonds, a petition signed by the greater of (i) 7.5% of the registered voters in the government unit or; (ii) 200 of those registered voters or 15%, whichever is less, is filed.

Third, the issuer must determine that the pledged revenue source or sources are sufficient in each year to final maturity to provide not less than 1.25 times debt service of the proposed alternate bonds and all other outstanding alternate bonds of the issuer payable from the same revenue source. To the extent payable from enterprise revenues, such revenues shall have been determined by the governing body to be sufficient to provide for or pay in each year to final maturity of such alternate bonds all of the following: (1) costs of operation and maintenance of the utility or enterprise, but not including depreciation, (2) debt service on all outstanding revenue bonds payable from such enterprise revenues, (3) all amounts required to meet any fund or account requirements with respect to such outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such enterprise revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such enterprise revenues previously issued and outstanding and (ii) alternate bonds proposed to be issued. To the extent payable from one or more revenue sources, such sources shall have been determined by the governing body to provide in each year an amount not less than 1.25 times debt service on all alternate bonds payable from such revenue sources previously issued and outstanding and the alternate bonds proposed to be issued. The issuer must in fact pledge and covenant to provide for, collect and apply the pledged alternate enterprise revenues or revenue source(s).

## Deposit of Pledged Revenues; Abatement of Pledged Taxes

Whenever the Pledged Revenues shall have been determined by the Village to provide in any calendar year an amount not less than 1.25 times debt service of all outstanding bonds in the next succeeding bond year (June 15 and December 15) and whenever the Pledged Revenues have been deposited in the Bond Fund in an amount sufficient to pay debt service on all outstanding bonds in the next succeeding bond year, the Village shall, prior to the time the Pledged Taxes levied in such calendar year are extended, direct the abatement of the Pledged Taxes, and proper notification of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement. The Village covenants in the Bond Ordinance to deposit monthly into the appropriate Bond Fund an amount equal to one-sixth (1/6) of the next scheduled interest payment and one-twelfth (1/12) of the next scheduled principal payment.

## **Bond Funds**

The Village will deposit the appropriate Pledged Revenues and the Pledged Taxes into a separate Bond Fund, which is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the Village by the Bond Ordinance. The Bonds are secured by a pledge of all of the monies on deposit in the Bond Fund, and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the Village are discharged under the Bond Ordinance.

## **Certain Risk Factors**

The ability of the Village to pay the Bonds from the Pledged Revenues may be limited by circumstances beyond the control of the Village. There is no guarantee that the Pledged Revenues will continue to be available at current levels.

To the extent that Pledged Revenues may be insufficient to pay the Bonds, the Bonds are to be paid from the Pledged Taxes. If the Pledged Taxes are ever extended for the payment of the Bonds, the amount of the Bonds then outstanding will be included in the computation of indebtedness of the Village for purposes of all statutory provisions or limitations until such time as an audit of the Village shows that the Bonds have been paid from the Pledged Revenues for a complete fiscal year.

## **THE VILLAGE**

### **Overview**

The Village, a non-home rule municipality under the Illinois Constitution, is located approximately 53 miles northwest of downtown Chicago and encompasses approximately 4.5 square miles. The Village is a well-established community incorporated in 1876. The Village's population as of the 2010 Census was 5,563. Neighboring communities include Huntley, Gilberts, Elgin, Pingree Grove, Genoa and Burlington.

### **Organization and Services**

The Village is operated under the Village President – Trustee form of government. The Village President is the chief executive officer and the six member Village Board of Trustees are the legislative body. The Village President and Village Board of Trustees are elected at-large to overlapping four year terms. In total the Village has 22 full-time and five part-time employees.

The Village has a water system with four wells and 4,000,000 gallons of elevated storage and a sewerage treatment plant with a capacity of 2.76 million gallons per day. The Village also provides police protections and street maintenance services.

### **Transportation**

The Village is located on Illinois Route 72 just west of Illinois Route 47. U.S. Highway 20 extends northward from the Village to an interchange with the Northwest Tollway (I-90).

**Community Life**

Recreational activities are provided by the Hampshire Park District. The Ella Johnson Memorial Public Library District operates the public library system in the Village. Fire protection services are provided by the Hampshire Fire Protection District and the Huntley Fire Protection District.

**Education**

Community Unit School District Number 300 provides education for grades pre-kindergarten through grade 12. Elgin Community College District Number 509 provides Village residents with higher education. A small portion of the Village is provided education K-12 by Consolidated School District 158.

**SOCIOECONOMIC INFORMATION**

**Employment**

Substantial employment is available in surrounding communities, the “Research and Development Corridor” immediately north of the Village, and throughout the Chicago metropolitan area. Numerous employers are located within the Village and in surrounding communities.

The following employment data shows a consistently diverse and strong growth trend for employment in Kane County. This data is **NOT** comparable to similar U.S. Census statistics, which would include government employment, and establishments not covered by the Illinois Unemployment Insurance Program, and could classify employment categories differently.

**Kane County Private, Non-Agricultural Employment  
 Covered by the Illinois Unemployment Insurance Act(1)**

	(Data as of March for each Year)				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Farm and Forestry.....	627	563	569	485	448
Mining and Quarrying.....	97	107	89	106	115
Construction.....	6,797	6,969	7,129	7,089	7,751
Manufacturing.....	27,699	29,454	30,081	30,653	30,334
Transportation, Communications, Utilities.....	7,209	6,799	6,470	6,238	6,597
Wholesale Trade.....	11,261	11,646	11,934	12,188	12,220
Retail Trade.....	20,202	19,988	19,648	19,628	19,889
Finance, Insurance, Real Estate.....	8,850	8,449	8,752	9,060	9,061
Services(2).....	<u>72,923</u>	<u>72,524</u>	<u>76,283</u>	<u>81,151</u>	<u>83,417</u>
Total.....	155,665	156,499	160,955	166,598	169,832

Notes: (1) Source: Illinois Department of Employment Security.  
 (2) Includes unclassified establishments.

Following are lists of large employers located in the Village and in the surrounding area.

### Major Village Employers(1)

<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Elgiloy Specialty Metals Ltd.....	Stainless Steel & Alloy Strip Processing .....	100
RPS Products, Inc.....	Polishes & Sanitation Goods .....	100
American Precision Assemblers, Inc. ....	Cable Assemblies .....	70
Poil Film America, Inc. ....	Pressure-Sensitive Protective Masking Materials .....	70
Custom Pak Illinois, Inc. ....	Adhesives & Sealants .....	60
Northwest Contractors, Inc. ....	General Contractors .....	60
W.R. Meadows, Inc. ....	Paving & Construction Compounds Corporate Headquarters.....	60
WS Hampshire, Inc. ....	Wiring Devices.....	55
Pet-Ag, Inc.....	Feed Supplements & Pet Products.....	50
Minerallac Cully.....	Wiring Devices.....	45

Note: (1) Source: 2016 Illinois Manufacturers Directory, 2016 Illinois Services Directory and a selective telephone survey.

### Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Hoffman Estates.....	Sears Holdings Corp. ....	Retail Department Store Chain Corporate Headquarters .....	5,000
Elgin.....	Elgin School District U-46 .....	Public School District .....	5,000
Hoffman Estates.....	AT & T Service, Inc.....	Business Services Divisional Headquarters .....	2,500
Elgin.....	Advocate Sherman Hospital.....	General Hospital.....	2,200
Hoffman Estates.....	St. Alexius Medical Center .....	Full Service Hospital .....	2,045
Elgin.....	Presence St. Joseph Hospital .....	General Hospital.....	1,300
Elgin.....	Grand Victoria Casino .....	Riverboat Gambling .....	1,200
Elgin.....	John B. Sanfilippo & Son, Inc.....	Snack Foods Corporate Headquarters .....	1,200
Elgin.....	Elgin Community College .....	Community College .....	700
Elgin.....	American NTN Bearing Mfg. Corp.....	Hub Bearing Assembly .....	675
Hoffman Estates.....	CDK Global.....	Computer Consultants .....	600
Hoffman Estates.....	Siemens Medical Solutions USA, Inc....	Nuclear Medical Imaging Camaras .....	550
Hoffman Estates.....	Plote Construction, Inc. ....	Corporate Headquarters .....	500
Elgin.....	Lending Solutions.....	Credit Union .....	500
Carpentersville .....	OTTO Engineering, Inc. ....	Electric Switches.....	498
Elgin.....	Colony, Inc.....	Store Fixtures & Point of Purchase Displays.....	450
Hoffman Estates.....	C B I Distributing Corp.....	Distributor of Costume Jewelry .....	400
Elgin.....	Elgin Sweeper Co.....	Street Sweepers.....	400
Hoffman Estates.....	Leopardo Companies, Inc. ....	General Contractors & Construction Management Corporate Headquarters .....	400
Carpentersville .....	Revcor, Inc.....	Blowers & Fans Corporate Headquarters.....	400
Elgin.....	SKF Sealing Solutions.....	Automotive, Aerospace & Industrial Seals Divisional Headquarters....	400

Note: (1) Source: 2016 Illinois Manufacturers Directory, 2016 Illinois Services Directory and a selective telephone survey.

The following tables show employment by industry and by occupation for the Village, Kane County (the “County”) and the State of Illinois (the “State”) as reported by the U.S. Census Bureau 2010-2014 American Community Survey 5-year estimated values.

**Employment By Industry(I)**

Classification	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining ...	36	1.1%	1,383	0.6%	63,558	1.1%
Construction .....	277	8.6%	14,637	5.8%	308,760	5.1%
Manufacturing .....	365	11.4%	41,777	16.7%	756,747	12.5%
Wholesale Trade .....	301	9.4%	10,818	4.3%	181,855	3.0%
Retail Trade .....	284	8.8%	29,307	11.7%	663,401	11.0%
Transportation and Warehousing, and Utilities.....	76	2.4%	12,534	5.0%	353,089	5.9%
Information.....	0	0.0%	5,477	2.2%	124,634	2.1%
Finance and Insurance, and Real Estate and Rental and Leasing .....	179	5.6%	17,021	6.8%	442,091	7.3%
Professional, Scientific, and Management, and Administrative and Waste Management Services .....	213	6.6%	32,573	13.0%	681,276	11.3%
Educational Services and Health Care and Social Assistance .....	495	15.4%	47,543	19.0%	1,391,310	23.1%
Arts, Entertainment and Recreation and Accommodation and Food Services.....	488	15.2%	20,511	8.2%	544,222	9.0%
Other Services, Except Public Administration.....	230	7.2%	9,839	3.9%	288,596	4.8%
Public Administration .....	269	8.4%	7,240	2.9%	232,492	3.9%
Total .....	3,213	100.0%	250,660	100.0%	6,032,031	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2010 to 2014.

**Employment By Occupation(I)**

Classification	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts .....	948	29.5%	84,668	33.8%	2,204,363	36.5%
Service .....	672	20.9%	40,546	16.2%	1,048,478	17.4%
Sales and Office .....	883	27.5%	65,530	26.1%	1,500,220	24.9%
Natural Resources, Construction, and Maintenance .....	292	9.1%	18,296	7.3%	441,705	7.3%
Production, Transportation, and Material Moving.....	418	13.0%	41,620	16.6%	837,265	13.9%
Total .....	3,213	100.0%	250,660	100.0%	6,032,031	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2010 to 2014.

**Annual Average Unemployment Rates(I)**

Calendar Year	The Village	The County	The State
2006.....	2.0%	4.3%	4.6%
2007.....	2.3%	4.8%	5.1%
2008.....	3.1%	6.3%	6.5%
2009.....	5.2%	10.3%	10.1%
2010.....	5.4%	10.3%	10.3%
2011.....	5.1%	9.9%	9.8%
2012.....	4.5%	8.9%	8.9%
2013.....	6.5%	8.9%	9.2%
2014.....	5.1%	7.0%	7.1%
2015(2) .....	N/A	6.2%	5.9%

Notes: (1) Source: Illinois Department of Employment Security.  
 (2) Rates for the month of December 2015.

## Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the Village's owner-occupied homes was \$203,000. This compares to \$216,000 for the County and \$175,700 for the State. The following table represents the five year average market value of specified owner-occupied units for the Village, the County and the State at the time of the 2010-2014 American Community Survey.

### Specified Owner-Occupied Units(1)

Value	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000 .....	94	5.7%	3,922	3.1%	243,163	7.6%
\$50,000 to \$99,999 .....	41	2.5%	9,931	7.8%	508,867	15.9%
\$100,000 to \$149,999 .....	185	11.3%	18,530	14.5%	525,634	16.5%
\$150,000 to \$199,999 .....	484	29.5%	25,428	19.9%	533,202	16.7%
\$200,000 to \$299,999 .....	521	31.8%	34,677	27.2%	663,672	20.8%
\$300,000 to \$499,999 .....	313	19.1%	27,186	21.3%	486,000	15.2%
\$500,000 to \$999,999 .....	0	0.0%	7,033	5.5%	188,718	5.9%
\$1,000,000 or more.....	0	0.0%	907	0.7%	45,451	1.4%
Total.....	1,638	100.0%	127,614	100.0%	3,194,707	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2010 to 2014.

### Mortgage Status(1)

Value	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage .....	1,228	75.0%	96,706	75.8%	2,146,363	67.2%
Housing Units without a Mortgage .....	410	25.0%	30,908	24.2%	1,048,344	32.8%
Total.....	1,638	100.0%	127,614	100.0%	3,194,707	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2010 to 2014.

## Income

### Per Capita Personal Income for the Highest Income Counties in the State(1)

Rank	2010 to 2014
1.....	DuPage County ..... \$38,931
2.....	Lake County..... 38,459
3.....	McHenry County ..... 33,118
4.....	Monroe County..... 33,059
5.....	Piatt County ..... 31,750
6.....	Kendall County..... 31,110
7.....	Will County ..... 30,791
8.....	McLean County..... 30,728
<b>9.....</b>	<b>Kane County..... 30,645</b>
10.....	Sangamon County ..... 30,594
11.....	Cook County ..... 30,468

Note: (1) Source: U.S. Bureau of the Census. 2010 to 2014 American Community 5-Year Estimates.

The following shows a ranking of median family income for the Chicago metropolitan area from the 2010-2014 American Community Survey.

**Ranking of Median Family Income(1)**

<u>County</u>	<u>Family Income</u>	<u>Rank</u>
DuPage County .....	\$96,330	1
Lake County .....	92,910	2
Kendall County .....	92,794	3
McHenry County.....	88,699	4
Will County .....	87,503	5
<b>Kane County .....</b>	<b>81,273</b>	<b>8</b>
Cook County.....	66,712	25

Note: (1) Source: U.S. Bureau of the Census 2010 to 2014 American Community Survey 5-Year Estimates.

The U.S. Census Bureau 5-year estimated values reported that the Village had a median family income of \$96,875. This compares to \$81,273 for the County and \$70,967 for the State. The following table represents the distribution of family incomes for the Village, the County and the State at the time of the 2010-2014 American Community Survey.

**Family Income(1)**

<u>Income</u>	<u>The Village</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000 .....	0	0.0%	3,576	2.8%	138,048	4.4%
\$10,000 to \$14,999 .....	0	0.0%	2,330	1.8%	84,725	2.7%
\$15,000 to \$24,999 .....	59	3.7%	7,318	5.7%	222,412	7.1%
\$25,000 to \$34,999 .....	0	0.0%	9,226	7.2%	252,033	8.0%
\$35,000 to \$49,999 .....	327	20.6%	14,128	11.0%	376,290	12.0%
\$50,000 to \$74,999 .....	175	11.0%	22,128	17.2%	577,132	18.4%
\$75,000 to \$99,999 .....	260	16.4%	19,711	15.3%	465,095	14.9%
\$100,000 to \$149,999 .....	433	27.3%	26,570	20.7%	553,083	17.7%
\$150,000 to \$199,999 .....	273	17.2%	12,394	9.6%	230,525	7.4%
\$200,000 or more.....	61	3.8%	11,207	8.7%	231,782	7.4%
Total.....	1,588	100.0%	128,588	100.0%	3,131,125	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2010 to 2014.

The U.S. Census Bureau 5-year estimated values reported that the Village had a median household income of \$81,837. This compares to \$70,514 for the County and \$57,166 for the State. The following table represents the distribution of household incomes for the Village, the County and the State at the time of the 2010-2014 American Community Survey.

**Household Income(I)**

Income	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000 .....	58	2.9%	6,850	4.0%	341,784	7.2%
\$10,000 to \$14,999 .....	0	0.0%	5,333	3.1%	218,422	4.6%
\$15,000 to \$24,999 .....	107	5.4%	13,167	7.7%	479,384	10.0%
\$25,000 to \$34,999 .....	75	3.8%	14,255	8.3%	455,890	9.5%
\$35,000 to \$49,999 .....	265	13.4%	20,547	12.0%	614,706	12.9%
\$50,000 to \$74,999 .....	355	18.0%	30,156	17.6%	852,342	17.8%
\$75,000 to \$99,999 .....	298	15.1%	24,168	14.1%	612,247	12.8%
\$100,000 to \$149,999 .....	440	22.3%	30,856	18.0%	671,103	14.0%
\$150,000 to \$199,999 .....	313	15.9%	13,496	7.9%	265,693	5.6%
\$200,000 or more .....	61	3.1%	12,488	7.3%	267,062	5.6%
Total .....	1,972	100.0%	171,316	100.0%	4,778,633	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2010 to 2014.

**Retail Activity**

Following is a summary of the Village's sales tax receipts as collected and disbursed by the State of Illinois.

**Retailers' Occupation, Service Occupation and Use Tax(I)**

State Fiscal Year Ending June 30	State Sales Tax Distributions(2)	Annual Percent Change + (-)
2006.....	\$3,176,431	16.45% (3)
2007.....	1,849,791	(41.77%)(4)
2008.....	1,258,844	(31.95%)(4)
2009.....	801,608	(36.32%)(4)
2010.....	516,614	(35.55%)(4)
2011.....	475,788	(7.90%)
2012.....	521,325	9.57%
2013.....	568,684	9.08%
2014.....	623,181	9.58%
2015.....	662,315	6.28%
Growth from 2006 to 2015 .....		(79.15%)

- Notes: (1) Source: Illinois Department of Revenue.  
 (2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the Village, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.  
 (3) The 2006 percentage is based on a 2005 sales tax of \$2,727,680.  
 (4) Declines in sales tax revenue are substantially due to a drop in sales of the Village's largest sales tax producer, which is a manufacturer of housing trusses for new homes.

**PLAN OF FINANCING**

A portion of the Bond proceeds will be used to advance refund a portion of the Village’s outstanding General Obligation Bonds (Alternate Revenue Source), Series 2009A, as listed below (the “Refunded Bonds”).

**General Obligation Bonds (Alternate Revenue Source), Series 2009A**

<u>Refunded Maturities</u>	<u>Outstanding Amount*</u>	<u>Amount Refunded</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
12/15/2016.....	\$ 30,000	\$ 0	N/A	N/A
12/15/2017.....	30,000	0	N/A	N/A
12/15/2018.....	30,000	30,000	100.00%	12/15/2016
12/15/2019.....	30,000	30,000	100.00%	12/15/2016
12/15/2020.....	35,000	35,000	100.00%	12/15/2016
12/15/2021.....	30,000	30,000	100.00%	12/15/2016
12/15/2022.....	30,000	30,000	100.00%	12/15/2016
12/15/2023.....	35,000	35,000	100.00%	12/15/2016
12/15/2024.....	185,000	185,000	100.00%	12/15/2016
12/15/2025.....	190,000	190,000	100.00%	12/15/2016
12/15/2026.....	195,000	195,000	100.00%	12/15/2016
12/15/2027.....	205,000	205,000	100.00%	12/15/2016
12/15/2028*.....	<u>215,000</u>	<u>215,000</u>	100.00%	12/15/2016
Total.....	\$1,270,000	\$1,180,000		

\*Sinking fund payments – Term Bond due December 15, 2028.

A portion of the Bond proceeds will be used to purchase direct full faith and credit obligations of the United States of America (the “Government Securities”), the principal of which together with interest to be earned thereon will be sufficient (i) to pay when due the interest on the Refunded Bonds as stated above, and (ii) to pay principal on the Refunded Bonds on the redemption date. The remaining Bond proceeds will be used to pay the costs of issuing the Bonds.

The Government Securities will be held in an escrow account created pursuant to an escrow agreement (the “Escrow Agreement”) between the Village and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Escrow Agent (the “Escrow Agent”).

The mathematical calculations: (a) of the adequacy of the deposit made pursuant to the Escrow Agreement to provide for the payment of certain interest, principal and call premiums on the Refunded Bonds, and (b) supporting the opinion of Bond Counsel that the interest of the Bonds is excludable from gross income of the owners thereof for federal income tax purposes will be verified by Dunbar, Breitweiser & Company, LLP, Bloomington, Illinois at the time of delivery of the Bonds. All moneys and Government Securities deposited for the payment of Refunded Bonds, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Bonds.

**DEBT INFORMATION**

After issuance of the Bonds, the Village will have outstanding \$3,260,000 principal amount of general obligation debt. The Village also has outstanding \$20,447,459 of Special Service Area bonds, \$2,060,270 of IEPA loans and a \$360,059 loan from Kane County as of April 30, 2015.

Currently, Special Service Area bonds in the amount of \$5,949,000 (Special Service Area Number 13 Special Tax Bonds, Series 2007 (Tuscany Woods Project)) are in default. These SSA bonds were issued in 2007 to finance in part certain public improvements (water, sanitary sewer, stormwater, etc.) in the Tuscany Woods Subdivision in the Village. The owners of vacant lots and/or property in the Special Service Area, and the foreclosing bank, did not make payment of all special taxes levied on the SSA, and debt service on the bonds was not kept current as a result. In 2013, the Village initiated litigation to collect the delinquent taxes, and in 2014, the Village entered into a settlement agreement among all affected parties, including the bond holders, the owners of vacant lots and/or property in the SSA, and the County of Kane (as holder of a Tax Purchase Certificate for the delinquent special and ad valorem taxes) by which approximately 50% of the outstanding bonds were retired, and the area of the Special Service Area was reduced by the same percentage. Special taxes are delinquent on the remaining portion of the original Special Service Area (said area has been subdivided, and is partially developed, and is known as Tuscany Woods, Unit 1). No further litigation is pending in relation to Special Service Area #13. These SSA Bonds are not an obligation of the Village. The Village acts as agent for the property owners in levying and collecting tax and forwarding the collections to bondholders.

The Village does not anticipate any major future borrowing in calendar year 2016.

**General Obligation Bonded Debt (1)**  
 (Principal Only)

Calendar Year	Series 2009A	Series 2012	The Bonds	Less: The Refunded Bonds	Total Outstanding Debt	Cumulative	
						Amount	Percent
2016	\$ 30,000	\$ 315,000	\$ 0	\$ 0	\$ 345,000	10.58%	
2017	30,000	315,000	5,000	0	350,000	21.32%	
2018	30,000	325,000	35,000	(30,000)	360,000	32.36%	
2019	30,000	330,000	35,000	(30,000)	365,000	43.56%	
2020	35,000	340,000	40,000	(35,000)	380,000	55.21%	
2021	30,000	130,000	30,000	(30,000)	160,000	60.12%	
2022	30,000	135,000	30,000	(30,000)	165,000	65.18%	
2023	35,000	135,000	30,000	(35,000)	165,000	70.25%	
2024	185,000	0	185,000	(185,000)	185,000	75.92%	
2025	190,000	0	190,000	(190,000)	190,000	81.75%	
2026	195,000	0	190,000	(195,000)	190,000	87.58%	
2027	205,000	0	200,000	(205,000)	200,000	93.71%	
2028	215,000	0	205,000	(215,000)	205,000	100.00%	
Total	\$1,240,000	\$2,025,000	\$1,175,000	\$(1,180,000)	\$3,260,000		

Note: (1) Source: the Village.

**Detailed Overlapping Bonded Debt(1)**  
 (As of October 19, 2015)

	<u>Outstanding Debt</u>	<u>Applicable to Village</u>	
		Percent(2)	<u>Amount</u>
<b>Schools:</b>			
Community Unit School District Number 158 .....	\$ 93,769,616	1.03%	\$ 965,827
Community Unit School District Number 300 .....	302,433,274	4.82%	14,577,284
Community College District Number 509 .....	187,887,832	1.28%	<u>2,404,964</u>
Total Schools.....			\$17,948,075
<b>Others:</b>			
Kane County .....	\$ 49,955,000	1.21%	\$ 604,456
Kane County Forest Preserve District .....	168,865,866	1.21%	2,043,277
Hampshire Park District .....	50,000	62.91%	<u>31,455</u>
Total Others .....			<u>\$ 2,679,187</u>
Total Schools and Others Overlapping Bonded Debt .....			\$20,627,263

Notes: (1) Source: Kane County Clerk.  
 (2) Overlapping debt percentages based on 2014 EAV, the most current available.

**Statement of Bonded Indebtedness(1)**

	Amount <u>Applicable</u>	Ratio To		Per Capita (2010 Census 5,563)
		<u>Equalized Assessed</u>	<u>Estimated Actual</u>	
Village EAV of Taxable Property, 2014.....	\$138,815,939	100.00%	33.33%	\$24,953.43
Estimated Actual Value, 2014 .....	\$416,447,817	300.00%	100.00%	\$74,860.29
<b>Total Direct Bonded Debt(2) .....</b>	<b>\$ 3,260,000</b>	<b>2.35%</b>	<b>0.78%</b>	<b>\$ 586.01</b>
<b>Less: Self Supporting(2) .....</b>	<b>(3,260,000)</b>	<b>(2.35%)</b>	<b>(0.78%)</b>	<b>(586.01)</b>
<b>Net Direct Bonded Debt(2) .....</b>	<b>\$ 0</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$ 0.00</b>
<b>Overlapping Bonded Debt(3):</b>				
Schools.....	\$ 17,948,075	12.93%	4.31%	\$ 3,226.33
Others .....	2,679,187	1.93%	0.64%	481.61
Total Overlapping Bonded Debt .....	<u>\$ 20,627,262</u>	<u>14.86%</u>	<u>4.95%</u>	<u>\$ 3,707.94</u>
Net Direct Bonded and Total Overlapping Bonded Debt .....	\$ 20,627,262	14.86%	4.95%	\$ 3,707.94

Notes: (1) Source: the Village.  
 (2) Includes the Bonds and excludes the Refunded Bonds.  
 (3) Overlapping bonded debt as of October 19, 2015.

### Legal Debt Margin(I)

2014 Village Equalized Assessed Valuation .....	\$138,815,939
Statutory Debt Limitation (8.625% of EAV) .....	\$ 11,972,875
General Obligation Bonded Debt:	
Series 2009A(2) .....	\$ 1,240,000
Series 2012(2) .....	2,025,000
The Bonds(2) .....	1,175,000
Less: The Refunded Bonds.....	(1,180,000)
Less: Self-Supporting .....	<u>(3,260,000)</u>
Total General Obligation Bonded Debt(2) .....	\$ 0
Total Applicable Debt.....	\$ 0
Legal Debt Margin.....	\$11,972,875

- Notes: (1) Source: The Village.  
 (2) As general obligation alternate bonds under Illinois Statutes, the Series 2009A bonds, the Series 2012 bonds and the Bonds do not count against the overall 8.625% of EAV debt limitation for general obligation bonded debt so long as the debt service levy for such bonds is abated annually and not extended.

### PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2014 levy year, the Village’s Equalized Assessed Valuation (“EAV”) was comprised of approximately 79% residential, 12% industrial, 8% commercial, and 1% farm property valuations.

#### Equalized Assessed Valuation(I)

Property Class	Levy Years				
	2010	2011	2012	2013	2014
Residential.....	\$144,214,861	\$134,733,017	\$123,256,337	\$112,834,620	\$110,053,435
Farm.....	1,629,931	1,585,206	1,554,806	1,472,732	1,487,102
Commercial.....	13,871,798	12,742,170	12,090,124	11,554,524	10,877,822
Industrial .....	20,622,405	19,394,909	17,916,931	16,636,861	16,295,578
Railroad .....	55,416	64,054	95,154	85,258	102,002
Total.....	\$180,394,411	\$168,519,356	\$154,913,352	\$142,583,995	\$138,815,939
Percent Change + (-) .....	(7.65%)(2)	(6.58%)	(8.07%)	(7.96%)	(2.64%)

- Notes: (1) Source: Kane County Clerk.  
 (2) Percentage change based on 2009 EAV of \$195,336,960.

**Representative Tax Rates(1)**  
 (Per \$100 EAV)

	Levy Years				
	2010	2011	2012	2013	2014
Corporate .....	\$0.1256	\$0.2627	\$0.2945	\$0.3462	\$ 0.3626
Police Protection .....	0.0775	0.0727	0.0816	0.0920	0.1037
Audit .....	0.0725	0.0245	0.0276	0.0173	0.0144
Social Security .....	0.0373	0.0129	0.0137	0.0154	0.0203
Liability Insurance .....	0.0339	0.0380	0.0480	0.0541	0.0588
I.M.R.F. ....	<u>0.0494</u>	<u>0.0208</u>	<u>0.0188</u>	<u>0.0212</u>	<u>0.0284</u>
Total Village Rates(2) .....	\$0.3962	\$0.4316	\$0.4842	\$0.5463	\$ 0.5883
Kane County .....	0.3730	0.3990	0.4336	0.4623	0.4684
Kane County Forest Preserve District .....	0.2201	0.2609	0.2710	0.3039	0.3126
Hampshire Township .....	0.0959	0.1040	0.1162	0.1290	0.1393
Hampshire Township Road District .....	0.1821	0.1975	0.2207	0.2450	0.2646
Hampshire Cemetery District .....	0.0095	0.0103	0.0115	0.0127	0.0137
Hampshire Park District .....	0.1512	0.1602	0.1754	0.1909	0.2015
Ella Johnson Library District .....	0.1110	0.1204	0.1355	0.1504	0.1597
Hampshire Fire District .....	0.7037	0.7118	0.7141	0.7306	0.8123
Dundee School District Number 300 .....	4.4615	4.7987	5.6752	6.3182	6.7211
Elgin Community College District Number 509 .....	<u>0.4407</u>	<u>0.4454</u>	<u>0.5215</u>	<u>0.5707</u>	<u>0.6076</u>
Total Rates (3) .....	\$7.1448	\$7.6398	\$8.7589	\$9.6601	\$10.2891

- Notes: (1) Source: Kane County Clerk.  
 (2) Statutory tax rate limits for the Village are as follows: Corporate \$0.4375 and Police Protection \$0.6000.  
 (3) Representative tax rates for other governmental units are from Hampshire Township tax code 05 which represents approximately 25% of the Village's 2014 EAV.

**Tax Extensions and Collections(1)**

Levy Year	Coll. Year	Taxes Extended(2)	Total Collections(3)	
			Amount	Percent
2010 .....	2011 .....	\$817,604	\$816,236	99.83%
2011 .....	2012 .....	829,795	829,037	99.91%
2012 .....	2013 .....	852,111	850,743	99.84%
2013 .....	2014 .....	880,905	879,389	99.83%
2014 .....	2015 .....	916,303	915,638	99.93%

- Notes: (1) Source: The Kane County Treasurer.  
 (2) Tax Extensions have been adjusted for abatements  
 (3) Total Collections include back taxes, taxpayers refunds, interest, etc.

**Principal Taxpayers(1)**

Taxpayer Name	Business/Service	2014 EAV(2)
Sysco Asian Foods Inc. ....	Food Distributor .....	\$ 2,627,456
Combined Metals of Chicago LLC .....	Steel and Alloy Strip Processing .....	1,830,419
Poli Film America, Inc. ....	Pressure Sensitive Protective Masking & Fabrication .....	1,760,240
TRZ Hampshire LLC .....	Real Property .....	1,390,201
W.R. Meadows, Inc. ....	Paving & Construction Compounds .....	1,352,084
Minerallac Company .....	Metal Fastening Systems .....	1,271,528
Properties of Hampshire LLC .....	Real Property .....	1,086,629
Hampshire LLC .....	Real Property .....	843,040
HPT TA Properties LLC .....	Gas Station & Restaurant .....	731,193
Princeton Commercial A Holdings LLC .....	Real Property .....	<u>603,151</u>
Total .....		\$13,495,941
Ten Largest Taxpayers as Percent of Village's 2014 EAV (\$138,815,939) .....		9.72%

- Notes: (1) Source: Kane County Clerk.  
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2014 EAV is the most current available.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### **Tax Levy and Collection Procedures**

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

### **Exemptions**

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$3,500 for assessment years prior to assessment year 2004 in counties with less than 3,000,000 inhabitants, and a maximum reduction of \$5,000 for assessment year 2004 through 2007 in all counties. The maximum reduction is \$5,500 for assessment year 2008, and for assessment years 2009 through 2011, the maximum reduction is \$6,000 in all counties. For assessment years 2012 and thereafter, the maximum reduction is \$6,000 in counties with less than 3,000,000 inhabitants.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption operates annually to reduce the EAV on a senior citizen's home for assessment years prior to 2004 by \$2,000 in counties with less than 3,000,000 inhabitants. For assessment years 2004 and 2005, the maximum reduction is \$3,000 in all counties. For assessment years 2006 and 2007, the maximum reduction is \$3,500 in all counties. For assessment years 2008 through 2011, the maximum reduction is \$4,000 for all counties. For assessment year 2012, the maximum reduction is \$4,000 in counties with less than 3,000,000 inhabitants. For assessment years 2013 and thereafter, the maximum reduction is \$5,000 in all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$35,000 for years prior to 1999, \$40,000 for assessment years 1999 through 2003, \$45,000 for assessment years 2004 and 2005, \$50,000 from assessment years 2006 and 2007 and for assessments year 2008 and after, the maximum income limitation is \$55,000. In general, the Senior Citizens Assessment Freeze Homestead Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. In counties with a population of 3,000,000 or more, the exemption for all assessment years is equal to the EAV of the residence in the assessment year for which application is made less the base amount. Furthermore, for those counties with a population of less than 3,000,000, the Senior Citizens Assessment Freeze Homestead Exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For assessment year 2006, the amount of the Senior Citizens Assessment Freeze Homestead Exemption phases out as the amount of household income increases. The amount of the Senior Citizens Assessment Freeze Homestead Exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the assessed valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption or the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 70% are granted an exemption of \$5,000 and (ii) those veterans with a service-connected disability of less than 70%, but at least 50% are granted an exemption of \$2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for the Returning Veterans' Homestead Exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, "or a leasehold interest of land on which a single family residence is located, which is occupied as a principle residence of a veteran returning from an armed conflict involving the armed forces of the United States who has an ownership interest therein, legal, equitable or as a lessee, and on which the veteran is liable for the payment of property taxes." Those individuals eligible for the Returning Veterans' Homestead Exemption may claim the Returning Veterans' Homestead Exemption, in addition to other homestead exemptions, unless otherwise noted.

## Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law, as amended (the “Limitation Law”), limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units, including the Village. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The Village has the authority to levy taxes for many different purposes. See the table entitled **Representative Tax Rates** under “**PROPERTY ASSESSMENT AND TAX INFORMATION**” herein. The ceiling at any particular time on the rate at which these taxes may be extended for the Village is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. Public Act 94-0976, effective June 30, 2006, provides that the only ceiling on a particular tax rate is the ceiling set by statute above, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the Village) will have increased flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the Village’s limiting rate computed in accordance with the provisions of the Limitation Law.

Local governments, including the Village, can issue limited tax bonds in lieu of revenue bonds that have otherwise been authorized by applicable law. See “**DESCRIPTION OF THE BONDS**” herein.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies (including home rule units) in the State (the “Property Tax Freeze Proposal”). Specifically, Senate Bill 318 passed the Illinois Senate on August 4, 2015. This legislation includes, among other items, a State-wide property tax freeze for levy years 2016 and 2017 for taxing districts located in counties other than Cook County and levy years 2017 and 2018 for taxing districts located in Cook County. If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a impact on the finances of the Village and the ability of the Village to issue non-referendum bonds. The Village cannot predict whether, or in what form, any change to the Limitation Law, including the Property Tax Freeze Proposal, may be enacted into law, nor can the Village predict the effect of any such change on the Village’s finances.

## Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

## FINANCIAL INFORMATION

### Budgeting

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

1. The budgets are adopted on a basis consistent with generally accepted accounting practices (GAAP).
2. The Village, each year prior to the beginning of the fiscal year, must approve the budget for the coming fiscal year. 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 budget for the current fiscal year was approved.
3. A budget is approved and formal budgetary integration is employed as a control device by the Finance Director, acting as Budget Officer, throughout the fiscal year.
4. Each budget lapses at the end of the fiscal year for which the budget was adopted.

### Financial Reports

The Village's financial statements are audited annually by certified public accountants. The Village's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to government entities. See **APPENDIX A** for more detail.

### No Consent or Updated Information Requested of the Auditor

The tables contained in this "FINANCIAL INFORMATION" section (the "Excerpted Financial Information") are from the audited financial statements of the Village, including the audited financial statements for the fiscal year ended April 30, 2015 (the "2015 Audit"), which was approved by formal action of the Village Board and attached to this Final Official Statement as **APPENDIX A**. The Village has not requested the Auditor to update information contained in the Excerpted Financial Information or the 2015 Audit; nor has the Village requested that the Auditor consent to the use of the Excerpted Financial Information or the 2015 Audit in this Final Official Statement. Other than as expressly set forth in this Final Official Statement, the financial information contained in the Excerpted Financial Information and 2015 Audit has not been updated since the date of the 2015 Audit. The inclusion of the Excerpted Financial Information and 2015 Audit in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the Village since the date of the 2015 Audit. Questions or inquiries relating to financial information of the Village since the date of the 2015 Audit should be directed to the Village.

## Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for a copy of the Village's 2015 fiscal year audit.

### Statement of Net Position Government Activities

	Audited As of April 30				
	2011	2012	2013	2014	2015
<b>ASSETS:</b>					
Cash and Investments.....	\$ 4,725,929	\$ 4,125,044	\$ 4,374,901	\$ 3,519,959	\$ 2,750,462
Notes Receivable.....	235,995	227,359	226,141	226,141	128,806
Receivables-Net of Allowances.....	1,200,586	1,340,396	1,275,677	1,344,439	1,358,351
Prepays.....	68,929	29,720	34,435	40,447	58,709
Internal Balances.....	584,489	526,503	119,176	507,255	1,222,755
Due To (From) Other Funds.....	0	0	0	0	0
Capital Assets Not Being Depreciated.....	21,633,095	23,035,818	20,868,259	20,868,259	20,868,259
Capital Assets (Net of Accumulated Depreciation).....	<u>8,943,744</u>	<u>8,683,079</u>	<u>10,581,308</u>	<u>10,347,314</u>	<u>10,155,735</u>
Total Assets.....	<u>\$37,392,767</u>	<u>\$37,967,919</u>	<u>\$37,479,897</u>	<u>\$36,853,814</u>	<u>\$36,543,077</u>
<b>LIABILITIES:</b>					
Deferred Revenue.....	\$ 763,920	\$ 908,415	\$ 0	\$ 0	\$ 0
Accrued Payroll.....	47,023	54,204	56,825	68,918	50,212
Accounts Payable.....	272,325	87,607	220,394	176,344	233,166
Deposits Payable.....	225,383	249,164	156,305	186,349	642,522
Accrued Interest Payable.....	50,490	48,803	37,158	35,249	32,813
Other Liabilities.....	13,333	12,658	12,590	20,293	17,933
Long-Term Liabilities:					
Due Within One Year.....	284,478	330,897	203,868	297,232	321,392
Due In More Than One Year.....	<u>2,791,906</u>	<u>2,607,714</u>	<u>2,481,122</u>	<u>2,353,052</u>	<u>2,117,753</u>
Total Liabilities.....	<u>\$ 4,448,858</u>	<u>\$ 4,299,462</u>	<u>\$ 3,168,262</u>	<u>\$ 3,137,437</u>	<u>\$ 3,415,791</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Property Taxes.....	\$ 0	\$ 0	\$ 931,762	\$ 952,552	\$ 982,823
Total Deferred Inflows of Resources.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 931,762</u>	<u>\$ 952,552</u>	<u>\$ 982,823</u>
<b>NET POSTION:</b>					
Invested In Capital Assets, Net of Related Debt Restricted For:					
Highways and Streets.....	3,319,060	3,037,309	2,977,748	2,456,094	1,517,273
Public Safety.....	5,676	7,129	5,240	5,374	5,967
Subdivision Maintenance.....	28,528	37,857	39,081	52,507	51,175
Debt Service.....	24,966	11,879	0	0	4
Economic Development.....	1,015,006	1,016,345	1,016,232	1,013,708	1,016,375
Tourism.....	31,672	34,284	32,112	36,253	46,000
Police Impound Fees.....	0	0	0	23,250	12,568
Public Use.....	601,773	605,198	618,758	722,050	731,771
Tree Replacement.....	0	0	0	0	70,172
Unrestricted.....	<u>416,773</u>	<u>138,170</u>	<u>(73,875)</u>	<u>(200,439)</u>	<u>12,882</u>
Total Net Position.....	<u>\$32,943,909</u>	<u>\$33,668,457</u>	<u>\$33,379,873</u>	<u>\$32,763,825</u>	<u>\$32,144,463</u>

**Governmental Activities  
 Statement of Activities  
 Net (Expense) Revenue and Changes in Net Position**

	Audited Fiscal Year Ending April 30				
	2011	2012	2013	2014	2015
<b>NET (EXPENSE) REVENUE:</b>					
General Government .....	\$ (641,832)	\$ (789,558)	\$ (656,481)	\$ (576,812)	\$ (404,787)
Public Safety .....	(1,195,355)	(1,367,163)	(1,435,843)	(1,557,613)	(1,732,732)
Highways and Streets .....	(21,949,324)	(69,173)	(699,817)	(1,195,035)	(1,589,387)
Planning and Zoning .....	(1,718)	(1,235)	0	(535)	(861)
Interest .....	(156,071)	(154,541)	( 192,857)	(104,073)	(96,886)
Total Net (Expense) Revenue .....	<u>\$ (23,944,300)</u>	<u>\$ (2,381,670)</u>	<u>\$ (2,984,998)</u>	<u>\$ (3,434,068)</u>	<u>\$ (3,824,653)</u>
<b>GENERAL REVENUES:</b>					
Taxes:					
Property .....	\$ 885,696	\$ 910,334	\$ 914,605	\$ 933,593	\$ 957,075
Replacement .....	18,482	18,877	18,715	21,997	22,493
Sales .....	532,857	607,889	662,066	724,001	775,557
Income .....	297,443	436,922	501,341	542,063	544,840
Utility .....	441,276	418,787	430,152	451,116	438,353
Investment Income .....	26,722	4,792	4,366	2,505	4,719
Miscellaneous .....	180,539	162,093	131,169	140,541	353,627
Transfers .....	75,000	546,524	34,000	82,325	(108,627)
Total General Revenues .....	<u>\$ 2,458,015</u>	<u>\$ 3,106,218</u>	<u>\$ 2,696,414</u>	<u>\$ 2,898,141</u>	<u>\$ 3,205,291</u>
Change in Net Position .....	\$(21,486,285)	\$ 724,548	\$ (288,584)	\$ (535,927)	\$ (619,362)
Net Position, Beginning .....	<u>\$54,430,194</u>	<u>\$32,943,909</u>	<u>\$33,668,457</u>	<u>\$33,299,752(1)</u>	<u>\$32,763,825</u>
Net Position, Ending .....	<u>\$32,943,909</u>	<u>\$33,668,457</u>	<u>\$33,379,873</u>	<u>\$32,763,825</u>	<u>\$32,144,463</u>

Note: (1) As restated.

**General Fund  
 Balance Sheet**

Audited as of April 30

	2011	2012	2013	2014	2015
<b>ASSETS:</b>					
Cash and Investments.....	\$ 190,245	\$ 0	\$ 0	\$ 0	\$ 794,181
Receivables-Net of Allowances:					
Property Taxes.....	714,670	727,364	750,679	778,937	816,641
Other Taxes.....	323,956	406,142	334,348	381,631	362,590
Due From Other Funds .....	810,294	1,021,447	2,323,723	2,361,456	1,439,157
Prepays.....	68,929	29,720	34,435	40,447	58,709
Total Assets .....	<u>\$2,108,094</u>	<u>\$2,184,673</u>	<u>\$3,443,185</u>	<u>\$3,562,471</u>	<u>\$3,471,278</u>
<b>LIABILITIES:</b>					
Due to Other Funds.....	\$ 571,953	\$ 789,045	\$2,232,086	\$2,248,240	\$1,335,631
Accounts Payable .....	42,029	75,085	94,481	86,342	96,056
Accrued Payroll.....	47,023	54,204	56,825	68,645	48,974
Deposits Payable.....	225,383	249,164	156,305	186,349	642,522
Unearned/Deferred Revenue.....	714,670	727,364	0	0	0
Compensated Absences Payable.....	0	0	0	75,371	80,802
Other Liabilities.....	13,333	12,658	12,590	20,293	17,933
Total Liabilities .....	<u>\$1,614,391</u>	<u>\$1,907,520</u>	<u>\$2,552,287</u>	<u>\$2,685,240</u>	<u>\$2,221,918</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Property Taxes.....	\$ 0	\$ 0	\$ 750,679	\$ 778,937	\$ 816,641
Total Deferred Inflows of Resources .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 750,679</u>	<u>\$ 778,937</u>	<u>\$ 816,641</u>
<b>FUND BALANCE:</b>					
Reserved for Police Pension .....	\$ 31,202	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for Specific Purposes.....	68,929	0	0	0	0
Unreserved.....	393,572	0	0	0	0
Nonspendable.....	0	29,720	34,435	40,447	58,709
Restricted.....	0	31,212	31,212	23,250	82,740
Unassigned .....	0	216,221	105,784	34,597	291,270
Total Fund Balances .....	<u>\$ 493,703</u>	<u>\$ 277,153</u>	<u>\$ 140,219</u>	<u>\$ 98,294</u>	<u>\$ 432,719</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances .....	<u>\$2,108,094</u>	<u>\$2,184,673</u>	<u>\$3,443,185</u>	<u>\$3,562,471</u>	<u>\$3,471,278</u>

### General Fund Revenues and Expenditures

	Audited Fiscal Year Ended April 30				
	2011	2012	2013	2014	2015
<b>REVENUES:</b>					
Property Tax.....	\$ 677,650	\$ 702,147	\$ 715,525	\$ 735,498	\$ 764,120
Sales Tax.....	532,857	607,889	662,066	724,001	775,557
Utility Tax.....	441,276	418,787	430,152	451,116	438,353
Other Tax .....	18,482	18,877	18,715	21,997	22,493
State Income Tax.....	297,443	436,922	501,341	542,063	544,840
Charges for Services.....	15,090	98,406	62,649	87,892	231,695
Licenses and Permits .....	64,277	97,253	169,911	231,997	216,825
Fines .....	59,412	54,818	64,424	57,684	59,316
Interest .....	2,374	1,350	1,350	905	365
Miscellaneous Income.....	157,200	126,300	131,151	140,500	342,504
Total Revenues.....	<u>\$2,266,061</u>	<u>\$2,562,749</u>	<u>\$2,757,284</u>	<u>\$2,993,653</u>	<u>\$3,396,068</u>
<b>EXPENDITURES:</b>					
General Administration .....	\$ 585,017	\$ 974,830	\$ 868,208	\$ 893,490	\$ 838,133
Police Protection.....	1,267,900	1,379,525	1,459,767	1,569,141	1,754,194
Maintenance and Improvements.....	723,936	469,789	484,154	584,086	430,007
Planning.....	1,718	1,235	0	535	861
Debt Service.....	46,646	92,354	105,713	111,073	109,466
Total Expenditures.....	<u>\$2,625,217</u>	<u>\$2,917,733</u>	<u>\$2,917,842</u>	<u>\$3,158,325</u>	<u>\$3,132,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	\$ (359,156)	\$ (354,984)	\$ (160,558)	\$ (164,672)	\$ 263,407
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt Issuance.....	\$ 43,083	\$ 187,705	\$ 22,612	\$ 120,560	\$ 45,755
Operating Transfers In.....	0	115,000	113,512	115,238	115,263
Operating Transfers Out.....	(162,467)	(164,271)	(112,500)	(32,930)	(90,000)
Total Other Financing Sources (Uses).....	<u>\$ (119,384)</u>	<u>\$ 138,434</u>	<u>\$ 23,624</u>	<u>\$ 202,868</u>	<u>\$ 71,018</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	\$ (478,540)	\$ (216,550)	\$ (136,934)	\$ 38,196	\$ 334,425
Fund Balance, May 1.....	\$ 972,243(1)	\$ 493,703	\$ 277,153	\$ 60,098(1)	\$ 98,294
Fund Balance, April 30 .....	<u>\$ 493,703</u>	<u>\$ 277,153</u>	<u>\$ 140,219</u>	<u>\$ 98,294</u>	<u>\$ 432,719</u>

Note: (1) As restated.

**General Fund  
 Budgeted Financial Information**

	Budget Twelve Months Ending <u>4/30/2016</u>	Preliminary Nine Months Ending <u>1/31/2016</u>
<b>REVENUES:</b>		
Property Taxes .....	\$ 806,573	\$ 806,718
Intergovernmental .....	1,399,535	1,353,393
Reimbursable Revenue .....	144,840	81,039
Licenses, Fines, Permits and Fees .....	266,625	237,514
Other .....	<u>541,633</u>	<u>249,812</u>
Total Revenues .....	\$3,159,206	\$2,728,476
<b>EXPENSES:</b>		
Administration .....	\$ 774,216	\$ 463,352
Police Protection .....	1,801,207	1,107,121
Maintenance and Improvements .....	577,598	385,625
Planning and Zoning .....	2,115	635
Other .....	<u>4,069</u>	<u>8,334</u>
Total Expenses .....	\$3,159,205	\$1,965,067
Excess (Deficiency) of Revenues Over (Under Expenses) .....	\$ 1	\$ 763,409

**EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS**

See APPENDIX A herein for a discussion of the Village’s employee retirement and other postemployment benefits obligations. A summary of the plan’s description and funding progress is provided below.

**EMPLOYEE RETIREMENT SYSTEMS <sup>(1)</sup>**

The Village contributes to the Illinois Municipal Retirement Fund (“IMRF”), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

<sup>(1)</sup> Source: The Village’s Audited Financial Statements for the fiscal year ended April 30, 2015.

**Plan Descriptions, Provisions and Funding Policies**

*Illinois Municipal Retirement Fund*

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of their final rate (average of the highest 48 consecutive months’ earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2.0% for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of their final rate (average of the highest 96 consecutive months’ earnings during the last 10 years) of earnings for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3.0% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.5% of their annual covered salary to IMRF. The employees’ contribution rate is established by state statute. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution and annual required contribution rate for calendar year 2014 was 12.77%.

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, (d) post-retirement benefit increases of 3.0% annually and (e) inflation rate of 3.0%. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period with a 20.0% corridor between the actuarial and market value of assets. The plan’s unfunded actuarial accrued liability (“UAAL”) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 29 years.

*Police Pension Plan*

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

At April 30, 2015, the date of the most recent actuarial valuation, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees	
Entitled to Benefits but not yet Receiving Them .....	0
Current Employees	
Vested and Nonvested .....	12
Total .....	12

<sup>(1)</sup> Source: The Village’s Audited Financial Statements for the fiscal year ended April 30, 2015.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (under any qualifying pension plan), attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.0% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011 (or without previous tier 1 service time from another qualifying pension plan), who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3.0% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90.0% funded.

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

### *Basis of Accounting*

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

### *Methods Used to Value Investments*

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

### *Significant Investments*

There are no investments in any one organization that represent 5.0% or more of net position available for benefits for the Police Pension Plan. Information for IMRF is not available.

### *Related Party Transactions*

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

*Trend Information*

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

	Fiscal Year	IMRF	Police Pension
Annual Pension Cost (APC)	2013	\$ 86,104	\$121,222
	2014	70,097	140,444
	2015	68,712	208,587
Actual Contributions	2013	\$ 86,104	\$121,222
	2014	70,097	126,076
	2015	68,712	208,600
Percentage of APC Contributed	2013	100.00%	100.00%
	2014	100.00%	89.77%
	2015	100.00%	100.01%
Net Pension Obligation	2013	\$ 0	\$ 0
	2014	0	14,368
	2015	0	14,625

**Annual Pension Cost and Net Pension Obligation**

The pension liability as determined in accordance with GASB Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers.” The net pension obligation for the Police Pension Plan is as follows:

	Police Pension
Annual Required Contribution	\$ 208,601
Interest on Net Pension Obligation (Asset)	862
Adjustment to Annual Required Contribution	<u>(606)</u>
Annual Pension Cost	208,857
Actual Contributions	<u>208,600</u>
Increase (Decrease) to the NPO	257
NPO – Beginning of Year	<u>14,368</u>
NPO – End of Year	<u><u>\$ 14,625</u></u>

The actuarial assumptions and related plan information for the IMRF and Police Pension Plan are as follows:

	IMRF	Police Pension
Contribution Rates		
Employer	12.77%	24.39%
Employee	4.50%	9.91%
Actuarial Valuation Date	December 31, 2014	April 30, 2015
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	29 Years	26 Years
Asset Valuation Method	5-year Smoothed Market	Market
Actuarial Assumptions		
Investment Rate of Return	7.50% Compounded Annually	6.00% Compounded Annually
Projected Salary Increases	0.4% to 10.0%	5.0%
Inflation Rate Included	4.0%	2.5%
Cost-of Living Adjustments	3.0%	2.0-3.0%

### Funded Status and Funding Progress

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

	IMRF	Police Pension
Actuarial Valuation Date	December 31, 2014	April 30, 2015
Percent Funded	132.02%	32.59%
Actuarial Accrued Liability for Benefits	\$1,264,244	\$2,616,769
Actuarial Value of Assets	\$1,668,999	\$852,827
Over (Under) Funded Actuarial Accrued Liability (UAAL)	\$404,755	(\$1,763,942)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$538,077	\$855,320
Ratio of UAAL to Covered Payroll	(75.22%)	206.23%

The schedule of funding progress below presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

**Schedule of Funding Progress  
 Illinois Municipal Retirement Fund**

Actuarial Valuation December 31,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry-Age	Funded Ratio	Unfunded (Overfunded) Actuarial Accrued Liability	Annual Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a % of Covered Payroll
2009	\$1,580,847	\$2,104,546	75.12%	\$523,699	\$1,334,950	39.23%
2010	1,782,282	2,317,563	76.90	535,281	1,163,715	46.00
2011	1,378,253	2,181,700	63.17	803,447	1,184,048	67.86
2012	1,555,670	2,000,925	77.75	445,255	559,041	79.65
2013	1,556,834	1,208,960	128.77	(347,874)	584,631	(59.50)
2014	1,668,999	1,264,244	132.02	(404,755)	538,077	(75.22)

**Schedule of Funding Progress  
 Police Pension Plan**

Actuarial Valuation April 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry-Age	Funded Ratio	Unfunded (Overfunded) Actuarial Accrued Liability	Annual Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a % of Covered Payroll
2009	\$ N/A	\$ N/A	N/A%	\$ N/A	\$ N/A	N/A%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	403,239	2,448,519	16.47	2,045,280	745,796	274.24
2013	600,880	2,413,011	24.90	1,812,131	786,835	230.31
2014	852,827	2,616,769	32.59	1,763,942	855,320	206.23

**OTHER POST-EMPLOYMENT BENEFITS <sup>(1)</sup>**

**Plan Description**

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any post-employment benefit liability as of April 30, 2015.

<sup>(1)</sup> Source: The Village's Audited Financial Statements for the fiscal year ended April 30, 2015.

## REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The Village shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. The Village will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the Village for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the 1st day of the month in which an interest payment date occurs on such Bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Village or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

## **TAX MATTERS**

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinion on federal tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Village contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The Village has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the Village's certifications and representations and the continuing compliance with the Village's covenants. Noncompliance with these covenants by the Village may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

### **Tax Treatment Of Accruals On Original Issue Discount Bonds**

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

### **Amortizable Bond Premium**

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

### **Market Discount**

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

### **Information Reporting And Backup Withholding**

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

### **Future Developments**

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, bond counsel is not obligated to defend the Village in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Village as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Village has designated this issue of Bonds as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## CONTINUING DISCLOSURE

The Village will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. No person, other than the Village, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under “**THE UNDERTAKING.**”

During the five-year period previous to this issuance, the Village on four occasions filed the Annual Financial Statements required by the respective undertakings related to its prior bonds (each a “Prior Undertaking” and collectively, the prior “Undertakings”) pursuant to the Rule, after the required filing date of within 210 days after the last day of the Village’s fiscal year (currently, April 30), as set forth in the respective Prior Undertaking. The Village’s Audited Financial Statements for the fiscal years ending April 30, 2010, April 30, 2011, April 30, 2012, April 30, 2014 and April 30, 2015 were not filed before the required filing dates. The Audited Financial Statements for the fiscal year ending April 30, 2010 was filed on January 20, 2012; the Audited Financial Statements for the fiscal year ending April 30, 2011 was filed on August 27, 2012; the Audited Financial Statements for the fiscal year April 30, 2012 was filed on February 25, 2013; the Audited Financial Statements for the fiscal year April 30, 2014 was filed on January 27, 2015, and the Audited Financial Statements for the fiscal year April 30, 2015 was filed on February 19, 2016. Also, during the prior five-year period, the Village did not file disclosures pertaining to certain changes on the insured rating of its 2009A Bonds, as required by the Prior Undertakings. However, a disclosure pertaining to a change in the Village’s insured rating of its 2009A Bonds, has been filed as of November 30, 2012. The Village did not file disclosures pertaining to the insured rating upgrade of its 2009A Bonds, as required by the Prior Undertakings. A disclosure pertaining to the insured rating upgrade of its 2009A Bonds has been filed as of March 3, 2015. Finally, the Village has implemented procedures to ensure that its annual financial information, operating data, and Annual Financial Statements, together with any other required disclosures, will be filed on a timely basis in the future.

A failure by the Village to comply with the Undertaking will not constitute a default under the Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See “**THE UNDERTAKING - Consequences of Failure of the Village to Provide Information.**” The Village must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

## THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Village and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a form of which is attached as Appendix D hereto.

### Annual Financial Information Disclosure

The Village covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information within 210 days after the last day of the Village's fiscal year (currently April 30). If Audited Financial Statements are not available when the Annual Financial Information is filed, the Village will file unaudited financial statements. The Village will submit Audited Financial Statements to the MSRB's Electronic Municipal Market Access ("EMMA") system within 30 days after availability to the Village. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

"Annual Financial Information" means:

1. The table under the heading of "**Retailers' Occupation, Service Occupation and Use Tax**" within this Final Official Statement;
2. All of the tables under the heading "**PROPERTY ASSESSMENT AND TAX INFORMATION**" within this Final Official Statement;
3. All of the tables under the heading "**DEBT INFORMATION**" within this Final Official Statement; and
4. All of the tables under the heading "**FINANCIAL INFORMATION**" (**Excluding Budget and Interim Financial Information**) within this Final Official Statement.

"Audited Financial Statements" means financial statements of the Village as audited annually by independent certified public accountants. Audited Financial Statements are expected to continue to be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

## Material Events Disclosure

The Village covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Material Event) Material Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “Events” are:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Village\*
13. The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

\* *This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Village.*

### **Consequences of Failure of the Village to Provide Information**

The Village shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the Village to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Village to comply with the Undertaking shall be an action to compel performance.

### **Amendment; Waiver**

Notwithstanding any other provision of the Undertaking, the Village by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Village, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Village (such as independent legal Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Village shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

### **Termination of Undertaking**

The Undertaking shall be terminated if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The Village shall give notice to the MSRB in a timely manner if this paragraph is applicable.

### **Additional Information**

Nothing in the Undertaking shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the Village chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the Village shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

### **Dissemination of Information; Dissemination Agent**

The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

### **OPTIONAL REDEMPTION**

Bonds due December 15, 2017-2024, inclusive, are non-callable. Bonds due December 15, 2026 inclusive, are callable in whole or in part on any date on or after December 15, 2024, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Prior to any redemption date, the Village will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Village shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

### MANDATORY REDEMPTION

The Bonds maturing on December 15, 2023, are subject to mandatory redemption, in part by lot, on December 15, 2017-2022, consisting of sinking fund payments at redemption prices equal to the principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>
2017.....	\$5,000
2018.....	35,000
2019.....	35,000
2020.....	40,000
2021.....	30,000
2022.....	30,000

The final principal amount of the Bonds maturing on December 15, 2023, is \$30,000.

The Bonds maturing on December 15, 2026, are subject to mandatory redemption, in part by lot, on December 15, 2024-2025, consisting of sinking fund payments at redemption prices equal to the principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>
2024.....	\$185,000
2025.....	190,000

The final principal amount of the Bonds maturing on December 15, 2026, is \$190,000.

The Bonds maturing on December 15, 2028, are subject to mandatory redemption, in part by lot, on December 15, 2027, consisting of sinking fund payments at redemption prices equal to the principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>
2027.....	\$200,000

The final principal amount of the Bonds maturing on December 15, 2028, is \$205,000.

All of the Bonds subject to mandatory sinking fund redemption shall be redeemed at a redemption price equal to the principal amount thereof to be redeemed. The Bond Registrar is authorized and directed to mail notice of mandatory sinking fund redemption of the Bonds in the manner provided in the Bond Ordinance.

Whenever the Bonds subject to mandatory sinking fund redemption are redeemed at the option of the Village, the principal amount thereof so redeemed shall be credited against the unsatisfied balance of further sinking fund installments or final maturity amount established with respect to such Bonds, in such amount and against such installments or final maturity amount as shall be determined by the Village in the proceedings authorizing such optional redemption or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable sinking fund installments next ensuing, and with respect to which notice of redemption has not yet been given.

The Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Registrar. Failure to give such notice by mail to any registered owner of the Bonds (or portion thereof) or any defect therein shall not affect the validity of any proceedings for the redemption of other Bonds (or portions thereof). All Bonds (or portions thereof) so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

### **LITIGATION**

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Village taken with respect to the issuance or sale thereof.

### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the Village. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Final Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Final Official Statement, except that in its capacity as Bond Counsel, Miller, Canfield, Paddock and Stone, P.L.C. has, at the request of the Village, reviewed only those portions of this Final Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith). This review was undertaken solely at the request and for the benefit of the Village and did not include any obligation to establish or confirm factual matters set forth herein.

### **FINAL OFFICIAL STATEMENT AUTHORIZATION**

This Final Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the Village, and all expressions of opinion, whether or not so stated, are intended only as such.

## INVESTMENT RATING

Standard & Poor's, a Division of the McGraw-Hill Companies, is expected to assign the Bonds a rating of "AA" (Stable Outlook) based upon the issuance of the municipal bond insurance policy by **ASSURED GUARANTY MUNICIPAL CORP.** at the time of delivery of the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The Village has furnished to the rating agencies certain information and materials relating to the Bonds and the Village, including certain information and materials which may not have been included in this Final Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The Village and the Underwriter have undertaken no responsibility either to bring to the attention of the registered owners of the Bonds any proposal change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

## UNDERLYING INVESTMENT RATING

The Bonds have an underlying rating of "A" from Standard & Poor's, a Division of the McGraw-Hill Companies. The Village has supplied certain information and material concerning the Bonds and the Village to the rating service shown on the cover page, including certain information and materials which may not have been included in this Final Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041, telephone 212-438-2000. The Village will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

## DEFEASANCE

The Bonds are subject to legal defeasance by the irrevocable deposit of full faith and credit obligations of the United States of America, obligations the timely payment of which are guaranteed by the United States Treasury, or certificates of participation in a trust comprised solely of full faith and credit obligations of the United States of America (collectively, the "Government Obligations") with a bank or trust company acting as escrow agent. Any such deposit must be of sufficient amount that the receipts from the Government Obligations plus any cash on deposit will be sufficient to pay debt service on the Bonds when due or as called for redemption.

**UNDERWRITING**

Robert W. Baird & Co., Inc., Naperville, Illinois (the “Underwriter”) has agreed to purchase all but not less than all of the Bonds at a price of \$1,248,806.28 reflecting the par amount of \$1,175,000, plus original issue premium of \$85,389.40, less Underwriter’s discount of \$11,583.12. It is anticipated that delivery of the Bonds will occur on or about the date shown on the cover page hereof. The Bonds may be offered and sold to certain dealers (including the Underwriter or other dealers depositing Bonds into investment trusts) at prices or yields other than such public offering prices or yields shown on the addendum to this Final Official Statement, and such public offering prices or yields may be changed, from time to time, by the Underwriter.

**MUNICIPAL ADVISOR**

The Village has engaged Speer Financial, Inc., Chicago, Illinois, as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is an Independent Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Final Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Municipal Advisor obligated by the Village’s continuing disclosure undertaking.

**CERTIFICATION**

We have examined this Final Official Statement dated March 23, 2016, for the \$1,175,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Final Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.



/s/ **JEFFREY MAGNUSSEN**  
*Village President*  
**VILLAGE OF HAMPSHIRE**  
Kane County, Illinois



/s/ **LORI LYONS**  
*Finance Director*  
**VILLAGE OF HAMPSHIRE**  
Kane County, Illinois

**APPENDIX A**

**VILLAGE OF HAMPSHIRE  
KANE COUNTY, ILLINOIS**

**FISCAL YEAR 2015 AUDITED FINANCIAL STATEMENTS**

# VILLAGE OF HAMPSHIRE, ILLINOIS

## ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2015

### VILLAGE OF HAMPSHIRE, ILLINOIS

#### TABLE OF CONTENTS

	PAGE
<u>INTRODUCTORY SECTION</u>	
List of Principal Officials .....	i
<u>FINANCIAL SECTION</u>	
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	MD&A 1 - 12
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position .....	3 - 4
Statement of Activities .....	5 - 6
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	7 - 8
Reconciliation of Total Governmental Fund Balance to the	
Statement of Net Position – Governmental Activities .....	9
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds .....	10 - 11
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances to the Statement of Activities – Governmental Activities .....	12
Statement of Net Position – Proprietary Funds .....	13 - 14
Statement of Revenues, Expenses and Changes in	
Net Position – Proprietary Funds .....	15
Statement of Cash Flows – Proprietary Funds .....	16
Statement of Fiduciary Net Position .....	17
Statement of Changes in Fiduciary Net Position .....	18
Notes to the Financial Statements .....	19 - 54
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress and Employer Contributions	
Illinois Municipal Retirement Fund .....	55
Police Pension Fund .....	56
Schedule of Employer Contributions	
Police Pension Fund .....	57
Schedule of Changes in the Employer's Net Pension Liability	
Police Pension Fund .....	58

VILLAGE OF HAMPSHIRE, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION – Continued</u>	
<b>REQUIRED SUPPLEMENTARY INFORMATION – Continued</b>	
Schedule of Investment Returns	
Police Pension Fund .....	59
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual – General Fund.....	60
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues – Budget and Actual – General Fund .....	61
Schedule of Expenditures – Budget and Actual – General Fund .....	62
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Transportation Impact Fees – Capital Projects Fund.....	63
Public Use – Capital Projects Fund .....	64
Combining Balance Sheet – Nonmajor Governmental Funds.....	65 - 66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental Funds .....	67 - 68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Motor Fuel Tax – Special Revenue Fund .....	69
Road and Bridge – Special Revenue Fund .....	70
Revolving Loan – Special Revenue Fund .....	71
Special Service Areas – Special Revenue Fund .....	72
Evidence – Special Revenue Fund .....	73
Tax Increment Financing – Special Revenue Fund .....	74
Hotel/Motel Tax – Special Revenue Fund.....	75
TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit – Capital Projects Fund.....	76
2006A Bonds – Capital Projects Fund.....	77
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual	
Water and Sewer – Enterprise Fund .....	78
Schedule of Operating Expenses – Budget and Actual – Water and Sewer – Enterprise Fund .....	79
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual	
Garbage – Enterprise Fund .....	80
Schedule of Changes in Fiduciary Net Position – Budget and Actual	
Police Pension – Pension Trust Fund .....	81
Statement of Changes in Assets and Liabilities – Agency Fund .....	82

VILLAGE OF HAMPSHIRE, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION – Continued</u>	
<b>SUPPLEMENTAL SCHEDULES</b>	
Schedule of Tax Data – Last Ten Tax Levy Years.....	83 - 84
Schedule of Water/Sewer Data .....	85
Long Term Debt Requirements	
International Plow Truck Installment Contract of 2011.....	86
Dodge Charger Installment Contract of 2013 .....	87
Dodge Ram Installment Contract of 2013.....	88
International TerraStar Dump Truck with Plow Installment Contract of 2014 .....	89
Dodge Chargers Installment Contract of 2015.....	90
Taxable General Obligation Alternate Bonds of 2010.....	91
General Obligation (Alternate Revenue Source) Refunding Bonds of 2012 .....	92
TIF Revenue Bonds of 2009A .....	93
IEPA Loan of 2002 .....	94

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**List of Principal Officials  
April 30, 2015**

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**INTRODUCTORY SECTION**

**VILLAGE PRESIDENT**

Jeffrey Magnussen

**VILLAGE BOARD OF TRUSTEES**

George Brust

Martin Ebert

Janet Kraus

Michael Reid Jr.

Orris Ruth

Rob Whaley

**ADMINISTRATIVE**

Linda R. Vasquez, Village Clerk

Lori A. Lyons, Finance Director

**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

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



**INDEPENDENT AUDITORS' REPORT**

February 3, 2016

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hampshire, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hampshire, Illinois, as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Village of Hampshire, Illinois

February 3, 2016

Page 2

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*Lauterbach + Amen LLP*  
LAUTERBACH & AMEN, LLP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### VILLAGE OF HAMPSHIRE, ILLINOIS

#### Management's Discussion and Analysis April 30, 2015

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Our discussion and analysis of the Village of Hampshire's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2015. Please read it in conjunction with the Village's financial statements, which begin on page 3.

#### FINANCIAL HIGHLIGHTS

- The Village's net position decreased as a result of this year's operations. Net position of the governmental activities decreased by \$619,362, or 1.9 percent and net position of the business-type activities decreased by \$916,978, or 1.9 percent.
- During the year, government-wide revenues before transfers for the primary government totaled \$6,293,207 while expenses totaled \$7,829,547, resulting in a decrease to net position of \$1,536,340.
- The Village's net position totaled \$80,656,720 on April 30, 2015, which includes \$77,054,992 net investment in capital assets, \$3,451,301 subject to external restrictions, and \$150,427 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported an increase in fund balance this year of \$334,425, resulting in ending fund balance of \$432,719, an increase of 340.2 percent.

#### USING THIS ANNUAL REPORT

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

#### Government-Wide Financial Statements

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

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USING THIS ANNUAL REPORT – Continued

**Government-Wide Financial Statements – Continued**

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

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USING THIS ANNUAL REPORT – Continued

**Fund Financial Statements – Continued**

**Governmental Funds – Continued**

The Village maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, SSA 13 Improvement, Transportation Impact Fees, SSA 16 – 19 Improvements, SSA 14 Improvements, and Public Use Funds, all of which are considered major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for all of the governmental funds, except the SSA 13 Improvements Fund, the SSA 16-19 Improvements Fund, the SSA 14 Improvements Fund, the SSA Bond 5-55 Fund, the Capital Improvements Fund, the Equipment Replacement Fund, the Early Warning Impact Fees Fund and the Health Insurance Fund. A budgetary comparison schedule for the budgeted funds has been provided to demonstrate compliance with this budget.

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

**Proprietary Funds**

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

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 54 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's General Fund budgetary comparison schedule and disclosures regarding the Village's Illinois Municipal Retirement Fund and Police Pension Fund. Required supplementary information can be found on pages 55 - 60 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 61 - 82 of this report.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets exceeded liabilities and deferred inflows by \$80,656,720.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 5,519,083	5,638,241	350,345	364,372	5,869,428	6,002,613
Capital Assets	31,023,994	31,215,573	52,158,609	53,445,096	83,182,603	84,660,669
Total Assets	36,543,077	36,853,814	52,508,954	53,809,468	89,052,031	90,663,282
Long-Term Debt	2,117,753	2,353,052	3,339,898	3,784,179	5,457,651	6,137,231
Other Liabilities	982,823	784,385	656,799	596,054	1,639,622	1,380,439
Deferred Inflows	1,298,038	952,552	-	-	1,298,038	952,552
Total Liabilities/Deferred Inflows	4,398,614	4,089,989	3,996,697	4,380,233	8,395,311	8,470,222
Net Position						
Net Investment in Capital Assets	28,680,276	28,655,028	48,374,716	49,319,942	77,054,992	77,974,970
Restricted	3,451,301	4,309,236	-	-	3,451,301	4,309,236
Unrestricted (Deficit)	12,886	(200,439)	137,541	109,293	150,427	(91,146)
Total Net Position	32,144,463	32,763,825	48,512,257	49,429,235	80,656,720	82,193,060

A large portion of the Village's net position, \$77,054,992 or 95.5 percent, reflects its investment in capital assets (for example, land, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$3,451,301 or 4.3 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used, specifically for debt service requirements. The remaining \$150,427 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 714,558	663,602	2,275,574	2,107,013	2,990,132	2,770,615
Operating Grants/Contrib.	181,357	165,086	25,000	-	206,357	165,086
Capital Grants/Contrib.	-	156,596	-	-	-	156,596
<b>General Revenues</b>						
Property and Replacement Taxes	979,568	955,590	-	-	979,568	955,590
Sales and Use Taxes	775,557	724,001	-	-	775,557	724,001
Income Taxes	544,840	542,063	-	-	544,840	542,063
Utility Taxes	438,353	451,116	-	-	438,353	451,116
Interest Income	4,719	2,505	12	9	4,731	2,514
Miscellaneous	353,627	140,541	42	-	353,669	140,541
<b>Total Revenues</b>	<b>3,992,579</b>	<b>3,801,100</b>	<b>2,300,628</b>	<b>2,107,022</b>	<b>6,293,207</b>	<b>5,908,122</b>
<b>Expenses</b>						
General Government	853,307	913,039	-	-	853,307	913,039
Police Protection	1,794,745	1,617,164	-	-	1,794,745	1,617,164
Highways and Streets	1,974,769	1,784,541	-	-	1,974,769	1,784,541
Planning and Zoning	861	535	-	-	861	535
Interest on Long-Term Debt	96,886	104,073	-	-	96,886	104,073
Water and Sewer	-	-	2,642,507	2,717,734	2,642,507	2,717,734
Garbage	-	-	466,472	429,234	466,472	429,234
<b>Total Expenses</b>	<b>4,720,568</b>	<b>4,419,352</b>	<b>3,108,979</b>	<b>3,146,968</b>	<b>7,829,547</b>	<b>7,566,320</b>
Change in Net Position Before Transfers	(727,989)	(618,252)	(808,351)	(1,039,946)	(1,536,340)	(1,658,198)
Transfers	108,627	82,325	(108,627)	(82,325)	-	-
Change in Net Position	(619,362)	(535,927)	(916,978)	(1,122,271)	(1,536,340)	(1,658,198)
Net Position - Beginning	32,763,825	33,299,752	49,429,235	50,551,506	82,193,060	83,851,258
Net Position-Ending	32,144,463	32,763,825	48,512,257	49,429,235	80,656,720	82,193,060

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

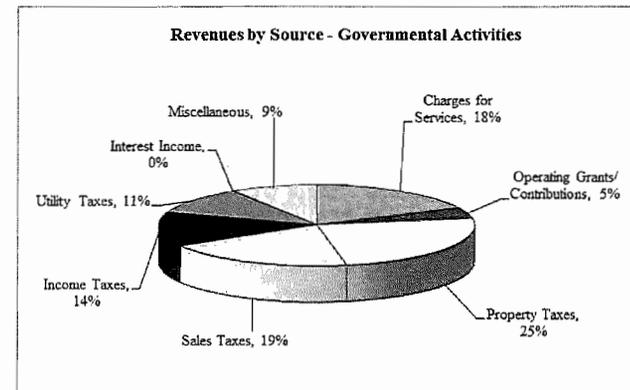
Net position of the Village's governmental activities decreased by 1.9 percent (\$32,144,463 in 2015, compared to \$32,763,825 in 2014). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, was a surplus of \$12,886 at April 30, 2015.

Net position of business-type activities decreased by 1.9 percent (\$48,512,257 in 2015 compared to a restated \$49,429,423 in 2014).

**Governmental Activities**

Revenues for governmental activities totaled \$3,992,579, while the cost of all governmental functions totaled \$4,720,568. This results in a decrease of \$727,989 prior to transfers in of \$108,627. In 2014, revenues of \$3,801,100 were less than expenses of \$4,419,352 resulting in a decrease of \$618,252 prior to transfers in of \$82,325. During 2015, the Village continued to see increases in some of its state shared revenues, including sales and uses taxes and income taxes and telecommunication utility taxes. Overall revenues for the governmental activities increased \$471,154 and expenses increased \$762,072.

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



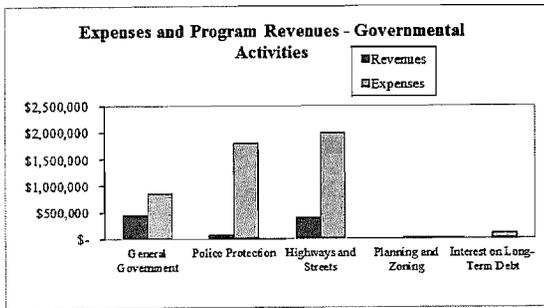
VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

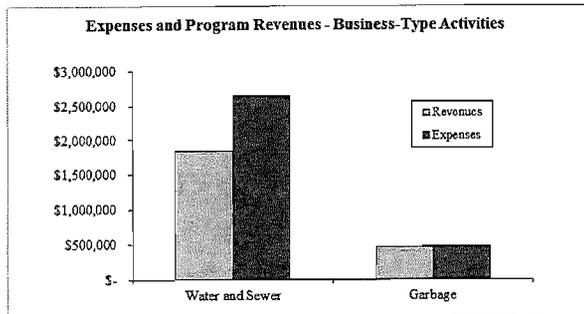
Governmental Activities – Continued

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



Business-Type activities

Business-Type activities reported total revenues of \$2,300,628, while the cost of all business-type activities totaled \$3,108,979. This results in a decrease in net position of \$808,351 prior to transfers out of \$108,627. In 2014, revenues of \$2,107,022 were less than expenses of \$3,146,968, resulting in a decrease in net position of \$1,039,946 prior to transfers out of \$82,325. The decrease in the current year is largely the result of depreciation expense.



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

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The Village's governmental funds reported combining ending fund balances of \$3,468,462, which is \$646,789 lower than last year's total of \$4,115,251. Of the \$3,468,462 total, the Village has an unassigned deficit of \$41,556.

The General Fund reported fund balance for the year of \$432,719, an increase of \$334,425 or 340.2 percent. While revenues increased in the General Fund, expenditures increased as well.

The General Fund is the chief operating fund of the Village. At April 30, 2015, unassigned fund balance in the General Fund was \$291,270, which represents 67.3 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 9.3 percent of total General Fund expenditures.

The Village reports five capital projects funds as major funds: SSA 13 Improvement Fund, Transportation Impact Fees Fund, SSA 16 – 19 Improvements Fund, SSA 14 Improvements Fund, and Public Use Fund. The SSA 13 Improvement Fund reported a decrease in fund balance of \$917,026 due to restructuring the bond coupled with no revenues. The Transportation Impact Fees Fund reported an increase in fund balance of \$97,937 due to very little spending in this fund during the current year. The SSA 16-19 Improvement Fund reported a decrease in fund balance of \$127,631 while SSA 14 Improvement Fund reported an \$8,136 increase. The Public Use Fund reported an increase of \$9,721.

All other governmental funds of the Village are reported as nonmajor funds, including the Motor Fuel Tax Fund, Road and Bridge Fund, Revolving Loan Fund, Special Service Areas Fund, Evidence Fund, Tax Increment Financing Fund, Hotel/Motel Tax Fund, SSA Bond 5-55 Fund, Capital Improvements Fund, TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit Fund, 2006A Bonds Fund, Equipment Replacement Fund, and Early Warning Impact Fee Fund.

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

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

The Village reports the Water and Sewer Fund as a major proprietary fund that account for the provision of water and sewer services to the residents of the Village. In the current year, the Water and Sewer Fund reported a decrease in net position of \$904,164 due mainly to depreciation costs.

The Village also reports the Garbage fund as a major proprietary fund, which accounts for the provision of garbage service to the residents of the Village. In the current year, the Garbage Fund reported a decrease in net position of \$12,814 due to garbage expenses exceeding collections.

GENERAL FUND BUDGETARY HIGHLIGHTS

No amendments were made to the General Fund budget during the year. General Fund actual revenues for the year totaled \$3,396,068 compared to budgeted revenues of \$2,991,089. Taxes, licenses and permits, and miscellaneous revenues were all higher than budgeted.

The General Fund actual expenditures for the year were \$3,132,661 with budgeted expenditures of \$3,129,662. The Village worked during the year to control costs in the General Fund but had unexpected costs in police protection.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2015 was \$83,182,603 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, and underground water and sewer lines.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 20,868,259	20,868,259	1,201,448	1,201,448	22,069,707	22,069,707
Construction in Progress	-	-	140,990	705,435	140,990	705,435
Buildings	10,600	11,660	23,203,533	23,822,357	23,214,133	23,834,017
Machinery and Equipment	342,657	390,170	112,816	70,390	455,473	460,560
Underground Water and Sewer Lines	9,802,478	9,945,484	27,499,822	27,645,466	37,302,300	37,590,950
Total	31,023,994	31,215,573	52,158,609	53,445,096	83,182,603	84,660,669

VILLAGE OF HAMPSHIRE, ILLINOIS

Management's Discussion and Analysis  
April 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

This year's major additions included:

Construction in Progress	\$ 41,303
Vehicles, Machinery and Equipment	118,609
Infrastructure	127,605
	<u>287,517</u>

Additional information on the Village's capital assets can be found in note 3 on pages 33 - 34 of this report.

Debt Administration

At year-end, the Village had total outstanding debt of \$6,117,680 as compared to \$6,666,385 the previous year, a decrease of 8.2 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment Contracts	\$ 102,351	147,764	-	-	102,351	147,764
General Obligations/ Alternate Revenue Bonds	971,367	1,117,781	1,713,692	1,845,603	2,685,059	2,963,384
TIF Revenue Bonds	1,270,000	1,295,000	-	-	1,270,000	1,295,000
IEPA Loans	-	-	2,060,270	2,260,237	2,060,270	2,260,237
Debt Certificates	-	-	-	-	-	-
Total	2,343,718	2,560,545	3,773,962	4,105,840	6,117,680	6,666,385

During the year the Village did not issued any new long-term debt and made annual payments on all other long-term debt issuances. State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt margin for the Village is \$11,987,321.

Additional information on the Village's long-term debt can be found in Note 3 on pages 36 - 42 of this report.

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2015**

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

The downturn in the economy has affected the Village most notably in the slowdown of new residential development. Although the Village annexed several acres of commercial and residential property, virtually all new residential development had ceased. The Village offers a variety of housing types at costs competitive with neighboring communities. The Village remains optimistic about the recent number of new residential building permits issued and is seeing a modest upturn in the housing market.

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

**REQUESTS FOR INFORMATION**

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

**BASIC FINANCIAL STATEMENTS**

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Position  
April 30, 2015

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Position  
April 30, 2015

	Governmental Activities	Business- Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 2,750,462	1,109,881	3,860,343
Receivables - Net of Allowances	1,358,351	429,651	1,788,002
Notes Receivable	128,806	-	128,806
Prepays	58,709	33,568	92,277
Internal Balances	1,222,755	(1,222,755)	-
Total Current Assets	5,519,083	350,345	5,869,428
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	20,868,259	1,342,438	22,210,697
Depreciable Capital Assets	12,596,948	64,239,372	76,836,320
Accumulated Depreciation	(2,441,213)	(13,423,201)	(15,864,414)
Total Noncurrent Assets	31,023,994	52,158,609	83,182,603
Total Assets	36,543,077	52,508,954	89,052,031

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

	Governmental Activities	Business- Type Activities	Totals
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 233,166	137,386	370,552
Accrued Payroll	50,212	5,230	55,442
Accrued Interest Payable	32,813	40,111	72,924
Deposits Payable	642,522	-	642,522
Other Liabilities	17,933	18,620	36,553
Current Portion of Long-term Debt	321,392	455,452	776,844
Total Current Liabilities	1,298,038	656,799	1,954,837
<b>Noncurrent Liabilities</b>			
Net Pension Obligation	14,625	-	14,625
Installment Contracts	17,761	-	17,761
General Obligation Alternate Revenue Bonds	845,367	1,484,980	2,330,347
TIF Revenue Bonds	1,240,000	-	1,240,000
IEPA Loan	-	1,854,918	1,854,918
Total Noncurrent Liabilities	2,117,753	3,339,898	5,457,651
Total Liabilities	3,415,791	3,996,697	7,412,488
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	982,823	-	982,823
Total Liabilities and Deferred Inflows of Resources	4,398,614	3,996,697	8,395,311
<b>NET POSITION</b>			
Net Investment in Capital Assets	28,680,276	48,374,716	77,054,992
<b>Restricted</b>			
Police Impound Fees	12,568	-	12,568
Tree Replacement	70,172	-	70,172
Highways and Streets	1,517,273	-	1,517,273
Public Safety	5,967	-	5,967
Subdivision Maintenance	51,175	-	51,175
Economic Development	1,016,375	-	1,016,375
Tourism	46,000	-	46,000
Public Use	731,771	-	731,771
Unrestricted	12,886	137,541	150,427
Total Net Position	32,144,463	48,512,257	80,656,720

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Activities  
For the Fiscal Year Ended April 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General Government	\$ 853,307	448,520	-	-
Police Protection	1,794,745	62,013	-	-
Highways and Streets	1,974,769	204,025	181,357	-
Planning and Zoning	861	-	-	-
Interest on Long-Term Debt	96,886	-	-	-
Total Governmental Activities	4,720,568	714,558	181,357	-
<b>Business-Type Activities</b>				
Water and Sewer	2,642,507	1,821,916	25,000	-
Garbage	466,472	453,658	-	-
Total Business-Type Activities	3,108,979	2,275,574	25,000	-
Total Primary Government	7,829,547	2,990,132	206,357	-

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

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(404,787)	-	(404,787)
(1,732,732)	-	(1,732,732)
(1,589,387)	-	(1,589,387)
(861)	-	(861)
(96,886)	-	(96,886)
(3,824,653)	-	(3,824,653)
-	(795,591)	(795,591)
-	(12,814)	(12,814)
-	(808,405)	(808,405)
(3,824,653)	(808,405)	(4,633,058)
957,075	-	957,075
22,493	-	22,493
775,557	-	775,557
544,840	-	544,840
438,353	-	438,353
4,719	12	4,731
353,627	42	353,669
108,627	(108,627)	-
3,205,291	(108,573)	3,096,718
(619,362)	(916,978)	(1,536,340)
32,763,825	49,429,235	82,193,060
32,144,463	48,512,257	80,656,720

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Governmental Funds - Balance Sheet  
April 30, 2015

	General	SSA 13 Improvement	Transportation Impact Fees
<b>ASSETS</b>			
Cash and Investments	\$ 794,181	27	330,175
Receivables - Net of Allowances			
Property Taxes	816,641	-	-
Other Taxes	362,590	-	-
Due from Other Funds	1,439,157	-	131,025
Notes Receivable	-	-	-
Prepays	58,709	-	-
Total Assets	3,471,278	27	461,200
<b>LIABILITIES</b>			
Accounts Payable	96,056	-	2,400
Accrued Payroll	48,974	-	-
Deposits Payable	642,522	-	-
Other Liabilities	17,933	-	-
Due to Other Funds	1,335,631	-	24,000
Compensated Absences Payable	80,802	-	-
Total Liabilities	2,221,918	-	26,400
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	816,641	-	-
Total Liabilities and Deferred Inflows of Resources	3,038,559	-	26,400
<b>FUND BALANCES</b>			
Nonspendable	58,709	-	-
Restricted	82,740	27	434,800
Unassigned	291,270	-	-
Total Fund Balances	432,719	27	434,800
Total Liabilities, Deferred Inflows of Resources and Fund Balances	3,471,278	27	461,200

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

Capital Projects				
SSA 16 - 19 Improvements	SSA 14 Improvements	Public Use	Nonmajor	Totals
24	168,686	245,445	1,211,924	2,750,462
-	-	-	166,182	982,823
-	-	-	12,938	375,528
-	-	589,327	1,028,450	3,187,959
-	-	-	128,806	128,806
-	-	-	-	58,709
<u>24</u>	<u>168,686</u>	<u>834,772</u>	<u>2,548,300</u>	<u>7,484,287</u>
-	-	3,507	131,503	233,466
-	-	-	1,238	50,212
-	-	-	-	642,522
-	-	-	-	17,933
-	-	99,494	548,942	2,008,067
-	-	-	-	80,802
-	-	103,001	681,683	3,033,002
-	-	-	166,182	982,823
-	-	103,001	847,865	4,015,825
-	-	-	-	58,709
24	168,686	731,771	2,033,261	3,451,309
-	-	-	(332,826)	(41,556)
<u>24</u>	<u>168,686</u>	<u>731,771</u>	<u>1,700,435</u>	<u>3,468,462</u>
<u>24</u>	<u>168,686</u>	<u>834,772</u>	<u>2,548,300</u>	<u>7,484,287</u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

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

April 30, 2015

<b>Total Governmental Fund Balances</b>	\$ 3,468,462
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	31,023,994
Internal service funds are used by the Village to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	43,163
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net Pension Obligation	(14,625)
Installment Contracts	(102,351)
General Obligation/Alternate Revenue Bonds	(971,367)
TIF Revenue Bonds	(1,270,000)
Accrued Interest Payable	(32,813)
<b>Net Position of Governmental Activities</b>	<u>32,144,463</u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2015

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2015

	General	SSA 13 Improvement	Transportation Impact Fees
<b>Revenues</b>			
Taxes	\$ 2,545,363	-	-
Charges for Services	231,695	-	124,336
Intergovernmental	-	-	-
Licenses and Permits	216,825	-	-
Fines and Forfeits	59,316	-	-
Investment Income	365	10	1
Miscellaneous	342,504	30	-
<b>Total Revenues</b>	<b>3,396,068</b>	<b>40</b>	<b>124,337</b>
<b>Expenditures</b>			
<b>Current</b>			
General Government	838,133	-	-
Highways and Streets	430,007	917,066	2,400
Police Protection	1,754,194	-	-
Planning and Zoning	861	-	-
<b>Debt Service</b>			
Principal Retirement	94,653	-	-
Interest and Fiscal Charges	14,813	-	-
<b>Total Expenditures</b>	<b>3,132,661</b>	<b>917,066</b>	<b>2,400</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>263,407</b>	<b>(917,026)</b>	<b>121,937</b>
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	45,755	-	-
Transfers In	115,263	-	-
Transfers Out	(90,000)	-	(24,000)
	71,018	-	(24,000)
<b>Net Change in Fund Balances</b>	<b>334,425</b>	<b>(917,026)</b>	<b>97,937</b>
<b>Fund Balances - Beginning</b>	<b>98,294</b>	<b>917,053</b>	<b>336,863</b>
<b>Fund Balances - Ending</b>	<b>432,719</b>	<b>27</b>	<b>434,800</b>

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

Capital Projects				
SSA 16 - 19 Improvements	SSA 14 Improvements	Public Use	Nonmajor	Total
-	-	-	192,955	2,738,318
-	-	-	191	356,222
-	-	79,498	184,054	263,552
-	-	-	-	216,825
-	-	-	-	59,316
3	10	223	4,107	4,719
140	8,126	-	2,827	353,627
143	8,136	79,721	384,134	3,992,579
-	-	-	15,174	853,307
127,774	-	-	346,237	1,823,484
-	-	-	-	1,754,194
-	-	-	-	861
-	-	-	167,929	262,582
-	-	-	84,509	99,322
127,774	-	-	613,849	4,793,750
(127,631)	8,136	79,721	(229,715)	(801,171)
-	-	-	-	45,755
-	-	-	292,627	407,890
-	-	(70,000)	(115,263)	(299,263)
-	-	(70,000)	177,364	154,382
(127,631)	8,136	9,721	(52,351)	(646,789)
127,655	160,550	722,050	1,752,786	4,115,251
24	168,686	731,771	1,700,435	3,468,462

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

VILLAGE OF HAMPSHIRE, ILLINOIS

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

For the Fiscal Year Ended April 30, 2015

**Net Change in Fund Balances - Total Governmental Funds** \$ (646,789)

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

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

Capital Outlays 176,293  
Depreciation Expense (362,126)

The net effect of various miscellaneous transactions involving capital assets  
is to decrease net position.

Disposals - Cost (83,112)  
Disposals - Accumulated Depreciation 77,366

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

Additions to Net Pension Obligation (257)  
Debt Issuance (45,755)  
Retirement of Debt 262,582

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

2,436

**Changes in Net Position of Governmental Activities**

(619,362)

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Position - Proprietary Funds  
April 30, 2015

See Following Page

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Net Position - Proprietary Funds  
April 30, 2015

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Garbage	Total	Activities Internal Service
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 1,109,881	-	1,109,881	-
Receivables - Net of Allowances Accounts	339,350	90,301	429,651	-
Due from Other Funds	73,083	18,782	91,865	43,163
Prepays	33,568	-	33,568	-
<b>Total Current Assets</b>	<b>1,555,882</b>	<b>109,083</b>	<b>1,664,965</b>	<b>43,163</b>
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Nondepreciable Capital Assets	1,342,438	-	1,342,438	-
Depreciable Capital Assets	64,239,372	-	64,239,372	-
Accumulated Depreciation	(13,423,201)	-	(13,423,201)	-
<b>Total Noncurrent Assets</b>	<b>52,158,609</b>	<b>-</b>	<b>52,158,609</b>	<b>-</b>
<b>Total Assets</b>	<b>53,714,491</b>	<b>109,083</b>	<b>53,823,574</b>	<b>43,163</b>

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

	Business-Type Activities - Enterprise			Governmental
	Water and	Garbage	Total	Activities
	Sewer			Internal Service
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 99,234	38,152	137,386	-
Accrued Payroll	5,230	-	5,230	-
Accrued Interest Payable	40,111	-	40,111	-
Other Liabilities	18,620	-	18,620	-
Due to Other Funds	1,269,556	45,064	1,314,620	-
Compensated Absences Payable	11,457	-	11,457	-
Installment Contracts	9,931	-	9,931	-
General Obligation Bonds	228,712	-	228,712	-
IEPA Loan	205,352	-	205,352	-
Total Current Liabilities	1,888,203	83,216	1,971,419	-
Noncurrent Liabilities				
General Obligation Bonds	1,484,980	-	1,484,980	-
IEPA Loan	1,854,918	-	1,854,918	-
Total Noncurrent Liabilities	3,339,898	-	3,339,898	-
Total Liabilities	5,228,101	83,216	5,311,317	-
<b>NET POSITION</b>				
Net Investment in Capital Assets				
Unrestricted	48,374,716	-	48,374,716	-
	111,674	25,867	137,541	43,163
Total Net Position	48,486,390	25,867	48,512,257	43,163

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Fiscal Year Ended April 30, 2015

	Business-Type Activities - Enterprise			Governmental
	Water and	Garbage	Total	Activities
	Sewer			Internal Service
Operating Revenues				
Charges for Services	\$ 1,753,881	453,658	2,207,539	-
Operating Expenses				
Operations				
Water Department	563,266	-	563,266	-
Sewer Department	540,042	466,472	1,006,514	-
System Improvements	43,408	-	43,408	-
Depreciation	1,397,711	-	1,397,711	-
Total Operating Expenses	2,544,427	466,472	3,010,899	-
Operating Income (Loss)	(790,546)	(12,814)	(803,360)	-
Nonoperating Revenues (Expenses)				
Tap On Fees	68,035	-	68,035	-
Investment Income	12	-	12	-
Grant	25,000	-	25,000	-
Other Income	42	-	42	-
Interest and Fiscal Charges	(98,080)	-	(98,080)	-
	(4,991)	-	(4,991)	-
Income (Loss) Before Transfers	(795,537)	(12,814)	(808,351)	-
Transfers Out	(108,627)	-	(108,627)	-
Change in Net Position	(904,164)	(12,814)	(916,978)	-
Net Position - Beginning	49,390,554	38,681	49,429,235	43,163
Net Position - Ending	48,486,390	25,867	48,512,257	43,163

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended April 30, 2015

	Business-Type Activities - Enterprise			Governmental
	Water and	Garbage	Total	Internal
	Sewer			Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 3,019,214	437,948	3,457,162	-
Payments to Employees	(179,918)	-	(179,918)	-
Payments to Suppliers	(1,309,993)	(628,824)	(1,938,817)	-
	<u>1,529,303</u>	<u>(190,876)</u>	<u>1,338,427</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities				
Transfers Out	(108,627)	-	(108,627)	-
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(111,224)	-	(111,224)	-
Issuance of Capital Debt	-	-	-	-
Principal on Capital Debt	(341,261)	-	(341,261)	-
Interest on Capital Debt	(98,080)	-	(98,080)	-
	<u>(550,565)</u>	<u>-</u>	<u>(550,565)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest Received	12	-	12	-
Net Change in Cash and Cash Equivalents	870,123	(190,876)	679,247	-
Cash and Cash Equivalents - Beginning	239,758	190,876	430,634	-
Cash and Cash Equivalents - Ending	<u>1,109,881</u>	<u>-</u>	<u>1,109,881</u>	<u>-</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(790,546)	(12,814)	(803,360)	-
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used In) Operating Activities:				
Depreciation Expense	1,397,711	-	1,397,711	-
Other Income	93,077	-	93,077	-
(Increase) Decrease in Current Assets	1,172,256	(15,710)	1,156,546	-
Increase (Decrease) in Current Liabilities	(343,195)	(162,352)	(505,547)	-
Net Cash Provided by Operating Activities	<u>1,529,303</u>	<u>(190,876)</u>	<u>1,338,427</u>	<u>-</u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Fiduciary Net Position  
April 30, 2015

	Pension	Agency
	Trust	
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 852,947	2,863,783
Cash with Fiscal Agent	-	293,021
Due from Other Funds	-	12,612
Total Assets	<u>852,947</u>	<u>3,169,416</u>
<b>LIABILITIES</b>		
Account Payable	120	-
Due to Park District and Village Parks	-	505,984
Due to School Districts	-	19,637
Due to Library Districts	-	86,282
Due to Fire Districts	-	21,004
Due to Others	-	961
Due to Other Funds	-	12,912
Due to Bondholders	-	2,522,636
Total Liabilities	<u>120</u>	<u>3,169,416</u>
<b>NET POSITION</b>		
Net Position Restricted for Pensions	<u>852,827</u>	

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended April 30, 2015

	Pension Trust
Additions	
Contributions - Employer	\$ 208,600
Contributions - Plan Members	83,662
Total Contributions	<u>292,262</u>
Other Income	<u>50</u>
Investment Income	
Interest Earned	215
Net Change in Fair Value	<u>-</u>
	215
Less Investment Expenses	<u>-</u>
Net Investment Income	<u>215</u>
Total Additions	<u>292,527</u>
Deductions	
Administration	5,449
Benefits and Refunds	<u>35,131</u>
Total Deductions	<u>40,580</u>
Change in Fiduciary Net Position	251,947
Net Position Restricted for Pensions	
Beginning	<u>600,880</u>
Ending	<u><u>852,827</u></u>

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

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

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels.

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**BASIS OF PRESENTATION**

**Government-Wide Statements**

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

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

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

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

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, interest income, etc.). The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund. This government-wide focus concentrates on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**BASIS OF PRESENTATION – Continued**

**Fund Financial Statements**

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

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

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

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

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

**Governmental Funds**

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**BASIS OF PRESENTATION** – Continued

**Fund Financial Statements** – Continued

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains seven non-major special revenue funds.

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

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

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**BASIS OF PRESENTATION** – Continued

**Fund Financial Statements** – Continued

**Proprietary Funds** – Continued

**Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains one internal service fund, the Health Insurance Fund, which mitigates the burden of increases in health insurance costs. The Village has various arrangements for medical, dental and vision insurance coverage for employees. The Village's plan is to charge the department from which the employee is associated a set amount building net assets. The accumulated resources will be used in the future to lessen the amount of premium increases charged to employees and the employees' departments. The department charges account for the revenues in this fund.

**Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

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

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

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

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

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

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds “Statement of Cash Flows,” cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

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

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Prepays

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure, such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	10 - 50 Years
Vehicles, Machinery and Equipment	5 - 20 Years
Underground Water/Sewer Lines	25 - 50 Years
Infrastructure	25 - 50 Years

Long-Term Obligations

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

Budgets are prepared for all funds except the SSA 13 Improvement Fund, the SSA 16 - 19 Improvements Fund, the SSA 14 Improvements Fund, the SSA Bond 5-55 Fund, the Capital Improvements Fund, the Equipment Replacement Fund, the Early Warning Impact Fees and the Health Insurance Fund.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
General	\$ 3,039
Motor Fuel Tax	60,283
Revolving Loan	1,231
Special Service Areas	3,331
Evidence	613
Tax Increment Financing	281
TIF Revenue Bonds of 2009A/Tuscany Woods Line of Credit	109,565
Garbage	29,282
Police Pension	30,555

DEFICIT FUND BALANCE

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

Fund	Deficit
Tax Increment Financing	\$ 320,560
Capital Improvements	12,266

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

*Deposits.* At year-end, the carrying amount of the Village’s deposits for governmental and business-type activities totaled \$2,998,263 and the bank balances totaled \$2,974,842. The Village also has \$862,080 invested in the Illinois Funds.

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

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

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. The Village’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian designated by the treasurer and evidenced by safekeeping receipts and a custodial agreement. At year-end \$129,550 of the bank balance of the deposits was not covered by federal depository or equivalent insurance, and represents cash at paying agent for debt service payments. The Village’s investment in the Illinois Funds is not subject to custodial credit risk.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village’s investment in a single issuer. The Village’s investment policy states that investments shall be diversified to the best of the Village’s ability based on the type of funds invested and the cash flow needs of those funds. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Funds.

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

*Deposits.* At year-end, the carrying amount of the Fund’s deposits totaled \$852,947 and the bank balances totaled \$854,241.

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

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

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

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

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 10%. Securities in any one company should not exceed 5% of the total fund.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

*Concentration Risk – Continued.* The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2015 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of April 30, 2015 are listed in the table above.

Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2014 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by County Collector and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

COMMUNITY DEVELOPMENT ASSISTANCE PROGRAM – REVOLVING LOAN FUND

The Village provides financing for qualified recipients under the Community Development Assistance Program (CDAP). Principal balances outstanding as of April 30, 2015 total \$128,806. Minimum future receipts from recipients under this program are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 128,806	5,517	134,323

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 20,868,259	-	-	20,868,259
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	58,800	-	-	58,800
Vehicles and Equipment	1,131,980	48,688	83,112	1,097,556
Infrastructure	11,312,987	127,605	-	11,440,592
	<u>12,503,767</u>	<u>176,293</u>	<u>83,112</u>	<u>12,596,948</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	47,140	1,060	-	48,200
Vehicles and Equipment	741,810	90,455	77,366	754,899
Infrastructure	1,367,503	270,611	-	1,638,114
	<u>2,156,453</u>	<u>362,126</u>	<u>77,366</u>	<u>2,441,213</u>
Total Net Depreciable Capital Assets	10,347,314	(185,833)	5,746	10,155,735
Total Net Capital Assets	<u>31,215,573</u>	<u>(185,833)</u>	<u>5,746</u>	<u>31,023,994</u>

Depreciation expense was charged to governmental activities as follows:

Public Safety	\$ 40,294
Highways and Streets	321,832
	<u>362,126</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,201,448	-	-	1,201,448
Construction in Progress	705,435	41,303	605,748	140,990
	<u>1,906,883</u>	<u>41,303</u>	<u>605,748</u>	<u>1,342,438</u>
<b>Depreciable Capital Assets</b>				
Buildings	28,725,498	-	-	28,725,498
Machinery and Equipment	354,612	69,921	-	424,533
Underground Water and Sewer Lines	34,483,593	605,748	-	35,089,341
	<u>63,563,703</u>	<u>675,669</u>	<u>-</u>	<u>64,239,372</u>
<b>Less Accumulated Depreciation</b>				
Buildings	4,903,141	618,824	-	5,521,965
Machinery and Equipment	284,222	27,495	-	311,717
Underground Water and Sewer Lines	6,838,127	751,392	-	7,589,519
	<u>12,025,490</u>	<u>1,397,711</u>	<u>-</u>	<u>13,423,201</u>
Total Net Depreciable Capital Assets	<u>51,538,213</u>	<u>(722,042)</u>	<u>-</u>	<u>50,816,171</u>
Total Net Capital Assets	<u>53,445,096</u>	<u>(680,739)</u>	<u>605,748</u>	<u>52,158,609</u>

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

Water and Sewer	<u>\$ 1,397,711</u>
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VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Transportation Impact Fees	\$ 16,017
General	Public Use	99,494
General	Nonmajor Governmental	445,856
General	Water and Sewer	851,726
General	Garbage	16,902
General	Agency	9,162
Transportation Impact Fees	General	51,801
Transportation Impact Fees	Nonmajor Governmental	51,062
Transportation Impact Fees	Garbage	28,162
Public Use	General	585,577
Public Use	Agency	3,750
Nonmajor Governmental	General	604,610
Nonmajor Governmental	Nonmajor Governmental	13,653
Nonmajor Governmental	Water and Sewer	410,187
Water and Sewer	General	50,432
Water and Sewer	Nonmajor Governmental	22,651
Garbage	General	3,062
Garbage	Nonmajor Governmental	15,720
Health Insurance	General	35,520
Health Insurance	Water and Sewer	7,643
Agency	General	4,629
Agency	Transportation Impact Fees	7,983
		<u>3,335,599</u>

Interfund balances are advances in anticipation of receipts.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	\$ 115,263
Nonmajor Governmental	General	90,000
Nonmajor Governmental	Transportation Impact Fees	24,000
Nonmajor Governmental	Public Use	70,000
Nonmajor Governmental	Water and Sewer	108,627
		<u>407,890</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

Installment Contracts

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Installment Contracts – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
International Plow Truck Installment Contract of 2011 - Due in monthly installments of \$2,533 including interest at 4.00% through May 1, 2016.	General	\$ 60,613	-	28,457	32,156
Dodge Charger Installment Contract of 2012 - Due in annual installments of \$8,017 including interest at 6.50% through July 18, 2014.	General	7,527	-	7,527	-
Dodge Charger Installment Contract of 2013 - Due in annual installments of \$16,080 including interest at 4.00% through July 3, 2015.	General	29,275	-	14,177	15,098
Dodge Ram Installment Contract of 2013 - Due in annual installments of \$10,511 including interest at 5.84% through January 28, 2016.	Water and Sewer	19,314	-	9,383	9,931
International TerraStar Dump Truck with Plow Installment Contract of 2014 - Due in annual installments of \$25,912 including interest at 1.947% through July 9, 2016.	General	50,349	-	24,932	25,417
Dodge Chargers Installment Contract of 2015 - Due in annual installments of \$16,075 including interest at 5.50% through June 13, 2016.	General	-	45,755	16,075	29,680
		<u>167,078</u>	<u>45,755</u>	<u>100,551</u>	<u>112,282</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Alternate Revenue Source Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source ) Bonds of 2006 - Due in annual installments of \$60,000 to \$135,000 plus interest of 4.10% - 5.00% through December 15, 2015.	Capital Bonds	\$ 90,000	-	90,000	-
Taxable General Obligation Alternate Bonds of 2010 - Due in annual installments of \$51,564 to \$66,305 plus interest of 1.15% - 4.80% through December 15, 2020.	Water and Sewer	413,384	-	53,325	360,059
General Obligation (Alternate Revenue Source ) Refunding Bonds of 2012 - Due in annual installments of \$95,000 to \$135,000 plus interest of 2.00% - 2.75% through December 15, 2023.	Capital Bonds	1,027,781	-	56,414	971,367
	Water and Sewer	1,432,219	-	78,586	1,353,633
		<u>2,963,384</u>	<u>-</u>	<u>278,325</u>	<u>2,685,059</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

TIF Revenue Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
TIF Revenue Bonds of 2009A - Due in annual installments of \$25,000 to \$215,000, plus interest of 5.25%, through December 15, 2028.	Tax Increment Financing	\$ 1,295,000	-	25,000	1,270,000

IEPA Loan

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan of 2002 - Due in semi-annual installments of \$129,550 including interest at 2.675% through November 15, 2023.	Water and Sewer	\$ 2,260,237	-	199,967	2,060,270

Noncommitment Debt – Special Service Area Bonds

Special service area bonds outstanding as of the date of this report totaled \$20,447,459. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 75,371	10,862	5,431	80,802	80,802
Net Pension Obligation	14,368	257	-	14,625	-
Installment Contracts	147,764	45,755	91,168	102,351	84,590
<b>General Obligation Alternate</b>					
Revenue Bonds	1,117,781	-	146,414	971,367	126,000
TIF Revenue Bonds	1,295,000	-	25,000	1,270,000	30,000
	<u>2,650,284</u>	<u>56,874</u>	<u>268,013</u>	<u>2,439,145</u>	<u>321,392</u>
<b>Business-Type Activities</b>					
Compensated Absences	12,845	1,388	2,776	11,457	11,457
Installment Contracts	19,314	-	9,383	9,931	9,931
<b>General Obligation Alternate</b>					
Revenue Bonds	1,845,603	-	131,911	1,713,692	228,712
IEPA Loan	2,260,237	-	199,967	2,060,270	205,352
	<u>4,137,999</u>	<u>1,388</u>	<u>344,037</u>	<u>3,795,350</u>	<u>455,452</u>

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

Fiscal Year	Governmental Activities					
	Installment Contracts		General Obligation Alternate Revenue Bonds		TIF Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 84,590	3,869	126,000	20,827	30,000	66,676
2017	17,761	847	132,300	18,307	30,000	65,100
2018	-	-	132,300	15,661	30,000	63,526
2019	-	-	136,500	13,015	30,000	61,950
2020	-	-	138,600	10,285	30,000	60,376
2021	-	-	142,800	7,513	35,000	58,800
2022	-	-	54,600	4,371	30,000	56,962
2023	-	-	56,700	3,034	30,000	55,388
2024	-	-	51,567	1,559	35,000	53,812
2025	-	-	-	-	185,000	51,975
2026	-	-	-	-	190,000	42,262
2027	-	-	-	-	195,000	32,287
2028	-	-	-	-	205,000	22,050
2029	-	-	-	-	215,000	11,287
Total	<u>102,351</u>	<u>4,716</u>	<u>971,367</u>	<u>94,571</u>	<u>1,270,000</u>	<u>702,451</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity – Continued

Fiscal Year	Business-Type Activities					
	Installment Contracts		General Obligation Alternate Revenue Bonds		IEPA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 9,931	580	228,712	43,537	205,352	53,748
2017	-	-	239,108	38,360	210,882	48,218
2018	-	-	241,138	32,676	216,561	42,539
2019	-	-	249,276	26,684	222,392	36,708
2020	-	-	254,820	20,271	228,381	30,719
2021	-	-	263,505	13,557	234,530	24,570
2022	-	-	75,400	6,037	240,847	18,253
2023	-	-	78,300	4,189	247,333	11,767
2024	-	-	83,433	2,153	253,992	5,107
Total	<u>9,931</u>	<u>580</u>	<u>1,713,692</u>	<u>187,465</u>	<u>2,060,270</u>	<u>271,629</u>

Legal Debt Margin

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

Assessed Valuation - 2014	<u>\$ 138,983,434</u>
Legal Debt Limit - 8.625% of Assessed Value	11,987,321
Amount of Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>11,987,321</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2015:

Governmental Activities

Capital Assets - Net of Accumulated Depreciation	\$ 31,023,994
Less Capital Related Debt:	
Installment Contracts of 2011, 2012, 2013, 2014 and 2015	(102,351)
General Obligation (ARS) Bonds of 2012	(971,367)
TIF Revenue Bonds of 2009A	(1,270,000) <u>(2,343,718)</u>
Net Investment in Capital Assets	<u>28,680,276</u>

Business-Type Activities

Capital Assets - Net of Accumulated Depreciation	52,158,609
Less Capital Related Debt:	
Installment Contract of 2013	(9,931)
General Obligation (ARS) Bonds of 2010	(360,059)
General Obligation (ARS) Bonds of 2012	(1,353,633)
IEPA Loan of 2002	(2,060,270) <u>(3,783,893)</u>
Net Investment in Capital Assets	<u>48,374,716</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

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

	General	Capital Projects				Public Use	Nonmajor	Totals
		SSA 13 Improvement	Transportation Impact Fees	SSA 16 - 19 Improvements	SSA 14 Improvements			
Fund Balances								
Nonspendable	\$ 58,709	-	-	-	-	-	-	58,709
Restricted								
Police Impound Fees	12,568	-	-	-	-	-	-	12,568
Tree Replacement	70,172	-	-	-	-	-	-	70,172
Highways and Streets	-	27	434,800	24	168,686	-	913,736	1,517,273
Public Safety	-	-	-	-	-	-	5,967	5,967
Subdivision Maintenance	-	-	-	-	-	-	51,175	51,175
Economic Development	-	-	-	-	-	-	1,016,375	1,016,375
Tourism	-	-	-	-	-	-	46,000	46,000
Debt Service	-	-	-	-	-	-	8	8
Public Use	-	-	-	-	-	731,771	-	731,771
	82,740	27	434,800	24	168,686	731,771	2,033,261	3,451,309
Unassigned	291,270	-	-	-	-	-	(332,826)	(41,556)
Total Fund Balances	432,719	27	434,800	24	168,686	731,771	1,700,435	3,468,462

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

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

Grants

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

Sales Tax Rebates

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

The first sales tax rebate is payable to the vendor each year once the August sales tax remittance has been received by the Village from the State of Illinois. As of April 30, 2015, sales tax rebates of \$33,611 were remitted. The Village has recorded this liability in the General Fund.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

Plan Descriptions

Illinois Municipal Retirement System (IMRF)

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1) who retire at or after age 60 (full benefits) or age 55 (reduced benefits) with 8 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 (Tier 2) who retire at or after age 67 (full benefits) or age 62 (reduced benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2014 was 12.77 percent.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Police Pension Plan

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

*Plan Membership.* At April 30, 2015, the measurement date, membership consisted of the following:

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

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

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Police Pension Plan – Continued

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

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2015, the Village's contribution was 24.39% of covered payroll.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Summary of Significant Accounting Policies and Plan Asset Matters

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

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

*Significant Investments.* At year end, the Police Pension Plan has no investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2015, using the following actuarial methods and assumptions:

	Police Pension
Actuarial Valuation Date	4/15/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.00%
Salary Increases	5.00%
Cost of Living Adjustments	2.00 - 3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Police Pension			
Net Pension Liability	\$ 2,166,140	1,763,942	1,433,887

Net Pension Liability

The components of the net pension liability of the Village's Plan as of April 30, 2015, calculated in accordance with GASB Statement No. 67, were as follows:

	Police Pension
Total Pension Liability	\$ 2,616,769
Plan Fiduciary Net Position	852,827
Village's Net Pension Liability	<u>1,763,942</u>
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	32.59%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the required supplementary information for additional information related to the funded status of the Fund.

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

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

	Fiscal Year	IMRF	Police Pension
Annual Pension Cost (APC)	2013	\$ 86,104	\$ 121,222
	2014	70,097	140,444
	2015	68,712	208,587
Actual Contributions	2013	86,104	121,222
	2014	70,097	126,076
	2015	68,712	208,600
Percentage of APC Contributed	2013	100.00%	100.00%
	2014	100.00%	89.77%
	2015	100.00%	100.01%
Net Pension Obligation	2013	-	-
	2014	-	14,368
	2015	-	14,625

Annual Pension Cost and Net Pension Obligation

The pension liability as determined in accordance with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers." The net pension obligation for the Police Pension Plan is as follows:

	Police Pension
Annual Required Contribution	\$ 208,601
Interest on Net Pension Obligation	862
Adjustment to Annual Required Contribution	(606)
Annual Pension Cost	<u>208,857</u>
Actual Contribution	<u>208,600</u>
Increase / Decrease to the NPO	257
NPO Beginning	<u>14,368</u>
NPO Ending	<u>14,625</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The actuarial assumptions and related plan information for the IMRF and Police Pension Plans are as follows:

	IMRF	Police Pension
Contribution Rates		
Employer	12.77%	24.39%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/2014	4/30/2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	29 Years	26 Years
Asset Valuation Method	5-Year Smoothed Market	Market
Actuarial Assumptions		
Investment Rate of Return	7.50% Compounded Annually	6.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	5.00%
Inflation Rate Included	4.00%	2.50%
Cost-of-Living Adjustments	3.00%	2.00 - 3.00%

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

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

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	12/31/14	4/30/15
Percent Funded	132.02%	32.59%
Actuarial Accrued Liability for Benefits	\$1,264,244	\$2,616,769
Actuarial Value of Assets	\$1,668,999	\$852,827
Over (Under) Funded Actuarial Accrued Liability (UAAL)	\$404,755	(\$1,763,942)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$538,077	\$855,320
Ratio of UAAL to Covered Payroll	(75.22%)	206.23%

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Notes to the Financial Statements

April 30, 2015

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NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any post-employment benefit liability as of April 30, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule of Funding Progress and Employer Contributions  
Illinois Municipal Retirement Fund  
Police Pension Fund
- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
Police Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Police Pension Fund
- Schedule of Investment Returns  
Police Pension Fund
- Budgetary Comparison Schedule – General Fund

Notes to the Required Supplementary Information

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information  
 Schedule of Funding Progress and Employer Contributions  
 April 30, 2015

Funding Progress

Actuarial Valuation Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ 1,580,847	\$ 2,104,546	75.12%	\$ 523,699	\$ 1,334,950	39.23%
2010	1,782,282	2,317,563	76.90%	535,281	1,163,715	46.00%
2011	1,378,253	2,181,700	63.17%	803,447	1,184,048	67.86%
2012	1,555,670	2,000,925	77.75%	445,255	559,041	79.65%
2013	1,556,834	1,208,960	128.77%	(347,874)	584,631	(59.50%)
2014	1,668,999	1,264,244	132.02%	(404,755)	538,077	(75.22%)

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2010	\$ 125,218	\$ 125,218	100.00%
2011	119,630	119,630	100.00%
2012	126,101	126,101	100.00%
2013	86,104	86,104	100.00%
2014	70,097	70,097	100.00%
2015	68,712	68,712	100.00%

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension Fund

Required Supplementary Information  
 Schedule of Funding Progress and Employer Contributions  
 April 30, 2015

Funding Progress

Actuarial Valuation Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2013	403,239	2,448,519	16.47%	2,045,280	745,796	274.24%
2014	600,880	2,413,011	24.90%	1,812,131	786,835	230.31%
2015	852,827	2,616,769	32.59%	1,763,942	855,320	206.23%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2010	\$ N/A	\$ N/A	N/A
2011	N/A	N/A	N/A
2012	N/A	N/A	N/A
2013	121,222	121,222	100.00%
2014	126,076	140,444	89.77%
2015	208,600	208,601	100.00%

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

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension Fund

Required Supplementary Information  
Schedule of Employer Contributions  
April 30, 2015

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 208,601	\$ 208,600	\$ (1)	\$ 855,320	24.39%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2000 CHBCA

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension Fund

Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 154,285
Interest	143,727
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(176,846)
Change of Assumptions	117,723
Benefit Payments, Including Refunds of Member Contributions	(35,131)
Net Change in Total Pension Liability	203,758
Total Pension Liability - Beginning	2,413,011
Total Pension Liability - Ending	2,616,769
Plan Fiduciary Net Position	
Contributions - Employer	\$ 208,600
Contributions - Members	83,662
Contributions - Other	50
Net Investment Income	215
Benefit Payments, Including Refunds of Member Contributions	(35,131)
Administrative Expense	(5,449)
Net Change in Plan Fiduciary Net Position	251,947
Plan Net Position - Beginning	600,880
Plan Net Position - Ending	852,827
Employer's Net Pension Liability	\$ 1,763,942
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.59%
Covered-Employee Payroll	\$ 855,320
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	206.23%

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension Fund

Required Supplementary Information  
Schedule of Investment Returns  
April 30, 2015

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

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 2,421,469	2,421,469	2,545,363
Charges for Services	85,300	85,300	231,695
Licenses and Permits	235,850	235,850	216,825
Fines and Forfeits	70,000	70,000	59,316
Investment Income	1,000	1,000	365
Miscellaneous Income	177,470	177,470	342,504
Total Revenues	<u>2,991,089</u>	<u>2,991,089</u>	<u>3,396,068</u>
<b>Expenditures</b>			
General Government	889,012	889,012	838,133
Police Protection	1,696,077	1,696,077	1,754,194
Highways and Streets	472,825	472,825	430,007
Planning and Zoning	2,384	2,384	861
Debt Service			
Principal Retirement	56,889	56,889	94,653
Interest and Fiscal Charges	12,435	12,435	14,813
Total Expenditures	<u>3,129,622</u>	<u>3,129,622</u>	<u>3,132,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,533)</u>	<u>(138,533)</u>	<u>263,407</u>
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	-	-	45,755
Transfers In	230,888	230,888	115,263
Transfers Out	(90,000)	(90,000)	(90,000)
	<u>140,888</u>	<u>140,888</u>	<u>71,018</u>
Net Change in Fund Balance	<u>2,355</u>	<u>2,355</u>	334,425
Fund Balance - Beginning			<u>98,294</u>
Fund Balance - Ending			<u>432,719</u>

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

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### **GENERAL FUND**

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

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### **SPECIAL REVENUE FUNDS**

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

#### **Motor Fuel Tax Fund**

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

#### **Road and Bridge Fund**

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

#### **Revolving Loan Fund**

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

#### **Special Service Areas Fund**

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

#### **Evidence Fund**

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

#### **Tax Increment Financing Fund**

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

#### **Hotel/Motel Tax Fund**

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

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### **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

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

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

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**DEBT SERVICE FUND**

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

**SSA Bond Fund 5-55**

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

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**CAPITAL PROJECTS FUNDS**

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

**SSA 13 Improvement Fund**

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

**Transportation Impact Fees Fund**

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

**SSA 16 – 19 Improvements Fund**

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

**SSA 14 Improvements Fund**

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

**Public Use Fund**

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

**Capital Improvements Fund**

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

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

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**CAPITAL PROJECTS FUNDS – Continued**

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

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

**Capital Bonds Fund**

The Capital Bonds Fund is used to account for the proceeds of the 2006 Alternate Revenue Source Bonds and 2012 Alternate Revenue Source Bonds to construct various Village improvements.

**Equipment Replacement Fund**

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

**Early Warning Impact Fees Fund**

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

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**ENTERPRISE FUNDS**

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

**Water and Sewer Fund**

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

**Garbage Fund**

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

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

**INTERNAL SERVICE FUND**

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

**Health Insurance Fund**

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

**TRUST AND AGENCY FUNDS**

**PENSION TRUST FUND**

**Police Pension Fund**

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

**AGENCY FUND**

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

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2015**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 763,357	763,357	764,120
Sales and Use Taxes	695,070	695,070	775,557
State Income Taxes	516,858	516,858	544,840
Replacement Taxes	20,524	20,524	22,493
Utility Taxes	425,660	425,660	438,353
	<u>2,421,469</u>	<u>2,421,469</u>	<u>2,545,363</u>
Charges for Services	85,300	85,300	231,695
Licenses and Permits	235,850	235,850	216,825
Fines and Forfeits	70,000	70,000	59,316
Investment Income	1,000	1,000	365
Miscellaneous Income	177,470	177,470	342,504
Total Revenues	<u>2,991,089</u>	<u>2,991,089</u>	<u>3,396,068</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
General Government			
Personal Services	\$ 301,923	301,923	237,034
Contractual Services	498,539	498,539	517,660
Commodities	13,500	13,500	12,080
Other Expenditures	48,000	48,000	41,359
Capital Outlay	27,050	27,050	30,000
	<u>889,012</u>	<u>889,012</u>	<u>838,133</u>
Police Protection			
Personal Services	1,382,727	1,382,727	1,441,369
Contractual Services	175,100	175,100	177,021
Commodities	81,800	81,800	66,444
Capital Outlay	56,450	56,450	69,360
	<u>1,696,077</u>	<u>1,696,077</u>	<u>1,754,194</u>
Highways and Streets			
Personal Services	280,325	280,325	278,732
Contractual Services	133,850	133,850	113,334
Commodities	57,900	57,900	37,409
Other Expenditures	750	750	532
	<u>472,825</u>	<u>472,825</u>	<u>430,007</u>
Planning and Zoning			
Personal Services	1,884	1,884	861
Contractual Services	500	500	-
	<u>2,384</u>	<u>2,384</u>	<u>861</u>
Debt Service			
Principal Retirement	56,889	56,889	94,653
Interest and Fiscal Charges	12,435	12,435	14,813
	<u>69,324</u>	<u>69,324</u>	<u>109,466</u>
 Total Expenditures	 <u>3,129,622</u>	 <u>3,129,622</u>	 <u>3,132,661</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Transportation Impact Fees - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 163,600	163,600	124,336
Investment Income	40	40	1
Total Revenues	<u>163,640</u>	<u>163,640</u>	<u>124,337</u>
Expenditures			
Streets and Highways	54,000	54,000	2,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,640	109,640	121,937
Other Financing (Uses)			
Transfers Out	(70,000)	(70,000)	(24,000)
Net Change in Fund Balance	<u>39,640</u>	<u>39,640</u>	97,937
Fund Balance - Beginning			<u>336,863</u>
Fund Balance - Ending			<u>434,800</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Public Use - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 100,000	100,000	79,498
Investment Income	110	110	223
Total Revenues	100,110	100,110	79,721
Expenditures			
General Government	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,110	100,110	79,721
Other Financing (Uses)			
Transfers Out	(225,000)	(225,000)	(70,000)
Net Change in Fund Balance	(124,890)	(124,890)	9,721
Fund Balance - Beginning			722,050
Fund Balance - Ending			731,771

VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet  
April 30, 2015

See Following Page



VILLAGE OF HAMPSHIRE, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended April 30, 2015

	Special Revenue					
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence	Tax Increment Financing
Revenues						
Taxes	\$ -	115,263	-	40,057	-	17,952
Charges for Services	-	-	-	-	-	-
Intergovernmental	181,357	-	-	-	2,697	-
Investment Income	9	9	3,978	-	9	4
Miscellaneous	-	-	-	-	-	-
Total Revenues	181,366	115,272	3,978	40,057	2,706	17,956
Expenditures						
General Government	-	-	1,311	-	2,113	1,750
Highways and Streets	150,283	-	-	41,389	-	-
Debt Service						
Principal Retirement	-	-	-	-	-	21,515
Interest and Fiscal Charges	-	-	-	-	-	58,484
Total Expenditures	150,283	-	1,311	41,389	2,113	81,749
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,083	115,272	2,667	(1,332)	593	(63,793)
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	(115,263)	-	-	-	-
	-	(115,263)	-	-	-	-
Net Change in Fund Balances	31,083	9	2,667	(1,332)	593	(63,793)
Fund Balances - Beginning	124,858	254,991	1,013,708	52,507	5,374	(256,767)
Fund Balances - Ending	155,941	255,000	1,016,375	51,175	5,967	(320,560)

	Capital Projects							Totals
	Hotel/Motel Tax	Debt Service SSA Bond 5-55	Capital Improvements	TIF Revenue Bonds of 2009A/ Tuscany Woods Line of Credit	Capital Bonds	Equipment Replacement	Early Warning Impact Fees	
Revenues								
	19,683	-	-	-	-	-	-	192,955
	-	-	-	-	-	-	191	191
	181,357	-	-	-	-	-	-	184,054
	9	9	3,978	-	9	4	-	4,107
	-	-	-	-	-	-	-	2,827
	-	-	-	2,827	-	-	-	2,827
	19,747	4	-	2,827	30	-	191	384,134
Expenditures								
General Government	10,000	-	-	-	-	-	-	15,174
Highways and Streets	-	-	-	154,565	-	-	-	346,237
Debt Service								
Principal Retirement	-	-	-	-	146,414	-	-	167,929
Interest and Fiscal Charges	-	-	-	-	26,025	-	-	84,509
Total Expenditures	10,000	-	-	154,565	172,439	-	-	613,849
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,747	4	-	(151,738)	(172,409)	-	191	(229,715)
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	292,627	-	-	292,627
Transfers Out	-	-	-	-	-	-	-	(115,263)
	-	-	-	-	292,627	-	-	177,364
Net Change in Fund Balances	9,747	4	-	(151,738)	120,218	-	191	(52,351)
Fund Balances - Beginning	36,253	4	(12,266)	231,351	290,349	9,720	2,704	1,752,786
Fund Balances - Ending	46,000	8	(12,266)	79,613	410,567	9,720	2,895	1,700,435

VILLAGE OF HAMPSHIRE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 128,422	128,422	181,357
Investment Income	-	-	9
Total Revenues	<u>128,422</u>	<u>128,422</u>	<u>181,366</u>
Expenditures			
Highways and Streets	90,000	90,000	150,283
Net Change in Fund Balance	<u>38,422</u>	<u>38,422</u>	31,083
Fund Balance - Beginning			<u>124,858</u>
Fund Balance - Ending			<u>155,941</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Road and Bridge - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 113,182	113,182	115,263
Replacement Taxes	1,400	1,400	-
Investment Income	-	-	9
Total Revenues	<u>114,582</u>	<u>114,582</u>	<u>115,272</u>
Expenditures			
Highways and Streets	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	114,582	114,582	115,272
Other Financing (Uses)			
Transfers Out	(113,182)	(113,182)	(115,263)
Net Change in Fund Balance	<u>1,400</u>	<u>1,400</u>	9
Fund Balance - Beginning			<u>254,991</u>
Fund Balance - Ending			<u>255,000</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Revolving Loan - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ 800	800	3,978
Expenditures			
General Government	80	80	1,311
Net Change in Fund Balance	<u>720</u>	<u>720</u>	2,667
Fund Balance - Beginning			<u>1,013,708</u>
Fund Balance - Ending			<u>1,016,375</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Special Service Areas - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 39,592	39,592	40,057
Expenditures			
Highways and Streets	<u>38,058</u>	<u>38,058</u>	41,389
Net Change in Fund Balance	<u>1,534</u>	<u>1,534</u>	(1,332)
Fund Balance - Beginning			<u>52,507</u>
Fund Balance - Ending			<u>51,175</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Evidence - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Evidence Money/DUI/Drug	\$ 1,000	1,000	2,697
Investment Income	4	4	9
Total Revenues	<u>1,004</u>	<u>1,004</u>	<u>2,706</u>
Expenditures			
General Government	<u>1,500</u>	<u>1,500</u>	<u>2,113</u>
Net Change in Fund Balance	<u>(496)</u>	<u>(496)</u>	593
Fund Balance - Beginning			<u>5,374</u>
Fund Balance - Ending			<u>5,967</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Tax Increment Financing - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 17,952	17,952	17,952
Investment Income	-	-	4
Total Revenues	<u>17,952</u>	<u>17,952</u>	<u>17,956</u>
Expenditures			
General Government			
Professional Services	1,500	1,500	1,750
Debt Service			
Principal Retirement	21,500	21,500	21,515
Interest and Fiscal Charges	<u>58,468</u>	<u>58,468</u>	<u>58,484</u>
Total Expenditures	<u>81,468</u>	<u>81,468</u>	<u>81,749</u>
Net Change in Fund Balance	<u>(63,516)</u>	<u>(63,516)</u>	(63,793)
Fund Balance - Beginning			<u>(256,767)</u>
Fund Balance - Ending			<u>(320,560)</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Hotel/Motel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Hotel/Motel Tax	\$ 15,000	15,000	19,683
Investment Income	25	25	64
Total Revenues	<u>15,025</u>	<u>15,025</u>	<u>19,747</u>
Expenditures			
General Government	<u>19,000</u>	<u>19,000</u>	<u>10,000</u>
Net Change in Fund Balance	<u>(3,975)</u>	<u>(3,975)</u>	9,747
Fund Balance - Beginning			<u>36,253</u>
Fund Balance - Ending			<u>46,000</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Miscellaneous	\$ -	-	2,827
Expenditures			
Highways and Streets	<u>45,000</u>	<u>45,000</u>	<u>154,565</u>
Net Change in Fund Balance	<u>(45,000)</u>	<u>(45,000)</u>	(151,738)
Fund Balance - Beginning			<u>231,351</u>
Fund Balance - Ending			<u>79,613</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Capital Bonds - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	30
Expenditures			
Debt Service			
Principal Retirement	146,150	146,150	146,414
Interest and Fiscal Charges	148,205	148,205	26,025
Total Expenditures	294,355	294,355	172,439
Excess (Deficiency) of Revenues Over (Under) Expenditures	(294,355)	(294,355)	(172,409)
Other Financing Sources			
Transfers In	294,627	294,627	292,627
Net Change in Fund Balance	272	272	120,218
Fund Balance - Beginning			290,349
Fund Balance - Ending			410,567

VILLAGE OF HAMPSHIRE, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,608,453	1,608,453	1,753,881
Operating Expenses			
Operations			
Water Department	595,505	595,505	563,266
Sewer Department	597,382	597,382	540,042
System Improvements	57,011	57,011	43,408
Depreciation	-	-	1,397,711
Total Operating Expenses	1,249,898	1,249,898	2,544,427
Operating Income (Loss)	358,555	358,555	(790,546)
Nonoperating Revenues (Expenses)			
Tap On Fees	-	-	68,035
Investment Income	66,880	66,880	12
Grant	-	-	25,000
Other Income	-	-	42
Interest and Fiscal Charges	(75,297)	(75,297)	(98,080)
	(8,417)	(8,417)	(4,991)
Income (Loss) Before Transfers	350,138	350,138	(795,537)
Transfers Out	(108,627)	(108,627)	(108,627)
Change in Net Position	241,511	241,511	(904,164)
Net Position - Beginning			49,390,554
Net Position - Ending			48,486,390

VILLAGE OF HAMPSHIRE, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Operations			
Water Department			
Personal Services	\$ 125,448	125,448	110,985
Contractual Services	373,457	373,457	373,498
Commodities	83,850	83,850	66,033
Miscellaneous	12,750	12,750	12,750
	<u>595,505</u>	<u>595,505</u>	<u>563,266</u>
Sewer Department			
Personal Services	144,220	144,220	154,022
Contractual Services	370,537	370,537	292,921
Commodities	50,375	50,375	62,849
Miscellaneous	32,250	32,250	30,250
	<u>597,382</u>	<u>597,382</u>	<u>540,042</u>
Total Operations	<u>1,192,887</u>	<u>1,192,887</u>	<u>1,103,308</u>
System Improvements			
Water Department	<u>57,011</u>	<u>57,011</u>	<u>43,408</u>
Depreciation			
Water Department	-	-	487,925
Sewer Department	-	-	909,786
Total Depreciation	<u>-</u>	<u>-</u>	<u>1,397,711</u>
Total Operating Expenses	<u>1,249,898</u>	<u>1,249,898</u>	<u>2,544,427</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Garbage - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 432,582	432,582	453,658
Operating Expenses			
Operations			
Sewer Department	<u>437,190</u>	<u>437,190</u>	<u>466,472</u>
Change in Net Position	<u>(4,608)</u>	<u>(4,608)</u>	<u>(12,814)</u>
Net Position - Beginning			<u>38,681</u>
Net Position - Ending			<u>25,867</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 208,000	208,000	208,600
Contributions - Plan Members	79,483	79,483	83,662
<b>Total Contributions</b>	<b>287,483</b>	<b>287,483</b>	<b>292,262</b>
Other Income	-	-	50
Investment Income			
Interest Earned	75	75	215
Net Change in Fair Value	-	-	-
	75	75	215
Less Investment Expenses	-	-	-
Net Investment Income	75	75	215
<b>Total Additions</b>	<b>287,558</b>	<b>287,558</b>	<b>292,527</b>
<b>Deductions</b>			
Administration	10,025	10,025	5,449
Benefits and Refunds	-	-	35,131
<b>Total Deductions</b>	<b>10,025</b>	<b>10,025</b>	<b>40,580</b>
<b>Change in Fiduciary Net Position</b>	<b>277,533</b>	<b>277,533</b>	<b>251,947</b>
<b>Net Position Restricted for Pensions</b>			
Beginning			600,880
Ending			<u>852,827</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Agency Fund

Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended April 30, 2015

	Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Cash with Fiscal Agent	\$ 296,491	293,021	296,491	293,021
Cash and Cash Equivalents	2,930,697	2,863,783	2,930,697	2,863,783
Due from Other Funds	96,537	12,612	96,537	12,612
<b>Total Assets</b>	<b>3,323,725</b>	<b>3,169,416</b>	<b>3,323,725</b>	<b>3,169,416</b>
<b>LIABILITIES</b>				
Due to Park District and Village Parks	542,390	505,984	542,390	505,984
Due to School Districts	156,180	19,637	156,180	19,637
Due to Library Districts	75,225	86,282	75,225	86,282
Due to Fire Districts	52,060	21,004	52,060	21,004
Due to Others	560	961	560	961
Due to Other Funds	8,257	12,912	8,257	12,912
Due to Bondholders	2,489,053	2,522,636	2,489,053	2,522,636
<b>Total Liabilities</b>	<b>3,323,725</b>	<b>3,169,416</b>	<b>3,323,725</b>	<b>3,169,416</b>

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Schedule of Tax Data - Last Ten Tax Levy Years  
April 30, 2015**

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**SUPPLEMENTAL SCHEDULES**

**See Following Page**

VILLAGE OF HAMPSHIRE, ILLINOIS

Schedule of Tax Data - Last Ten Tax Levy Years  
April 30, 2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Valuation	\$ 134,812,215	152,273,309	171,620,628	195,010,364	196,154,394	180,785,131	168,805,218	154,913,352	142,583,995	138,815,939
Tax Rates by Fund										
General	0.1138	0.1176	0.1294	0.1377	0.1404	0.1256	0.2627	0.2945	0.3462	0.3626
Police Protection	0.0313	0.0350	0.0646	0.0800	0.0802	0.0775	0.0727	0.0816	0.0920	0.1037
Special Revenue Funds										
Audit	0.0356	0.0093	0.0087	0.0073	0.0073	0.0725	0.0245	0.0276	0.0173	0.0144
Liability	0.0641	0.0542	0.0408	0.0398	0.0386	0.0339	0.0380	0.0480	0.0541	0.0588
Illinois Municipal Retirement	0.0641	0.0745	0.0645	0.0489	0.0511	0.0494	0.0208	0.0188	0.0212	0.0284
Social Security	0.0612	0.0685	0.0591	0.0330	0.0351	0.0373	0.0129	0.0137	0.0154	0.0203
Total Tax Rates	0.3701	0.3591	0.3671	0.3467	0.3527	0.3962	0.4316	0.4842	0.5463	0.5883
Tax Extension by Fund										
General	\$ 153,528	179,121	209,691	267,398	274,232	226,601	442,682	456,162	493,570	503,366
Police Protection	42,220	53,346	104,744	155,276	156,705	139,797	122,485	126,482	131,202	143,948
Special Revenue Funds										
Audit	47,978	14,146	14,169	14,137	14,301	130,732	41,344	42,694	24,710	20,058
Liability	86,360	82,518	66,120	77,282	75,414	61,183	64,093	74,391	77,166	81,639
Illinois Municipal Retirement	86,360	113,470	104,539	94,932	99,899	89,073	34,976	29,172	30,261	39,400
Social Security	82,521	104,380	95,814	63,979	68,559	67,283	21,783	21,236	22,028	28,230
Total Tax Extensions	498,967	546,981	595,077	673,004	689,110	714,669	727,363	750,137	778,936	816,640
Total Collections - All Funds										
Levy Collections through April 30	494,579	546,273	580,576	662,244	677,651	702,147	715,525	735,499	764,121	-
Percent Collected	99.12%	99.87%	97.56%	98.40%	98.34%	98.25%	98.37%	98.05%	98.10%	0.00%

Note: The 2014 levy is not collected until fiscal year 2016.

VILLAGE OF HAMPSHIRE, ILLINOIS

Schedule of Water/Sewer Data  
April 30, 2015

Number of Water Users	2,238
Water Rate per 1,000 Gallons Over 5,000 Gallons	\$ 4.33
Number of Sewer Users	2,357
Sewer Rate per 1,000 Gallons	\$ 5.41
Sewer User Billings Charge per Billing	\$ 1.00
Capital Improvements per Billing	\$ 10.00

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

International Plow Truck Installment Contract of 2011  
April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2016	\$ 29,632	761	30,393
2017	2,524	9	2,533
	<u>32,156</u>	<u>770</u>	<u>32,926</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Dodge Charger Installment Contract of 2013  
April 30, 2015

Date of Issue	July 3, 2013
Date of Maturity	July 3, 2015
Authorized Issue	\$45,355
Interest Rate	4.00%
Principal Maturity and Interest Dates	Annually
Payable at	Ford Motor Credit Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2016	\$ 15,098	981	16,079

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Dodge Ram Installment Contract of 2013  
April 30, 2015

Date of Issue	January 28, 2013
Date of Maturity	January 28, 2016
Authorized Issue	\$29,825
Interest Rate	5.84%
Principal Maturity and Interest Dates	Annually
Payable at	Ally Contract Processing Center

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2016	\$ 9,931	580	10,511

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

International TerraStar Dump Truck with Plow Installment Contract of 2014  
April 30, 2015

Date of Issue	July 9, 2013
Date of Maturity	July 9, 2016
Authorized Issue	\$75,205
Interest Rate	1.947%
Principal Maturity and Interest Dates	Annually
Payable at	Edgar County Bank & Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2016	\$ 25,417	495	25,912

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Dodge Chargers Installment Contract of 2015  
April 30, 2015

Date of Issue	June 13, 2014
Date of Maturity	June 13, 2016
Authorized Issue	\$45,755
Interest Rate	5.50%
Principal Maturity and Interest Dates	Annually
Payable at	Ford Motor Credit Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2016	\$ 14,443	1,632	16,075
2017	15,237	838	16,075
	29,680	2,470	32,150

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

Taxable General Obligation Alternate Bonds of 2010  
April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2016	\$ 54,712	14,776	69,488
2017	56,408	13,080	69,488
2018	58,438	11,049	69,487
2019	60,776	8,712	69,488
2020	63,420	6,068	69,488
2021	66,305	3,183	69,488
	<u>360,059</u>	<u>56,868</u>	<u>416,927</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

General Obligation (Alternate Revenue Source) Refunding Bonds of 2012  
April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2016	\$ 300,000	49,588	349,588
2017	315,000	43,587	358,587
2018	315,000	37,288	352,288
2019	325,000	30,987	355,987
2020	330,000	24,488	354,488
2021	340,000	17,887	357,887
2022	130,000	10,408	140,408
2023	135,000	7,223	142,223
2024	135,000	3,712	138,712
	<u>2,325,000</u>	<u>225,168</u>	<u>2,550,168</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

TIF Revenue Bonds of 2009A  
April 30, 2015

Date of Issue	May 15, 2009
Date of Maturity	December 15, 2028
Authorized Issue	\$1,400,000
Denomination of Bonds	\$5,000
Interest Rate	5.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Mellon

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2016	\$ 30,000	66,676	96,676
2017	30,000	65,100	95,100
2018	30,000	63,526	93,526
2019	30,000	61,950	91,950
2020	30,000	60,376	90,376
2021	35,000	58,800	93,800
2022	30,000	56,962	86,962
2023	30,000	55,388	85,388
2024	35,000	53,812	88,812
2025	185,000	51,975	236,975
2026	190,000	42,262	232,262
2027	195,000	32,287	227,287
2028	205,000	22,050	227,050
2029	215,000	11,287	226,287
	<u>1,270,000</u>	<u>702,451</u>	<u>1,972,451</u>

VILLAGE OF HAMPSHIRE, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2002  
April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2016	\$ 205,352	53,748	259,100
2017	210,882	48,218	259,100
2018	216,561	42,539	259,100
2019	222,392	36,708	259,100
2020	228,381	30,719	259,100
2021	234,530	24,570	259,100
2022	240,847	18,253	259,100
2023	247,333	11,767	259,100
2024	253,992	5,107	259,099
	<u>2,060,270</u>	<u>271,629</u>	<u>2,331,899</u>

**APPENDIX B**  
**DESCRIBING BOOK-ENTRY ONLY ISSUANCE**

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered to DTC.

9. The Village may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

10. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

**APPENDIX C  
FORM OF BOND OPINION**

Founded in 1852  
by Sidney Davy Miller



**Miller, Canfield, Paddock and Stone, P.L.C.**  
225 W. Washington, Suite 2600  
Chicago, Illinois 60606  
TEL (312) 460-4200  
FAX (312) 460-4201  
[www.millercanfield.com](http://www.millercanfield.com)

MICHIGAN: Ann Arbor  
Detroit • Grand Rapids  
Kalamazoo • Lansing  
Saginaw • Troy

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FLORIDA: Naples • Pensacola

ILLINOIS: Chicago

MASSACHUSETTS: Cambridge

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NEW YORK: New York

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CANADA: Windsor, ON

POLAND: Gdynia  
Warsaw • Wrocław

April 7, 2016

Village of Hampshire, Illinois  
President and Board of Trustees

We hereby certify that we have examined a certified copy of the proceedings of the President and Board of Trustees of the Village of Hampshire, Kane County, Illinois (the “**Village**”), passed preliminary to the issue by the Village of its fully registered General \$1,175,000 par amount of Obligation Refunding Bonds (Alternate Revenue Source), Series 2016 (the “**Bonds**”), to the amount of \$1,175,000 dated April 7, 2016. The Bonds are term bonds maturing on December 15, 2023, December 15, 2026 and December 15, 2028 subject to mandatory sinking fund redemption on the following dates and in the amounts set forth below at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

\$205,000 3.000% Term Bonds Due December 15, 2023 (Priced to Yield 2.65%)  
\$565,000 4.000% Term Bonds Due December 15, 2026 (Priced to Yield 2.85%)  
\$405,000 4.000% Term Bonds Due December 15, 2028 (Priced to Yield 3.00%)

Mandatory Redemption:

**Term Bond Due December 15**

<u>Redemption Dates</u>	<u>Principal Amount</u>
2017	\$ 5,000
2018	35,000
2019	35,000
2020	40,000
2021	30,000
2022	30,000
2023(maturity)	30,000

**Term Bond Due December 15**

<u>Redemption Dates</u>	<u>Principal Amount</u>
2024	\$185,000
2025	190,000
2026 (maturity)	190,000

### Term Bond Due December 15

Redemption Dates	Principal Amount
2027	\$200,000
2028 (maturity)	205,000

We are of the opinion that such proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

The Bonds maturing on and after December 15, 2026 are subject to redemption prior to maturity at the option of the Issuer, from any available funds on December 15, 2024, and any date thereafter, in whole or in part, and if in part in such principal amounts and from such maturities as determined by the Issuer, and within any maturity by lot, at a redemption price of par plus accrued interest to the date fixed for redemption.

The Bonds due December 15, 2017 - 2024, inclusive, are not subject to optional redemption.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the Village and is payable (i) from all collections distributed to the Village from municipal utility taxes on electricity and gas imposed pursuant to Division 11 of Article 8 of the Illinois Municipal Code, as supplemented and amended from time to time, or substitute taxes therefor as provided in the future, (ii) from revenues or funds to be deposited by the Village in a special tax allocation fund created or designated pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, as supplemented and amended from time to time, and (iii) from the ad valorem taxes levied against all the taxable property in the Village without limitation as to the rate or amount, pledged under the Bond Ordinance by the Village as security for the Bonds.

We are of the opinion, under existing law, that the interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Further, with respect to corporations (as defined for federal income tax purposes), the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Village comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. The Village has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computations by Dunbar, Breitweiser and Company, LLP, Bloomington, Illinois, of the yield on the Bonds and on certain obligations acquired with the proceeds thereof.

It is also our opinion that the Village has properly designated the Bonds as “**qualified tax-exempt obligations**” pursuant to Section 265(b)(3) of the Code.

Except as stated in the two preceding paragraphs, we express no opinion regarding other federal or state consequences arising with respect to the Bonds and the interest thereon.

A portion of the proceeds of the Bonds will be used to refund all or a portion of the Village's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2009A (collectively, the "**Prior Bonds**"). A portion of the proceeds of the Bonds has been invested in obligations issued by the United States of America (the "**Acquired Obligations**"), and the Acquired Obligations and a beginning cash balance (the "**Cash**") have been irrevocably deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "**Escrow Agent**"). The principal of and interest on the Acquired Obligations will be collected by the Escrow Agent and applied, together with the Cash, as necessary to the payment of principal of, redemption premium, if any, and interest on the Prior Bonds as the same shall become due at maturity or upon prior redemption. The principal of and interest coming due on the Acquired Obligations, when paid, together with the Cash, will be sufficient to pay such principal of and interest on and redemption premium, if any, on the Prior Bonds at maturity or upon prior redemption.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

**APPENDIX D  
FORM OF CONTINUING DISCLOSURE UNDERTAKING**

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by the Village of Hampshire, Kane County, Illinois (the “*Village*”) in connection with the issuance of \$1,175,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016 (the “*Bonds*”). The Bonds are being issued pursuant to a Bond Ordinance adopted by the President and Board of Trustees of the Village on the 19th day of March, 2015 and a Bond Order executed by the duly authorized officers of the Village in accordance therewith (collectively, the “*Ordinance*”).

In consideration of the issuance of the Bonds by the Village and the purchase of such Bonds by the beneficial owners thereof, the Village covenants and agrees as follows:

**1. PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the Village as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Village represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds. The Village further represents that it is in compliance with each and every other continuing disclosure undertaking it has delivered to date.

**2. DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means the financial information and operating data described in Exhibit I.

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the Audited Financial Statements of the Village prepared pursuant to the standards and as described in Exhibit I.

*Bondholders* shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

*Commission* means the Securities and Exchange Commission.

*EMMA* shall mean the MSRB’s Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

**Exchange Act** means the Securities Exchange Act of 1934, as amended.

**Material Event** means the occurrence of any of the Events with respect to the Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

**Material Events Disclosure** means dissemination of a notice of a Material Event as set forth in Section 5.

**MSRB** means the Municipal Securities Rulemaking Board.

**Participating Underwriter** means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

**Rule** means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

**State** means the State of Illinois.

**Undertaking** means the obligations of the Village pursuant to Sections 4 and 5.

**3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT.** The CUSIP Numbers of the Bonds are set forth in Exhibit III attached hereto. The Final Official Statement relating to the Bonds is dated March 23, 2016 (the "**Final Official Statement**").

**4. ANNUAL FINANCIAL INFORMATION DISCLOSURE.** Subject to Section 9 of this Agreement, the Village hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA. The Village is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified. All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB. The Village shall also disseminate such information to any repository designated by the State of Illinois as a state depository, a "**SID**."

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Village will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB through EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

If the fiscal year of the Village is changed, the Village shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

**5. MATERIAL EVENTS DISCLOSURE.** Subject to Section 8 of this Agreement, the Village hereby covenants that it will disseminate in a timely manner Material Events Disclosure to the MSRB through EMMA, and to any SID, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance. MSRB Rule 6-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents filed with EMMA, including financial statements and other externally prepared reports.

**6. CONSEQUENCES OF FAILURE OF THE VILLAGE TO PROVIDE INFORMATION.** The Village agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, and to any SID notice of a failure by the Village to provide the annual financial information with respect to the Village described in Section 4 above on or prior to the dates set forth in Section 4 above. The Village agrees that its determination of whether any event listed in Exhibit II is material shall be made in accordance with federal securities laws. In the event of a failure of the Village to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in event of any failure of the Village to comply with this Agreement shall be an action to compel performance.

**7. AMENDMENTS; WAIVER.** Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Village, provided that the Village agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Village or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Village (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Village in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Village to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA. If the fiscal year of the Village is changed, the Village shall send notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed. In the event that the SEC or the

MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Material Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Village shall, if required, make such dissemination on such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

**8. TERMINATION OF UNDERTAKING.** The Undertaking of the Village shall be terminated hereunder if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The Village shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA, and to any SID.

**9. DISSEMINATION AGENT.** The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

**10. ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Village chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Village shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

**11. BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Village, the Dissemination Agent, if any, and Bondholders and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

**12. RECORDKEEPING.** The Village shall maintain records of all Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**13. ASSIGNMENT.** The Village shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the Village under this Agreement or to an Undertaking under the Rule.

**14. CONTACT PERSON.** The Village shall designate a contact person from whom Annual Financial Information Disclosure and Material Events Disclosure can be obtained. The initial contact person is:

Title: Village Treasurer  
Address: Village of Hampshire  
234 South State Street  
Hampshire IL 60140  
Telephone: (847) 683-2181

**GOVERNING LAW.** This Agreement shall be governed by the laws of the State of Illinois.

**VILLAGE OF HAMPSHIRE**  
Kane County, Illinois

By: \_\_\_\_\_  
Jeffrey R. Magnussen – Village President

Date: April 7, 2016

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means the financial information and operating data of the type contained in the Final Official Statement under the headings and subheadings:

1. The table under the heading of **Retailers' Occupation, Service Occupation and Use Tax** within the Final Official Statement;
2. All of the tables under the heading **PROPERTY ASSESSMENT AND TAX INFORMATION** within the Final Official Statement;
3. All of the tables under the heading **DEBT INFORMATION** within the Final Official Statement; and
4. All of the tables under the heading **FINANCIAL INFORMATION** (Excluding Budget and Interim Financial Information) within the Final Official Statement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the public through EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB through EMMA. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, by 210 days after the last day of the Issuer's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared annually by independent certified public accountants. Audited Financial Statement will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Standards Accounting Board and subject to any express requirements of State law). Audited Financial Statements will be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, within 30 days after availability to Issuer.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

**EXHIBIT II**  
**EVENTS WITH RESPECT TO THE BONDS FOR WHICH**  
**MATERIAL EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Village, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Village;
13. The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

**EXHIBIT III  
CUSIP NUMBERS**

**Village of Hampshire, Illinois  
\$1,175,000  
General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016**

<b>YEAR OF MATURITY</b>	<b>CUSIP NUMBER</b>
(December 15)	(408864)
2023	EY8
2026	EZ5
2028	FA9

**APPENDIX E**  
**BOND INSURANCE AND SPECIMEN POLICY**

**BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included hereto to this Final Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

**ASSURED GUARANTY MUNICIPAL CORP.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of Bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

*Current Financial Strength Ratings*

On June 29, 2015, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 8, 2015, Moody's published a credit opinion maintaining its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

### *Capitalization of AGM*

At December 31, 2015, AGM's policyholders' surplus and contingency reserve were approximately \$3,798 million and its net unearned premium reserve was approximately \$1,597 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

### *Incorporation of Certain Documents by Reference*

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Final Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Final Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Final Official Statement.

Any information regarding AGM included herein under the caption **APPENDIX E - BOND INSURANCE AND SPECIMEN BOND INSURANCE POLICY** or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Final Official Statement, except as so modified or superseded.

### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Final Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading **APPENDIX E - BOND INSURANCE AND SPECIMEN BOND INSURANCE POLICY**.



# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day, otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud) whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
31 West 52nd Street, New York, N.Y. 10019  
(212) 974-0100

Form 500NY (5/90)

Nonmajor Governmental Funds

Combining Balance Sheet  
April 30, 2016

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	Special Revenue					
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence	Tax Increment Financing
<b>ASSETS</b>						
Cash and Investments	\$ 177,811	6,060	889,581	116,166	6,360	5,112
Receivables - Net of Allowances						
Property Taxes	-	107,599	-	35,320	-	32,365
Other Taxes	12,660	-	-	-	-	-
Due from Other Funds	49,773	248,954	-	-	-	41,497
Notes Receivable	-	-	128,806	-	-	-
<b>Total Assets</b>	<b>240,244</b>	<b>362,613</b>	<b>1,018,387</b>	<b>151,486</b>	<b>6,360</b>	<b>78,974</b>
<b>LIABILITIES</b>						
Accounts Payable	-	-	-	412	2,837	127
Accrued Payroll	-	-	-	918	-	-
Due to Other Funds	-	-	-	59,301	-	396,382
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,631</b>	<b>2,837</b>	<b>396,509</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes	-	107,599	-	35,320	-	32,365
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>-</b>	<b>107,599</b>	<b>-</b>	<b>95,951</b>	<b>2,837</b>	<b>428,874</b>
<b>FUND BALANCES</b>						
Restricted	240,244	255,014	1,018,387	55,535	3,523	-
Unassigned	-	-	-	-	-	(349,900)
<b>Total Fund Balances</b>	<b>240,244</b>	<b>255,014</b>	<b>1,018,387</b>	<b>55,535</b>	<b>3,523</b>	<b>(349,900)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>240,244</b>	<b>362,613</b>	<b>1,018,387</b>	<b>151,486</b>	<b>6,360</b>	<b>78,974</b>

\*

Hotel/ Motel Tax	Debt Service SSA Bond Fund 5-55	Capital Projects					Early Warning Impact Fees	Totals
		Capital Improvements	TIF Revenue Bonds of 2009A/ Tuscany Woods Line of Credit	Capital Bonds	Equipment Replacement			
61,302	-	28	-	8,663	97,457	3,585	1,372,125	
-	-	-	-	-	-	-	175,284	
-	-	-	-	-	-	-	12,660	
-	-	-	171,360	497,430	37,599	-	1,046,613	
-	-	-	-	-	-	-	128,806	
<u>61,302</u>	<u>-</u>	<u>28</u>	<u>171,360</u>	<u>506,093</u>	<u>135,056</u>	<u>3,585</u>	<u>2,735,488</u>	
-	-	-	-	-	-	-	3,376	
-	-	-	-	-	-	-	918	
4,448	-	12,293	91,747	95,528	37,598	77	697,374	
4,448	-	12,293	91,747	95,528	37,598	77	701,668	
-	-	-	-	-	-	-	175,284	
<u>4,448</u>	<u>-</u>	<u>12,293</u>	<u>91,747</u>	<u>95,528</u>	<u>37,598</u>	<u>77</u>	<u>876,952</u>	
56,854	-	-	79,613	410,565	97,458	3,508	2,220,701	
-	-	(12,265)	-	-	-	-	(362,165)	
<u>56,854</u>	<u>-</u>	<u>(12,265)</u>	<u>79,613</u>	<u>410,565</u>	<u>97,458</u>	<u>3,508</u>	<u>1,858,536</u>	
<u>61,302</u>	<u>-</u>	<u>28</u>	<u>171,360</u>	<u>506,093</u>	<u>135,056</u>	<u>3,585</u>	<u>2,735,488</u>	

**VILLAGE OF HAMPSHIRE, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended April 30, 2016**

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	Special Revenue					
	Motor Fuel Tax	Road and Bridge	Revolving Loan	Special Service Areas	Evidence	Tax Increment Financing
Revenues						
Taxes	\$ -	108,920	-	41,398	-	17,234
Charges for Services	-	-	-	-	-	-
Intergovernmental	153,502	-	-	-	1,984	-
Investment Income	176	14	2,152	-	15	5
Total Revenues	<u>153,678</u>	<u>108,934</u>	<u>2,152</u>	<u>41,398</u>	<u>1,999</u>	<u>17,239</u>
Expenditures						
General Government	-	-	140	-	4,443	2,631
Highways and Streets	69,375	-	-	37,038	-	-
Debt Service						
Principal Retirement	-	-	-	-	-	26,400
Interest and Fiscal Charges	-	-	-	-	-	92,409
Total Expenditures	<u>69,375</u>	<u>-</u>	<u>140</u>	<u>37,038</u>	<u>4,443</u>	<u>121,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>84,303</u>	<u>108,934</u>	<u>2,012</u>	<u>4,360</u>	<u>(2,444)</u>	<u>(104,201)</u>
Other Financing Sources (Uses)						
Debt Issuance	-	-	-	-	-	1,034,000
Premium on Debt Issuance	-	-	-	-	-	64,950
Payment to Escrow Agent	-	-	-	-	-	(1,089,089)
Transfers In	-	-	-	-	-	65,000
Transfers Out	-	(108,920)	-	-	-	-
	<u>-</u>	<u>(108,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,861</u>
Net Change in Fund Balances	84,303	14	2,012	4,360	(2,444)	(29,340)
Fund Balances - Beginning	<u>155,941</u>	<u>255,000</u>	<u>1,016,375</u>	<u>51,175</u>	<u>5,967</u>	<u>(320,560)</u>
Fund Balances - Ending	<u><u>240,244</u></u>	<u><u>255,014</u></u>	<u><u>1,018,387</u></u>	<u><u>55,535</u></u>	<u><u>3,523</u></u>	<u><u>(349,900)</u></u>

\*

Capital Projects								
Hotel/ Motel Tax	Debt Service SSA Bond 5-55	Capital Improvements	TIF Revenue Bonds of 2009A/ Tuscany Woods Line of Credit	Capital Bonds	Equipment Replacement	Early Warning Impact Fees	Totals	
20,718	-	-	-	-	-	-	188,270	
-	-	-	-	-	-	613	613	
-	-	-	-	-	-	-	155,486	
136	6	1	-	(2)	2	-	2,505	
20,854	6	1	-	(2)	2	613	346,874	
10,000	-	-	-	-	-	-	17,214	
-	-	-	-	-	-	-	106,413	
-	-	-	-	126,000	-	-	152,400	
-	14	-	-	20,827	-	-	113,250	
10,000	14	-	-	146,827	-	-	389,277	
10,854	(8)	1	-	(146,829)	2	613	(42,403)	
-	-	-	-	-	-	-	1,034,000	
-	-	-	-	-	-	-	64,950	
-	-	-	-	-	-	-	(1,089,089)	
-	-	-	-	146,827	87,736	-	299,563	
-	-	-	-	-	-	-	(108,920)	
-	-	-	-	146,827	87,736	-	200,504	
10,854	(8)	1	-	(2)	87,738	613	158,101	
46,000	8	(12,266)	79,613	410,567	9,720	2,895	1,700,435	
56,854	-	(12,265)	79,613	410,565	97,458	3,508	1,858,536	



## REPORT OF INDEPENDENT ACCOUNTANTS

April 23, 2018

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

We have examined management's assertion included in its representation report that the Village of Hampshire, Illinois, with respect to the Central Area Redevelopment Project TIF District, complied with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2016. As discussed in that representation letter, management is responsible for the Village of Hampshire, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

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

In our opinion, management's assertion that the Village of Hampshire, Illinois complied with the aforementioned requirements during the year ended April 30, 2016 is fairly stated in all material respects.

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

A handwritten signature in blue ink that reads "Lauterbach + Amen LLP".

LAUTERBACH & AMEN, LLP