

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2004

Prepared by Finance Department

Michael DuCharme
Director of Finance

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2004

LEGISLATIVE

Village Board of Trustees

William D. McLeod, President

Lloyd H. Boester

Susan H. Kenley - Rupnow

Cary J. Collins

Karen V. Mills

Edwin L. Frank

Rodney R. Rusakiewicz

Virginia Hayter, Village Clerk

ADMINISTRATIVE

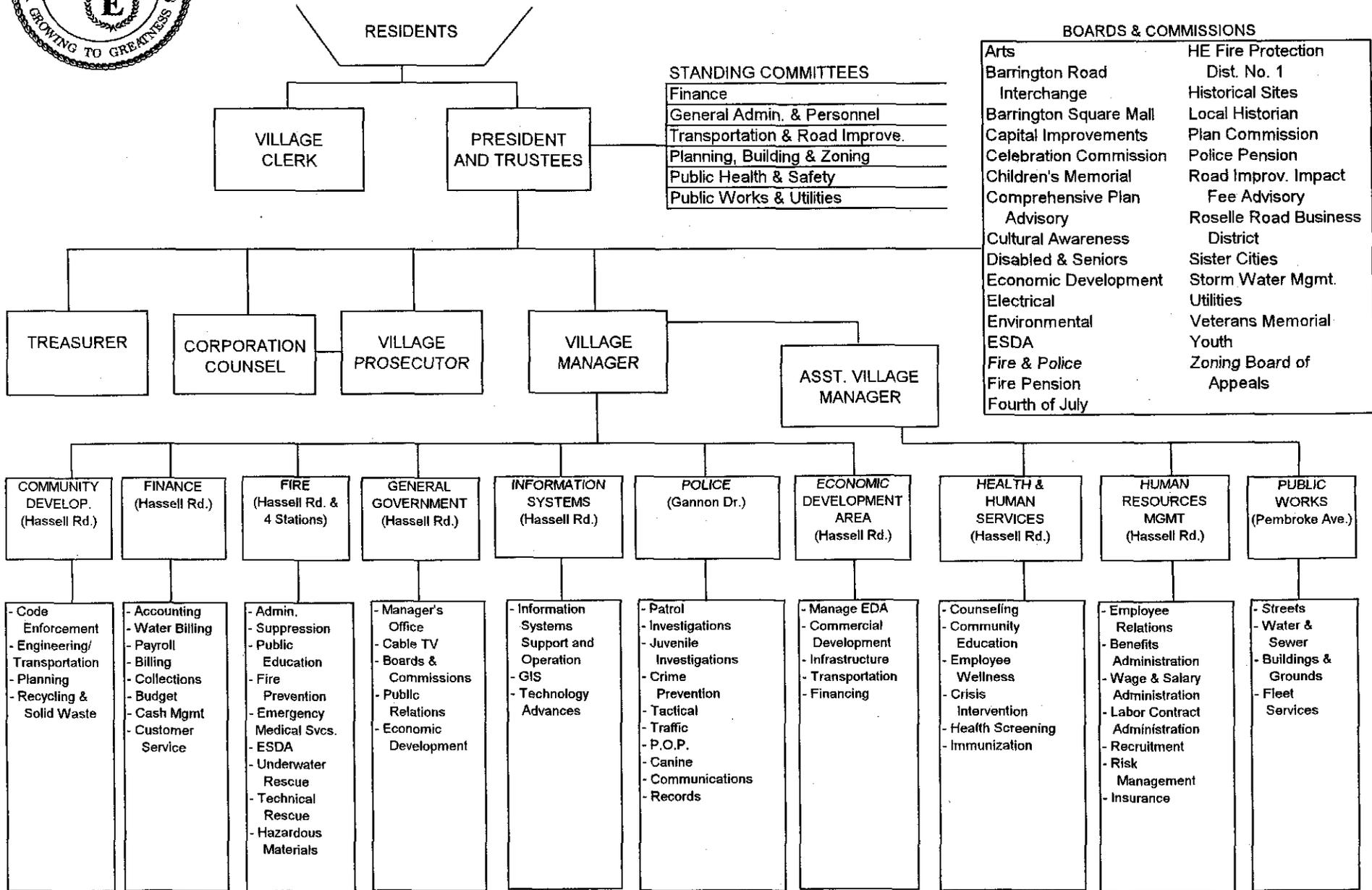
James H. Norris, Village Manager

FINANCE DEPARTMENT

Michael DuCharme, Director of Finance



Village of Hoffman Estates, Illinois



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Hoffman Estates,
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zelle

President

Jeffrey R. Emery

Executive Director



HOFFMAN ESTATES

GROWING TO GREATNESS

May 6, 2005

The Honorable William McLeod, President
Board of Trustees
Village Manager James H. Norris
Citizens of the Village of Hoffman Estates

The Comprehensive Annual Financial Report (CAFR) of the Village of Hoffman Estates, Illinois, for the year ended December 31, 2004 is submitted herewith. This report represents a comprehensive picture of the Village's financial activities during 2004 and the financial condition of the various funds at December 31, 2004. Although formally addressed to the elected officials, chief administrative officer and the citizens of Hoffman Estates, this financial report has a number of other users. Foremost among the other users are the bondholders of the Village, financial institutions, credit rating agencies, educational institutions and other governmental entities.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Sikich Gardner & Co., LLP performed the audit this year. The independent auditors' report is included in the Financial Section of this report. The auditors have given this report an unqualified ("clean") opinion, meaning that the financial statements fairly present the Village's financial position at December 31, 2004, and the results of operations for the year then ended.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Village of Hoffman Estates, incorporated in 1959, operates under the council/manager form of government. The legislative body consists of the Village President and Board of six Trustees, all elected on an at-large basis to overlapping four-year terms. The Village Manager is responsible for the day-to-day administration of the Village. The Village is a home rule municipality as defined by the Illinois Constitution. Located approximately thirty miles northwest of Chicago, in the Counties of Cook and Kane, the Village occupies a land area of approximately 22.1 square miles.

Results of a 2003 Partial Special Census were received in December 2003 and estimate the Village's total population at 50,573. This figure represents an increase of 1,078 from the last decennial census, which was completed in 2000. The Village is projected to reach its population maximum at 58,000 residents.

Additional demographic information about the Village may be found in the Statistical Section of this report.

The Village provides a full range of general governmental services, including police and fire protection, health and social services, water and sewer utilities, street construction and maintenance, code enforcement, planning and zoning, and general administrative services. The financial reporting entity of the Village of Hoffman Estates is comprised of all funds of the primary government (i.e., the Village of Hoffman Estates as legally defined) and its pension trust funds: the Hoffman Estates Police Pension Fund and the Hoffman Estates Firefighters' Pension Fund. These funds were determined to be pension trust funds due to their fiduciary and fiscal relationship with the Village as their sole purpose is to provide retirement benefits to the Village's sworn police officers and firefighters. Tax increment financing districts have been reported as blended funds in the Village's financial statements, as they are not legally separate. No other legally separate entity qualifies as a component unit of the Village.

The annual budget serves as the foundation for the Village's financial planning and control. State law requires that a municipality operating under the budget system adopt its annual budget prior to the start of its fiscal year. Through the budget, spending authority is conveyed by expenditures object. Budgetary control is maintained by the use of encumbrance accounting under which purchase orders, contract, and other commitments are effectively recorded as temporary expenditures in order to reserve the proper portion of the applicable budgetary account. The legal level of budgetary control is the department level, or, where no departmental segregation of a fund exists, the fund level.

Local Economy

Despite weaknesses in short term economic growth during 2004, there was strong interest in long-term investments for economic development projects in Hoffman Estates, promising to be a boon for local economy in the near future. Interest in the Prairie Stone Economic Development Area has grown considerably as new businesses open and new projects get

started. Sears, partnering with the Ryan Companies, has proposed an 11,000 seat multi-purpose indoor entertainment and sports arena in the middle of Prairie Stone. Construction should begin in Spring, 2005 with a projected completion in Fall, 2006. The arena would host a variety of concerts, family shows and sporting events. There is much interest in the vacant land parcels adjacent to the arena.

Cabela's, purveyor of outdoor sporting goods and apparel, is looking at Prairie Stone for the location of their Illinois retail store. This store promises to be a regional attraction, boasting 215,000 square feet of retail space. Other Cabela's stores feature wildlife museums and displays.

In November, 2004, construction of a 25,000 square foot building for I-CAR (The Inter-Industry Conference on Auto Collision Repair) began at the intersection of Trillium Boulevard and Higgins Road. A second office building consisting of 17,400 square feet and adjacent to the I-CAR building was also approved and is scheduled to begin construction in Spring, 2005.

At State Routes 72 and 59, a new Commercial Mixed-Use Zoning District on 66 acres has been designated for the southwest and northwest corners and will include commercial and residential development. The southwest corner, known as Poplar Creek Crossing, will be a traditional style retail development consisting of 400,000 square feet, with construction to begin in 2005.

A priority of the Village during the past several years has been to redevelop and revitalize the Roselle Road Business Improvement District (BID). To bring about this change, in May of 2003, the Village Board passed an ordinance establishing a Tax Increment Financing District (TIF). During 2004, the Golf Shopping Center presented a viable redevelopment plan including major remodeling and parking lot landscaping activity to start in Spring, 2005. Initial estimates for the total completion of the project are \$2 million with no public dollars expended from the TIF fund.

The Hoffman Estates Park District finished construction of its new Community Center and Ice Arena, which includes two NHL-sized ice rinks and the remodeling of the existing Blackhawk Community Center.

The new Walgreens, a 15,050 square foot store with drive-thru opened in September, 2004 at the corner of Higgins and Roselle Roads.

Life Changers International Church, located at the northwest corner of Beverly Road and the Northwest Tollway, opened their school in September, 2004, and the church in October, 2004.

Other upcoming commercial development includes:

- *Menards*: The existing home improvement center will relocate from Barrington Square Mall to a new 187,500 square foot, two-story building at the corner of Barrington and Bode Roads. This property was purchased by Menards in November, 2003. Menards has indicated that they are planning to begin construction of the new store in 2005.

- *Fountain Crossing:* Construction commenced during 2004 on the 15,000 square foot outlet building, which will include several tenants. There are no tentative dates of when Meijer will begin construction. Additional retail establishments have expressed their intent to be part of this new development including several restaurants.
- *Jersey's Pizza and Grill:* This 6,650 square foot restaurant will occupy space in the Fountain Crossing area. This project was approved in 2004. Construction will begin in 2005, and a late summer, 2005 opening date is anticipated.
- *Motor Werks Expansion:* Construction of a 36,000 square foot building expansion and vehicle parking and storage expansions began in 2004 and is expected to be completed in the spring of 2005.
- *St. Alexius Medical Center:* The medical center has begun construction of expansions to the hospital: a new Doctors Office Building 3 consisting of 130,500 square feet, and additional parking, including a 94,800 square foot parking deck.
- *Alexian Brothers Behavioral Health Hospital:* The 34,000 square foot building and parking expansion, which was approved in 2003 has been completed.
- *First American Bank:* Approval was given in 2004 for construction of a 3,500 square foot bank on the southeast corner of the Aldi site at Spring Mill Drive and Higgins Road. Construction is expected to begin in 2005.
- *Stonegate Retail Building:* A 7,550 square foot one-story multi-tenant retail building was approved for construction in 2004 on the north side of Higgins Road, just east of Barrington Road.
- *Infiniti (Motor Werks) Auto Dealership:* A courtesy review for this project was done in 2004, with preliminary plans approved in 2005 for a 26,000 square foot auto dealership on the southeast corner of Golf Road and Gannon Drive. Construction is expected to begin this year.
- *Woodfield Acura Expansion:* Approved in 2004, construction of the parking lot on the west side of Gannon Drive, south of Harris Bank, is nearing completion.
- *Woodfield Nissan:* Approved in 2004, expansion of the main building has begun in 2005.

Residential projects proposed or approved in 2004 include:

- *Kimball Hill Homes:* Sixteen single-family lots will be constructed on eight acres south of Shoe Factory Road and west of Rohrssen Road as part of the White Oak Development, with construction beginning in 2005.

- *Kelley Farm:* Two residential developments south of Shoe Factory Road, east of Rohrssen Road, and north of McDonough Road will be developed. Dartmoor Homes has begun construction on Yorkshire Woods on 22 acres of the eastern portion of the site consisting of 43 single-family homes. Airdrie Estates, 14 acres of the western portion of the site, will be developed in the future as estate homes by Dartmoor Homes.
- *Beverly Properties:* An Annexation and Development Agreement has been approved for 1,650 units in a variety of housing products. Final plans for Phase I are expected in 2005/2006.

Two hundred eighteen (218) new homes were constructed and significant new commercial investments within the Village amounted to \$116,935,306 of construction value during 2004.

Long-term Financial Planning

The Village has a history of sound planning and financial practices. The Village's first Comprehensive Plan was prepared by outside consultants and was adopted in 1969, amended in 1978, and revised in 1989.

Unreserved, undesignated fund balance in the General Fund exceeds policy guidelines set by the Village Board for budgetary and planning purposes. This policy states that the Village will strive to maintain an unallocated/unreserved fund balance within the General Fund equal to 25 percent of the preceding year's annual operating budget. While the General Fund is above this level of fund balance, any year where year-end revenues exceed expenditures, the amount of surplus will be transferred to other funds to address known future financial needs. This allocation will be 50 percent to the Capital Improvements Fund for street improvements and 50 percent to remain within the General Fund or other funds as needed based on the annual recommendation of the Village Manager and approval by the Village Board. As of December 31, 2004 unreserved fund balance is 42.7 percent of budgeted operating expenditures.

Relevant Financial Policies

Cash Management Policies and Practices. The Village's policy regarding cash management is based upon the realization that there is a time value to money. A high priority is placed on procedures to ensure that monies due the Village are collected and deposited as promptly as possible. Disbursements are closely monitored. Of equal importance is the emphasis on the management of the Village's investment portfolio. All idle cash is invested in accordance with an established investment policy. The investment policy, formally adopted by the Village Board of Trustees in August 1997 and amended in July 1999, establishes safety of principal as the foremost objective. The Village is not permitted to leverage its portfolio or invest in derivatives.

Third-party custodians hold all Village investments for safekeeping or they are insured by a third party. Also, the Village asks its depository banks to collateralize Village deposits. The banks do

this by placing high-quality securities with a third-party custodian that have a value of 110% of the amount of the Village deposits.

During 2004, the Village, including its pension funds, invested in The Illinois Funds (a state-sponsored investment pool), the Illinois Metropolitan Investment Fund (IMET), Federal Home Loan Mortgage Corporation Notes and Bonds, insured or collateralized certificates of deposit, money market accounts, mutual funds, equities, GNMA's, FNMA's, Treasury Notes and Bonds, and Zero Coupon Bonds. The maturities of the investments range from being immediately accessible (Illinois Funds) to 30 years (pension fund FNMA's). Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the Village intends to hold to maturity.

Risk Management. The Village's insurance coverages are outlined in the Schedule of Insurance in Force in the Statistical Section of this report. To summarize, the Village maintains a protected risk retention program for property, liability, workers' compensation claims and health insurance for employees. Aggregate umbrella liability coverage is provided through the Village's membership in the High-level Excess Liability Pool, a public entity risk pool. The Village's risk management program is accounted for in the Insurance Fund, an internal service fund. One staff member is employed full-time to manage the Village's risk management program. Third-party administrators assist with the administration of workers' compensation, general liability claims, and health insurance.

An important part of the Village's risk management program is loss prevention. Each major department has a safety committee that reviews all accident and injury reports. The committees make recommendations to management as to how claims could have been prevented and for ways to improve overall safety.

Pension and Other Post-Employment Benefits. Sworn police and fire personnel receive retirement and disability benefits from the Hoffman Estates Police Pension Fund and the Hoffman Estates Firefighters' Pension Fund, respectively. Both of the plans associated with these funds are single-employer plans administered by local boards of trustees. The defined benefits and employer and employee contribution levels are governed by Illinois state statutes. Police plan participants are required to contribute 9.91% of their base salaries and Fire plan members contribute 9.455% of their base salaries. The Village is required to contribute the remaining amounts necessary to finance the plans as determined by an enrolled actuary. State statutes require that each plan must be fully funded by the year 2033.

Actuarial services are provided by the State of Illinois Department of Insurance. However, a municipality also has the option of engaging an independent actuary. For the year ended December 31, 2004, the Village contracted with Timothy W. Sharpe, an enrolled actuary, to perform an actuarial valuation for the funds.

Full-time and part-time employees, other than sworn police officers and firefighters, who work at least 1,000 hours per year, are covered by the Illinois Municipal Retirement Fund (IMRF), a

state-wide pension plan. IMRF acts as a common investment and administrative agent for local governments in Illinois. Benefit provisions and funding requirements are established by state statutes. Employees participating in the IMRF are required to contribute 4.5% of their annual salary and the Village is required to contribute the remaining amounts necessary to fund the coverage of its employees in the plan. The Village's contribution rate for 2004 was 9.4% of employee salaries. As with both of the pension plans, the Village made 100% of the required contributions to the IMRF.

The notes to the financial statements and the required supplementary information provide more information pertaining to employee pensions.

Major Initiatives

The Village of Hoffman Estates is dedicated to constantly improving the delivery of its services, thereby enhancing the quality of life for its residents and the operating environment for its businesses. The Village Board sets goals at the beginning of every year that provide valuable input into the financial planning and practices that will take place throughout the rest of the year, specifically during the budgeting process. The goals for 2004 were:

Short-Term Goals:

- Improve the timeliness and quality of information communicated to residents and businesses especially regarding transportation projects, special events and Village business.
- Improve security in public buildings/facilities to ensure the safety of all employees and the public.
- Install and make operational the traffic signal on Roselle Road between Golf and Higgins Roads in the Business Improvement District as an initial improvement to the revitalization of the commercial area within the TIF2 District.
- Finalize the establishment of the Economic Development Commission, including appointment of members and drafting of goals and objectives, a mission statement and strategies.
- Review and consider possible funding alternatives for the multi-year Capital Improvements Program as well as enhancements or additions to public facilities.
- Actively work toward passage of the 2003 Transportation Bill (HR 3611) to include funding for the Metra STAR Line.

Ongoing Goals:

- Remain actively involved with all governmental agencies to improve intergovernmental relationships.

- Address the Village's transportation needs by continuing to participate with the Metra STAR Line, the intergovernmental transportation study and Barrington Road/I-90 full interchange.
- Promote the strength of the Village's cultural diversity through expansion of community events celebrating diversity and review of programs to enhance service delivery.
- Continue to enhance residential property values through the annual residential property maintenance inspection program, the Village's annual street maintenance program and evaluation of increased street lighting.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hoffman Estates for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the twenty-first consecutive year the Village has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

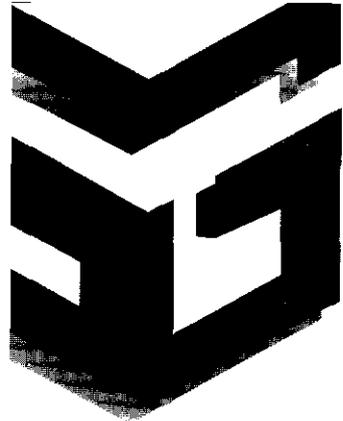
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. In addition, I would like to thank the Mayor, the Village Trustees and the Village Manager for their leadership and support in planning and conducting the financial affairs of the Village in a responsible and progressive manner.

Respectfully submitted,



Michael F. DuCharme
Director of Finance/Village Treasurer



Sikich Gardner & Co, LLP

Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

A Member of Sikich Group, LLC

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT

The Honorable Village President
Members of the Board of Trustees
Village of Hoffman Estates, Illinois

We have audited the basic financial statements of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2004, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Village of Hoffman Estates, Illinois' management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Village of Hoffman Estates, Illinois, as of December 31, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules and the supplemental data listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Hoffman Estates, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

The introductory and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

Silvick Gardner, CPA

Aurora, Illinois
March 10, 2005

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2004

As management of the Village of Hoffman Estates (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2004. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page IV) and the Village's financial statements (beginning on page 18).

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 reflect the Village's basic services, including general government, public safety, highways and streets, sanitation, health and welfare, economic development, and culture and recreation. The business-type activities include the water and sewer operations.

(See independent auditor's report.)

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

The government-wide financial statements can be found on pages 18 through 20 of this report.

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

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

The Village maintains 25 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 Fund, 1991 EDA TIF Bond Fund, and 1997 EDA TIF Refunding Bond Fund, all of which are considered to be major funds. Data from the other 22 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 budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

Proprietary Funds. The Village maintains two different types of proprietary funds: 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 uses an enterprise fund to account for its water and sewer system. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for the costs of property and casualty insurance, health insurance, and workers' compensation insurance and for its information systems. Because both of these services predominantly benefit governmental rather

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

than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the Village. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 through 28 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village maintains two different types of fiduciary funds: pension trust funds and agency funds.

The basic fiduciary fund financial statements can be found on pages 29 and 30 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 31 through 67 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in funding its obligation to provide pension to its employees. Required supplementary information can be found on pages 68 through 75 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 76 through 135 of this report.

Financial Analysis of the Village as a Whole

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

(See independent auditor's report.)

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

Table 1
Statement of Net Assets
As of December 31, 2004

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>
Current and Other Assets	\$ 75,234,212	\$ 72,331,641	\$ 9,761,093	\$ 9,334,742	\$ 84,995,305	\$ 81,666,383
Capital Assets	101,064,702	100,468,971	23,216,582	22,574,239	124,281,284	123,043,210
Total Assets	176,298,914	172,800,612	32,977,675	31,908,981	209,276,589	204,709,593
Long-Term Liabilities	259,240,846	237,538,188	105,177	182,595	259,346,023	237,720,783
Other Liabilities	19,979,595	19,623,956	896,114	557,441	20,875,709	20,181,397
Total Liabilities	279,220,441	257,162,144	1,001,291	740,036	280,221,732	257,902,180
Net Assets:						
Invested in Capital Assets:						
Net of Debt	74,079,702	76,288,971	23,216,582	22,574,239	97,296,284	98,863,210
Restricted	31,736,142	30,610,435	-	-	31,736,142	30,610,435
Unrestricted	(208,737,371)	(191,260,938)	8,759,802	8,594,706	(199,977,569)	(182,666,232)
Total Net Assets	\$ (102,921,527)	\$ (84,361,532)	\$ 31,976,384	\$ 31,168,945	\$ (70,945,143)	\$ (53,192,587)

The deficit in unrestricted net assets is the result of the Village sponsoring one of the largest economic development area (EDA) tax increment financing (TIF) districts in the State of Illinois to induce the relocation of the headquarters of a major retailer to the Village and keeping the jobs within the State. As part of the inducement, the Village issued \$118,430,000 Senior Lien Tax Increment Revenue Bonds, Series 1997, \$68,947,092 Junior Lien Tax Increment Revenue Bonds, Series 1991, and Tax Increment Revenue Notes in the amount of \$86,165,753 (as of December 31, 2004). These bonds and notes did not produce a capital asset that is owned by the Village, and even though the Village is not generally obligated for the retirement of the debt as it is payable solely from the incremental taxes generated by the EDA, the bonds and notes are, nonetheless, required to be reported as a liability of the Village. If sufficient funds are not available in the EDA TIF to pay the debt as of the end of the useful life of the EDA in 2012, then the obligations would be cancelled and the Village would report a gain on the cancellation of said debt. Therefore, the deficit will be reduced and eliminated over the remaining life of the EDA TIF.

Since the EDA TIF distorts the financial position and results of operations of the ongoing operations of the Village, the table on the following page displays the Village's net assets without the EDA TIF activity, which is a better measure of the financial position of the Village.

(See independent auditor's report.)

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

Table 1-a
Statement of Net Assets Excluding EDA TIF Activity
As of December 31, 2004

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>
Current and Other Assets	\$ 45,436,578	\$ 43,539,982	\$ 9,761,093	\$ 9,334,742	\$ 55,197,671	\$ 52,874,724
Capital Assets	101,064,702	100,468,971	23,216,582	22,574,239	124,281,284	123,043,210
Total Assets	146,501,280	144,008,953	32,977,675	31,908,981	179,478,955	175,917,934
Long-Term Liabilities	29,185,095	26,562,005	105,177	182,595	29,290,272	26,744,600
Other Liabilities	19,432,305	18,942,162	896,114	557,441	20,328,419	19,499,603
Total Liabilities	48,617,400	45,504,167	1,001,291	740,036	49,618,691	46,244,203
Net Assets:						
Invested in Capital Assets,						
Net of Debt	74,079,702	76,288,971	23,216,582	22,574,239	97,296,284	98,863,210
Restricted	1,953,699	2,079,746	-	-	1,953,699	2,079,746
Unrestricted	21,850,479	20,136,069	8,759,802	8,594,706	30,610,281	28,730,775
Total Net Assets	\$ 97,883,880	\$ 98,504,786	\$ 31,976,384	\$ 31,168,945	\$ 129,860,264	\$ 129,673,731

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Hoffman Estates (excluding EDA TIF activity), assets exceeded liabilities by \$129,673,731 as of December 31, 2004. The largest portion of the Village's net assets is its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The second portion of the Village's net assets is the unrestricted assets in the amount of \$28,730,775, which can be used to finance the Village's day-to-day operations. The final portion of the Village's net assets in the amount of \$2,079,746 represents resources that are subject to external restrictions on how they may be used.

For more detailed information, see the Statement of Net Assets on page 18.

Activities. The table on the following page summarizes the revenue and expenses of the Village's activities.

(See independent auditor's report.)

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

Table 2
Changes in Net Assets
For the Fiscal Year Ended December 31, 2004

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>
REVENUES						
Program Revenues:						
Charges for Services	\$ 15,134,204	\$ 17,401,061	\$ 8,404,183	\$ 8,919,572	\$ 23,538,387	\$ 26,320,633
Operating Grants	2,147,257	1,907,357	-	-	2,147,257	1,907,357
Capital Grants	579,609	700,558	-	-	579,609	700,558
General Revenues:						
Property Taxes	32,689,908	31,996,121	-	-	32,689,908	31,996,121
Other Taxes	17,055,385	17,441,887	-	-	17,055,385	17,441,887
Other	2,356,234	2,857,906	134,977	532,588	2,491,211	3,390,494
Total Revenues	69,962,597	72,304,890	8,539,160	9,452,160	78,501,757	160,258,807
EXPENSES						
General Government	4,428,226	4,713,709	-	-	4,428,226	4,713,709
Public Safety	22,409,329	23,861,883	-	-	22,409,329	23,861,883
Highways and Streets	8,729,150	9,286,945	-	-	8,729,150	9,286,945
Sanitation	531,458	600,961	-	-	531,458	600,961
Health and Welfare	1,610,610	1,674,649	-	-	1,610,610	1,674,649
Culture and Recreation	246,447	229,402	-	-	246,447	229,402
Economic Development	6,107,232	1,406,319	-	-	6,107,232	1,406,319
Water and Sewer	-	-	9,892,227	10,259,599	9,892,227	10,259,599
Interest on Long-Term Debt	13,342,322	11,971,027	-	-	13,342,322	11,971,027
Loss on Sale of Capital Assets	133,415	-	-	-	133,415	-
Total Expenses	57,538,189	53,744,895	9,892,227	10,259,599	67,430,416	64,004,494
Change in Net Assets	\$ 12,424,408	\$ 18,559,995	\$ (1,353,067)	\$ (807,439)	\$ 11,071,341	\$ 17,752,556
Net Assets, January 1	\$ (115,345,935)	\$ (102,921,527)	\$ 33,329,451	\$ 31,976,384	\$ (82,016,484)	\$ (70,945,143)
Net Assets, December 31	\$ (102,921,527)	\$ (84,361,532)	\$ 31,976,384	\$ 31,168,945	\$ (70,945,143)	\$ (53,192,587)

For the fiscal year ended December 31, 2004, revenues from governmental activities totaled \$72.3 million. The Village benefits from a highly diversified revenue base. Revenues from the Village's largest single source, property taxes, amounted to almost \$32 million. Property taxes support governmental activities and include the Village's contribution to the Police Pension Fund and Firefighters' Pension Fund.

The "other taxes" classification includes a number of different revenue sources. Among those are sales taxes, income taxes, and telecommunications taxes. The two major types of sales taxes are the retailer's occupation tax (ROT) and the home-rule sales tax. Both of these sales taxes are collected by the State of Illinois. A portion of the ROT is shared by the state with its

(See independent auditor's report.)

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

municipalities based upon the point of sale. While the ROT is an 8.75% tax, the equivalent of a 1% tax is remitted to Hoffman Estates. The home-rule sales tax for 2004 was 1% and all of its proceeds were remitted to Hoffman Estates.

Chart 1
Expenses and Program Revenues
For the Fiscal Year Ended December 31, 2004
(Dollars in Thousands)

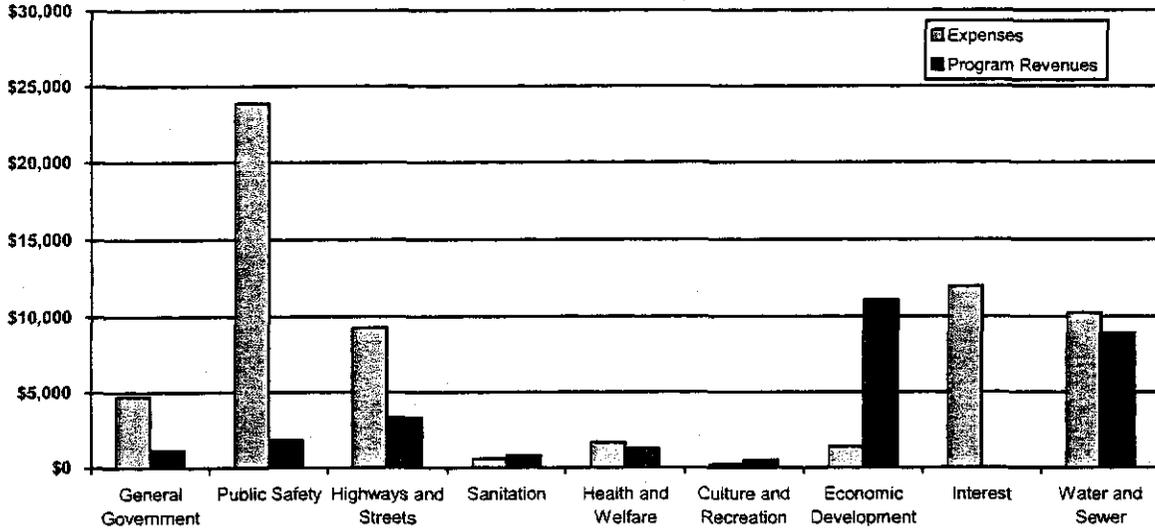
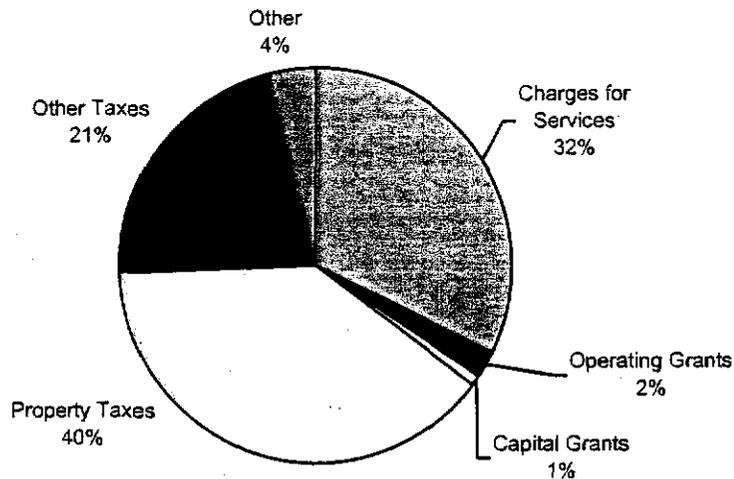


Chart 2
Revenues by Source
For the Fiscal Year Ended December 31, 2004



(See independent auditor's report.)

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

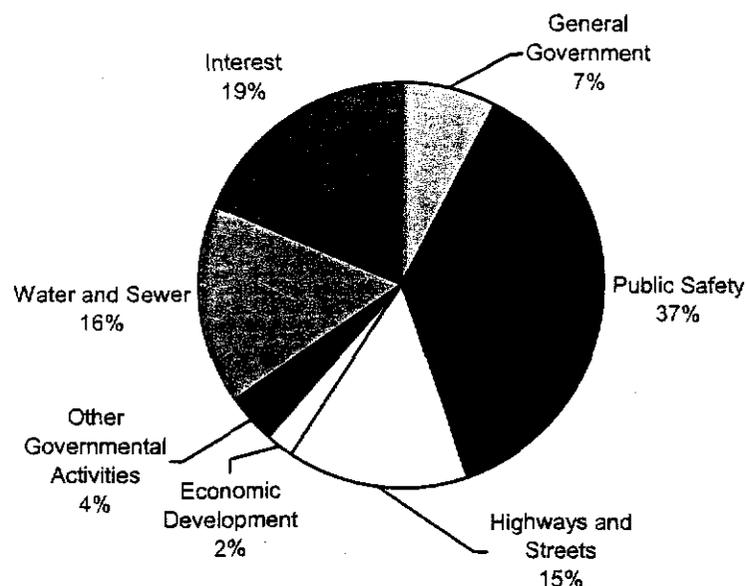
In 2004, state-shared sales tax revenues were \$4,960,882 compared to \$5,531,118 in 2003. The primary reason for this was due to a slight decrease in sales overall and a decrease in car sales. Home-rule sales tax revenues increased from \$1,485,007 to \$1,807,230 between the two years, due to an increase of 0.5% in the tax rate that was effective July 1, 2004.

Income and local use taxes are also shared by the state, but on a per-capita basis. Between 2003 and 2004, the Village's income and local use tax revenues increased from \$3,496,475 to \$3,744,788 reflecting an overall increase in the economy.

A major revenue component of the "charges for services" classification is from the Village's 1991 Junior Lien EDA TIF Bond Fund. For any year that incremental property taxes do not cover the debt service, the retailer must provide for the shortage. This income represents over \$10.8 million for 2004.

Another major revenue component for this revenue classification is fees from the Village's water and sewer utility. Water and sewer fee revenue was \$8,919,572 in 2004, compared with \$8,404,183 in 2003. There was a 2.4 percent rate increase on December 1, 2003 and an increase of 5.8 percent on December 1, 2004. As the Village continues to grow, so will the demand for water.

Chart 3
Expenses by Function
For the Fiscal Year Ended December 31, 2004



Village expenses amounted to \$64.0 million in 2004. Public Safety expenses related to the operations of the Police and Fire Departments accounted for the largest share of the total. In 2004, there were no increases to Police or Fire Department personnel. However, the Health & Human Services Department restructured their staffing, resulting in an overall decrease in expenditures, but the addition of one part-time clerk typist.

(See independent auditor's report.)

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

With historically low unemployment levels and high demand for skilled employees in both the public and private sectors in this region, it is important that the Village provide competitive compensation levels for our employees. The 2004 expenses included funding for the Village's performance based employee compensation package with a 3.5 percent increase. Several collective bargaining agreements established salary increases during 2004. Those agreements provided for various step (seniority) and general cost of living increases.

Once again, it needs to be mentioned that the inclusion of the EDA TIF debt distorts the results of operations of the governmental activities. In the current year, incremental taxes in the EDA were \$16,241,862, which represents general revenue to the governmental activities. In addition, the retailer is required to contribute any shortfall annually in the funds necessary to retire the Senior and Junior Lien Revenue Bonds, Series 1997 and 1991. The amount of the contribution from the retailer in the current year was \$10,845,010. On the expense side, the Village recognized interest expense of \$3,876,982 related to the Senior Lien Bonds and repaid principal in the amount of \$26,070,000. Removing this activity from the governmental activities results in the following:

Table 2-a
Changes in Net Assets Excluding EDA TIF Activity
For the Fiscal Year Ended December 31, 2004

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>
REVENUES						
Program Revenues:						
Charges for Services	\$ 4,877,845	\$ 6,134,081	\$ 8,404,183	\$ 8,919,572	\$ 13,282,028	\$ 15,053,653
Operating Grants	2,147,257	1,907,357	-	-	2,147,257	1,907,357
Capital Grants	579,609	700,558	-	-	579,609	700,558
General Revenues:						
Property Taxes	14,878,186	15,754,259	-	-	14,878,186	15,754,259
Other Taxes	17,055,385	17,441,887	-	-	17,055,385	17,441,887
Other	1,312,204	1,670,020	134,977	532,588	1,447,181	2,202,608
Total Revenues	40,850,486	43,608,162	8,539,160	9,452,160	49,389,646	102,449,968
EXPENSES						
General Government	4,428,226	4,713,709	-	-	4,428,226	4,713,709
Public Safety	22,409,329	23,861,883	-	-	22,409,329	23,861,883
Highways and Streets	8,729,150	9,286,945	-	-	8,729,150	9,286,945
Sanitation	531,458	600,961	-	-	531,458	600,961
Health and Welfare	1,610,610	1,674,649	-	-	1,610,610	1,674,649
Culture and Recreation	246,447	229,402	-	-	246,447	229,402
Economic Development	1,158,602	1,406,319	-	-	1,158,602	1,406,319
Water and Sewer	-	-	9,892,227	10,259,599	9,892,227	10,259,599
Interest on Long-Term Debt	1,237,618	978,608	-	-	1,237,618	978,608
Loss on Sale of Capital Assets	133,415	-	-	-	133,415	-
Total Expenses	40,484,855	42,752,476	9,892,227	10,259,599	50,377,082	53,012,075
Change in Net Assets	\$ 365,631	\$ 855,686	\$ (1,353,067)	\$ (807,439)	\$ (987,436)	\$ 48,247

(See independent auditor's report.)

Financial Analysis of the Village's Funds

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

For the fiscal year ended December 31, 2004, the governmental funds reported combined ending fund balances of \$51.3 million. This represents a decrease of approximately \$2.4 million over the prior year.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,079,973, while total fund balance reached \$13,658,083. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and as a measure of the General Fund's liquidity. It may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 38.1 percent of the total General Fund expenditures, while total fund balance represents 43.1 percent of that same amount.

**Table 3
 General Fund Budgetary Highlights
 For the Fiscal Year Ended December 31, 2004**

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	
			<i>2004</i>	<i>2003</i>
REVENUES				
Taxes	\$ 18,669,082	\$ 18,669,082	\$ 18,390,341	\$ 16,647,405
Inter-Governmental	10,551,912	10,551,912	9,348,021	9,800,467
Other	5,090,600	5,090,600	5,288,705	4,633,249
Total Revenues	34,311,594	34,311,594	33,027,067	31,081,121
EXPENDITURES AND TRANSFERS				
Expenditures	(31,628,542)	(31,964,742)	(31,698,216)	(28,980,085)
Transfers Out	(3,294,170)	(3,294,170)	(2,322,513)	(3,183,712)
Transfers In	-	-	-	18,441
Total Expenditures and Transfers	(34,922,712)	(35,258,912)	(34,020,729)	(32,145,356)
Change in Fund Balance	\$ (611,118)	\$ (947,318)	\$ (993,662)	\$ (1,064,235)

The fund balance of the Village's General Fund decreased by \$993,662 during the current fiscal year. The negative General Fund results were attributable primarily to the fact that \$500,000 of General Fund reserves was used for road improvements and approximately \$476,000 was transferred to the Insurance Fund to help fund high workers' compensation claims.

In years where revenues exceed expenditures within the General Fund, excess funds are utilized according to the Village's Fund Balance Policy. This policy states that the Village will strive to

(See independent auditor's report.)

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

maintain an unallocated/unreserved fund balance within the General Fund equal to 25% of the preceding year's annual operating budget. While the General Fund is above this level of fund balance, any year where year-end revenues exceed expenditures, the amount of surplus will be transferred to other funds to address known future financial needs. This allocation will be 50% to the Capital Improvements Fund for street improvements and 50% to remain within the General Fund or other funds as needed based on the annual recommendation of the Village Manager and approval by the Village Board.

Actual General Fund revenues fell short of original budgeted revenues by \$1,284,527 during fiscal year 2004. This is attributable mainly to sales tax revenues being \$1,382,924 under budget and home rules sales tax revenues being \$764,801 under budget, which, as mentioned before, was primarily due to a decrease in overall sales. Interest income also came in significantly lower than what was budgeted. Even so, residential and commercial development led to the Village collecting \$369,992 in building permits and \$397,280 in real estate transfer taxes above what was budgeted.

Actual General Fund expenditures and transfers were less than the original budget by \$901,983 and were less than the amended budget by \$1,238,183. These amounts were primarily due to expenditure reductions that came out of an early revenue shortfall projection.

The 1991 EDA TIF Bond Fund decreased the combined fund balance of the governmental funds by \$1,950,696. The primary reason for this was that incremental property taxes received during 2003 were partially funding the first debt service payment in 2004, so current year expenses exceeded current year revenues. This fund has a total fund balance of \$4,094,287, all of which is reserved for the payment of debt service.

The 1997 EDA TIF Refunding Bond Fund has a total fund balance of \$17,675,585, all of which is reserved for the payment of debt service. This amount includes a debt service reserve investment contract in the amount of \$15,375,655, which will only be utilized in the event of default. This fund contributed to the combined fund balance of the governmental funds with an increase of \$212,689. This is due to investment income coming in higher than budgeted.

With respect to the business-type activities, the Water and Sewer Fund recorded a decrease in net assets in the amount of \$807,439, which was over \$1.3 million less than originally projected. This more positive outcome is due to significant reductions of budgeted expenses. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$8,594,706.

During fiscal year 2004, the Village Board amended the budget once. This budget amendment was primarily for the following purposes:

- Unexpected increases in insurance claims for workers' compensation necessitated the General Fund budget being increased by \$218,020.
- The Village refunded its 1997 B G.O. Debt Service, thereby creating the 2004 G.O. Refunding Bond Fund. A total budget adjustment of \$7,072,750 was made in this fund for the payment to the escrow agent, principal, interest, and other closing costs. These expenses were offset by bond proceeds and a transfer from the 1997 B G.O. Debt Service Fund.

(See independent auditor's report.)

- Part of the 1991 EDA TIF bond and interest payment is funded through the interest that is received for the 1997 Debt Service Reserve Investment Contract. Since the exact amount was unknown at the time of the creation of the budget, a budget adjustment for this transfer in the amount of \$1,236,540 was made.
- In years past, annual transfers occurred from the Emergency-911 Fund to the Capital Replacement Fund for the eventual replacement of public safety equipment. In an effort to streamline this process, it was decided that all Emergency-911 funds should be kept in the Emergency-911 Fund, so a budget amendment in the amount of \$201,250 was needed for this transfer from the Capital Replacement Fund to the Emergency-911 Fund.
- Unexpected increases in insurance claims for workers' compensation necessitated the Insurance Fund budget being increased by \$687,510.
- Due to unexpected retirements, a budget amendment for the Firefighters Pension Fund in the amount of \$107,300 was needed.
- The amount of projected professional services needed in relation to the Roselle Road Business District TIF was not known during the creation of the 2004 budget, so an amendment was needed in the amount of \$240,140, which was funded through property taxes.

Of the total increases of \$10,140,120, \$9,410,380 was to be funded out of miscellaneous increases in various revenues. The remaining \$729,740 was to be budgeted from available fund balance in various funds.

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for both its governmental and business type activities as of December 31, 2004 amounts to \$123,043,210 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, roads, bridges, and storm sewers. The total investment in capital assets for the current fiscal year decreased 1.0 percent from 2003.

Major capital asset events during 2004 included the following:

- The Moon Lake Boulevard road project was reclassified from construction in progress to infrastructure assets in 2004 for \$955,439.
- Eight streets were reconstructed as part of the 2004 Street Revitalization Program. This resulted in \$994,151 being added to infrastructure assets.
- McDonough Road was accepted into the Village, adding \$1,013,507 to land right of way and infrastructure assets and \$116,750 to watermain assets.
- A new fire engine was purchased in the amount of \$353,421.
- The Police Department purchased 10 new vehicles, totaling \$217,136.
- The Public Works Department purchased two dump trucks and two pickup trucks for \$249,502.
- Willow Creek system improvements were completed in 2004, totaling \$250,410.

(See independent auditor's report.)

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

The following schedule reflects the Village's capital asset balances as of December 31, 2004.

Table 4
Capital Assets
As of December 31, 2004

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>
Land and Land Right of Way	\$ 36,944,609	\$ 37,337,446	\$ 474,000	\$ 474,000	\$ 37,418,609	\$ 37,811,446
Buildings and Improvements	17,080,554	17,134,610	37,494,638	37,899,998	54,575,192	55,034,608
Machinery, Vehicles and Equipment	9,012,585	9,363,568	1,233,136	1,260,610	10,245,721	10,624,178
Infrastructure	76,191,753	78,478,971	-	-	76,191,753	78,478,971
Construction in Progress	955,439	-	-	-	955,439	-
Less:						
Accumulated Depreciation	(39,120,238)	(41,845,624)	(15,985,192)	(17,060,369)	(55,105,430)	(58,905,993)
Total	101,064,702	100,468,971	23,216,582	22,574,239	124,281,284	123,043,210

Additional information on the Village's capital assets can be found in note 5 on pages 43 and 44 of this report.

Long-Term Debt. The following schedule summarizes the Village's bonded and similar indebtedness.

Table 5
Bonded and Similar Indebtedness
As of December 31, 2004

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>
General Obligation Bonds	\$ 26,985,000	\$ 24,180,000	\$ -	\$ -	\$ 26,985,000	\$ 24,180,000
TIF Revenue Bonds	143,266,563	121,410,341	-	-	143,266,563	121,410,341
TIF Revenue Notes	86,789,188	89,750,593	-	-	86,789,188	89,750,593
Installment Contract Certificate	279,222	94,471	-	-	279,222	94,471
Total	\$ 257,319,973	\$ 235,435,405	\$ -	\$ -	\$ 257,319,973	\$ 235,435,405

At the end of the current fiscal year, the Village had total debt outstanding of \$235,435,405 (excluding compensated absences and Net Pension Obligation). Of this amount, \$24,180,000 comprises general obligation bonds backed by the full faith and credit of the Village. The Village also issues bonds and notes where the Village pledges incremental tax income derived from a separately created tax increment financing district. These bonds and notes are not obligations of the Village and are secured only by the incremental revenues generated by the

(See independent auditor's report.)

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

EDA TIF district. The Village has also entered into one installment note to provide funds for the acquisition of capital assets, for which the government is liable in the event of default by the property owners subject to the installment contract.

In 2004, the Village's total debt decreased by \$21,884,568 which was 8.5 percent. During 2004, the Village refunded the 1997 B General Obligation bond issue to take advantage of favorable interest rates. The result was the \$6,765,000 Village of Hoffman Estates, Illinois, General Obligation Refunding Bonds Series 2004 bond issue.

As an Illinois home-rule community, the Village is not subject to any debt limitation. The Village's general obligation bonds have been given a credit rating of Aa2 from Moody's Investors Services and AA+ from Standard and Poor's, which were reaffirmed as a result of the 2004 General Obligation Refunding Bond issue. Moody's reported that the high-grade Aa2 rating reflects the long-term trend of growth expected in the Village's large economic base, the tax base concentration created by the presence of two large corporate office complexes, sound and well-managed financial operations that derive flexibility from home rule status and an above average debt burden that remains manageable.

Additional information on the Village's long-term debt can be found in note 6 on pages 45 through 53 of this report.

Economic Factors and Next Year's Budgets and Rates

Property taxes imposed on property within the Village's corporate limits provide a stable revenue source. The Village also receives revenue from a variety of other sources, and a significant increase in two of these revenues occurred in 2004. The full effect of these increases will not be realized until 2005 and in future years. The Village has adopted the Medicare-approved rates for ambulance services. These new rates were phased in starting in 2004 and ending in 2005. Also, effective July 1, 2004, the Village's home rule sales tax rate increased from 0.5 percent to 1.0 percent.

The unemployment rate for the Village is currently 4.9 percent, which compares favorably to the county's average unemployment rate of 6.6 percent and the state's average rate of 6.2 percent. The 2000 census found that the median household income was \$65,937 and the median home value was \$181,700. The Village undertook a special census in 2003. The census found that the population of Hoffman Estates was 50,573, which was an increase from the 2000 census figure of 49,495. Putting the increased population on record means that the Village will be entitled to larger portions of state-shared revenue such as income taxes and motor fuel taxes.

All of these factors were considered in preparing the Village's budget for the 2005 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$12,079,973. The Village has appropriated \$896,897 of this amount for spending in the 2005 fiscal year budget.

(See independent auditor's report.)

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

The water and sewer rates were increased in December 2003 by an average of 2.4 percent for all customers, and again in December 2004 by an average of 5.8 percent. These rate increases were necessary in order to fund future water and sewer system improvements. This rate is expected to continue to minimally increase every year to fund improvements that must be made to the water and sewer systems.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability of the money it receives. Questions concerning this report or requests for additional financial information should be directed to Michael F. DuCharme, Director of Finance/Village Treasurer, Village of Hoffman Estates, 1900 Hassell Road, Hoffman Estates, IL 60195.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 53,815,332	\$ 7,894,210	\$ 61,709,542
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	12,957,535	-	12,957,535
Accounts	42,987	1,320,525	1,363,512
Accrued Interest	200,259	16,666	216,925
Other	597,686	88,377	686,063
Deposits	59,200	-	59,200
Prepaid Expenses	250,625	19,477	270,102
Inventory	152,058	136,856	288,914
Due from Other Governments	3,441,099	-	3,441,099
Due to/from Other Funds	141,369	(141,369)	-
Advance to Fiduciary Funds	5,470	-	5,470
Net Pension Asset	299,778	-	299,778
Capital Assets			
Not Depreciated	37,337,446	474,000	37,811,446
Depreciated (Net of Accumulated Depreciation)	63,131,525	22,100,239	85,231,764
Deferred Charges	368,243	-	368,243
Total Assets	172,800,612	31,908,981	204,709,593
LIABILITIES			
Accounts Payable	1,468,601	447,097	1,915,698
Arbitrage Payable	260,970	-	260,970
Accrued Payroll	779,072	60,342	839,414
Accrued Interest Payable	496,635	-	496,635
Claims Payable	1,513,241	-	1,513,241
Benefits Payable	60,669	-	60,669
Unearned Revenues	13,171,077	-	13,171,077
Due to Fiduciary Funds	56,692	-	56,692
Deposits Payable	1,816,999	50,002	1,867,001
Long-Term Liabilities			
Due Within One Year	19,196,670	125,246	19,321,916
Due in More than One Year	218,161,732	57,349	218,219,081
Unamortized Bond Premium	179,786	-	179,786
Total Liabilities	257,162,144	740,036	257,902,180
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	76,288,971	22,574,239	98,863,210
Restricted for:			
Highways and Streets	164,435	-	164,435
Emergency Equipment	702,695	-	702,695
Public Safety	231,185	-	231,185
Economic Development	6,760,817	-	6,760,817
Bridge Maintenance and Repairs	356,112	-	356,112
Debt Service	22,395,191	-	22,395,191
Unrestricted (Deficit)	(191,260,938)	8,594,706	(182,666,232)
TOTAL NET ASSETS	\$ (84,361,532)	\$ 31,168,945	\$ (53,192,587)

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 4,713,709	\$ 1,093,124	\$ 62,562	\$ -
Public Safety	23,861,883	1,595,498	260,113	-
Highways and Streets	9,286,945	1,023,264	1,584,682	700,558
Sanitation	600,961	816,056	-	-
Health and Welfare	1,674,649	1,285,231	-	-
Culture and Recreation	229,402	493,933	-	-
Economic Development	1,406,319	11,093,955	-	-
Interest	11,971,027	-	-	-
Total Governmental Activities	53,744,895	17,401,061	1,907,357	700,558
Business-Type Activities				
Water/Sewer	10,259,599	8,919,572	-	-
Total Business-Type Activities	10,259,599	8,919,572	-	-
TOTAL PRIMARY GOVERNMENT	\$ 64,004,494	\$ 26,320,633	\$ 1,907,357	\$ 700,558

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (3,558,023)	\$ -	\$ (3,558,023)
	(22,006,272)	-	(22,006,272)
	(5,978,441)	-	(5,978,441)
	215,095	-	215,095
	(389,418)	-	(389,418)
	264,531	-	264,531
	9,687,636	-	9,687,636
	(11,971,027)	-	(11,971,027)
	(33,735,919)	-	(33,735,919)
	-	(1,340,027)	(1,340,027)
	-	(1,340,027)	(1,340,027)
	(33,735,919)	(1,340,027)	(35,075,946)
General Revenues			
Taxes			
Property	31,996,121	-	31,996,121
Sales	4,960,882	-	4,960,882
Home Rule Sales	1,807,230	-	1,807,230
Real Estate Transfer	1,272,280	-	1,272,280
Income and Local Use	3,744,788	-	3,744,788
Hotel/Motel	703,233	-	703,233
Telecommunications	3,976,737	-	3,976,737
Food and Beverage	772,187	-	772,187
Replacement	184,485	-	184,485
Other	20,065	-	20,065
Investment Income	1,547,181	105,028	1,652,209
Miscellaneous	297,218	310,810	608,028
Contributions	1,013,507	116,750	1,130,257
Total	52,295,914	532,588	52,828,502
CHANGE IN NET ASSETS	18,559,995	(807,439)	17,752,556
NET ASSETS (DEFICIT), JANUARY 1	(102,921,527)	31,976,384	(70,945,143)
NET ASSETS (DEFICIT), DECEMBER 31	\$ (84,361,532)	\$ 31,168,945	\$ (53,192,587)

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2004

	General	1991 EDA TIF Bond	1997 EDA TIF Refunding Bond	Nonmajor Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 11,490,275	\$ 4,092,268	\$ 17,795,861	\$ 18,780,247	\$ 52,158,651
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	11,381,614	-	-	1,575,921	12,957,535
Accounts	42,987	-	-	-	42,987
Accrued Interest	4,770	2,019	140,694	41,009	188,492
Other	309,307	-	-	235,268	544,575
Prepaid Items	16,959	-	-	174,149	191,108
Inventory	152,058	-	-	-	152,058
Due from Other Governments	3,316,532	-	-	124,567	3,441,099
Due from Other Funds	89,811	-	-	94,832	184,643
Advance to Other Funds	1,185,532	-	-	-	1,185,532
Advance to Fiduciary Funds	5,470	-	-	-	5,470
TOTAL ASSETS	\$ 27,995,315	\$ 4,094,287	\$ 17,936,555	\$ 21,025,993	\$ 71,052,150
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 526,370	\$ -	\$ -	\$ 495,869	\$ 1,022,239
Arbitrage Payable	-	-	260,970	-	260,970
Accrued Payroll	695,220	-	-	66,385	761,605
Deferred Revenues	11,504,468	-	-	2,360,743	13,865,211
Due to Other Funds	649,862	-	-	172,391	822,253
Due to Fiduciary Funds	56,692	-	-	-	56,692
Advance from Other Funds	-	-	-	1,185,532	1,185,532
Deposits Payable	904,620	-	-	912,379	1,816,999
Total Liabilities	14,337,232	-	260,970	5,193,299	19,791,501
FUND BALANCES					
Reserved for Prepaid Items	16,959	-	-	174,149	191,108
Reserved for Inventory	152,058	-	-	-	152,058
Reserved for Advances to Other Funds	1,191,002	-	-	-	1,191,002
Reserved for Employee Loan Program	83,805	-	-	-	83,805
Reserved for Highways and Streets	-	-	-	164,435	164,435
Reserved for Emergency Equipment	-	-	-	702,695	702,695
Reserved for Public Safety	134,286	-	-	96,899	231,185
Reserved for Economic Development	-	-	-	6,760,817	6,760,817
Reserved for Bridge Maintenance and Repairs	-	-	-	356,112	356,112
Reserved for Debt Service	-	4,094,287	17,675,585	541,239	22,311,111
Unreserved					
Designated for Compensated Absences	1,671,102	-	-	-	1,671,102
Designated for Capital Projects	-	-	-	7,049,563	7,049,563
Undesignated - Special Revenue Funds	-	-	-	(13,215)	(13,215)
Undesignated - General Fund	10,408,871	-	-	-	10,408,871
Total Fund Balances	13,658,083	4,094,287	17,675,585	15,832,694	51,260,649
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,995,315	\$ 4,094,287	\$ 17,936,555	\$ 21,025,993	\$ 71,052,150

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

December 31, 2004

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 51,260,649
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Governmental Funds	100,415,616
Net Pension Asset is Shown as an Asset on the Statement of Net Assets	299,778
Unamortized Loss on Refunding is Shown as a Deferred Charge on the Statement of Net Assets	245,666
Unamortized Bond Issuance Cost is Shown as a Deferred Charge on the Statement of Net Assets	122,577
Long-Term Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and, Therefore, are not Reported in the Governmental Funds:	
Compensated Absences	(1,677,829)
Net Pension Obligation	(232,568)
Unamortized Bond Premium	(179,786)
General Obligation Bonds Payable	(24,180,000)
Tax Increment Financing Bonds Payable	(121,410,341)
Tax Increment Financing Notes Payable	(89,750,593)
Installment Contracts Payable	(94,471)
Accrued Interest on Long-Term Liabilities is Shown as a Liability on the Statement of Net Assets	(496,635)
Certain Revenues that are Deferred in Governmental Funds are Recognized as Revenue on the Statement of Net Assets	694,134
The Net Assets of the Internal Service Fund are Included in the Governmental Activities in the Statement of Net Assets	<u>622,271</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (84,361,532)</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2004

	General	1991 EDA TIF Bond	1997 EDA TIF Refunding Bond	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 18,390,341	\$ 2,241,862	\$ 14,000,000	\$ 5,701,757	\$ 40,333,960
Licenses and Permits	1,613,441	-	-	-	1,613,441
Intergovernmental	9,348,021	-	-	1,743,808	11,091,829
Charges for Services	2,503,993	10,845,011	-	2,056,156	15,405,160
Fines and Forfeits	571,439	-	-	237,057	808,496
Investment Income	161,811	145,900	976,202	263,268	1,547,181
Miscellaneous	436,486	-	-	240,758	677,244
Total Revenues	33,025,532	13,232,773	14,976,202	10,242,804	71,477,311
EXPENDITURES					
Current					
General Government	4,213,656	-	-	181,713	4,395,369
Public Safety	20,443,226	-	-	2,811,177	23,254,403
Highways and Streets	4,053,212	-	-	1,426,863	5,480,075
Sanitation	-	-	-	600,961	600,961
Health and Welfare	1,637,951	-	-	-	1,637,951
Culture and Recreation	222,720	-	-	-	222,720
Economic Development	1,127,451	-	-	240,137	1,367,588
Capital Outlay	-	-	-	2,992,795	2,992,795
Debt Service					
Principal Retirement	-	17,380,000	8,690,000	3,044,750	29,114,750
Interest and Fiscal Charges	-	-	3,876,982	1,039,675	4,916,657
Total Expenditures	31,698,216	17,380,000	12,566,982	12,338,071	73,983,269
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,327,316	(4,147,227)	2,409,220	(2,095,267)	(2,505,958)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	2,196,531	-	3,095,457	5,291,988
Transfers (Out)	(2,322,513)	-	(2,196,531)	(814,387)	(5,333,431)
Sale of Capital Assets	1,535	-	-	60,254	61,789
Bond Issued, at Par	-	-	-	6,765,000	6,765,000
Payment to Escrow Agent	-	-	-	(6,852,230)	(6,852,230)
Premium on Issuance of Bonds	-	-	-	163,592	163,592
Total Other Financing Sources (Uses)	(2,320,978)	2,196,531	(2,196,531)	2,417,686	96,708
NET CHANGE IN FUND BALANCES	(993,662)	(1,950,696)	212,689	322,419	(2,409,250)
FUND BALANCES, JANUARY 1	14,651,745	6,044,983	17,462,896	15,510,275	53,669,899
FUND BALANCES, DECEMBER 31	\$ 13,658,083	\$ 4,094,287	\$ 17,675,585	\$ 15,832,694	\$ 51,260,649

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

For the Year Ended December 31, 2004

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (2,409,250)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental Funds Report Capital Outlay as Expenditures, However, They are Capitalized and Depreciated in the Statement of Activities	1,935,584
Contributions of Capital Assets are Reported Only in the Statement of Activities	1,013,507
Sales of Capital Assets are Reported as a Proceed in Governmental Funds but as a Gain/(Loss) from Sale on the Statement of Activities	(148,776)
The Issuance of Long-Term Debt is Reported as an Other Financing Source in Governmental Funds but as an Increase of Principal Outstanding in the Statement of Net Assets	(6,765,000)
The Premium on Issuance of Long-Term Debt is Reported as an Other Financing Source in Governmental Funds but as an Increase of Unamortized Bond Premium on the Statement of Net Assets	(163,592)
The Payment to Escrow Agent is Reported as an Other Financing Use in Governmental Funds but as a Decrease in Principal Outstanding in the Statement of Activities	6,852,230
The Repayment of the Principal on Long-Term Debt is Reported as an Expenditure When Due in Governmental Funds but as a Reduction of Principal Outstanding in the Statement of Activities	29,114,750
Accretion of Bonds is Reported as Interest Expense on the Statement of Activities	(7,175,183)
The Change in Accrued Interest is Reported as Interest Expense on the Statement of Activities	74,993
The Amortization of Certain Deferred Charges is Reported as Interest Expense on the Statement of Activities	45,820
Some Expenses in the Statement of Activities (e.g. Depreciation) do not Require the Use of Current Financial Resources and, Therefore, are not Reported as Expenditures in Governmental Funds	(3,366,672)
Certain Revenues Recognition is Different on the Full Accrual Basis Than on the Modified Accrual Basis	(185,928)
The Decrease in the Net Pension Obligation is Shown as a Decrease in Expense on the Statement of Activities	3,139
The Increase in the Net Pension Asset is Shown as a Decrease in Expense on the Statement of Activities	28,496
The Change in Compensated Absences Payable is Shown as an Expense on the Statement of Activities	(46,037)
The Change in Net Assets of Certain Activities of Internal Service Funds is in Governmental Funds	<u>(248,086)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 18,559,995</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2004

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
CURRENT ASSETS		
Cash and Investments	\$ 7,894,210	\$ 1,656,681
Receivables		
Accounts	1,320,525	-
Accrued Interest	16,666	11,767
Other	88,377	53,111
Deposits	-	59,200
Prepaid Expenses	19,477	59,517
Inventories	136,856	-
Due from Other Funds	248	779,487
Total Current Assets	9,476,359	2,619,763
CAPITAL ASSETS		
Not Depreciated	474,000	-
Depreciated	39,160,608	181,978
Accumulated Depreciation	(17,060,369)	(128,623)
Net Capital Assets	22,574,239	53,355
Total Assets	32,050,598	2,673,118
CURRENT LIABILITIES		
Accounts Payable	447,097	446,362
Accrued Payroll	60,342	17,467
Claims Payable	-	1,513,241
Benefits Payable	-	60,669
Deferred Revenues	-	-
Due to Other Funds	141,617	508
Deposits Payable	50,002	-
Compensated Absences Payable	125,246	12,600
Total Current Liabilities	824,304	2,050,847
LONG-TERM LIABILITIES		
Compensated Absences Payable	57,349	-
Total Long-Term Liabilities	57,349	-
Total Liabilities	881,653	2,050,847
NET ASSETS		
Invested in Capital Assets	22,574,239	53,355
Unrestricted	8,594,706	568,916
TOTAL NET ASSETS	\$ 31,168,945	\$ 622,271

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2004

	Business-Type Activities <u>Waterworks and Sewerage</u>	Governmental Activities <u>Internal Service</u>
OPERATING REVENUES		
Charges for Services	\$ 8,919,572	\$ 5,730,530
Contributions	-	641,986
Total Operating Revenues	<u>8,919,572</u>	<u>6,372,516</u>
OPERATING EXPENSES		
Operations	-	999,516
Claims and Insurance	-	5,667,047
Water Division	7,946,721	-
Sewer Division	1,237,701	-
Depreciation	1,075,177	29,374
Total Operating Expenses	<u>10,259,599</u>	<u>6,695,937</u>
OPERATING INCOME (LOSS)	<u>(1,340,027)</u>	<u>(323,421)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	105,028	25,287
Miscellaneous Revenue	310,810	200
Recoveries	-	8,405
Total Nonoperating Revenues (Expenses)	<u>415,838</u>	<u>33,892</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(924,189)</u>	<u>(289,529)</u>
TRANSFERS IN (OUT)		
Transfers In	-	41,443
Total Transfers In (Out)	<u>-</u>	<u>41,443</u>
CONTRIBUTIONS	<u>116,750</u>	<u>-</u>
CHANGES IN NET ASSETS	<u>(807,439)</u>	<u>(248,086)</u>
NET ASSETS, JANUARY 1	<u>31,976,384</u>	<u>870,357</u>
NET ASSETS, DECEMBER 31	<u>\$ 31,168,945</u>	<u>\$ 622,271</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2004

	Business-Type Activities Waterworks and Sewerage	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 8,880,376	\$ -
Receipts from Interfund Services Transactions	-	5,821,282
Payments to Suppliers	(6,420,167)	(6,256,316)
Payments for Interfund Services Transactions	(531,223)	-
Payments to Employees	(2,035,917)	(612,395)
Net Cash from Operating Activities	<u>(106,931)</u>	<u>(1,047,429)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous Receipts	5,811	-
Recoveries	14,592	8,405
Transfers In	-	41,443
Net Cash from Noncapital Financing Activities	<u>20,403</u>	<u>49,848</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Assets Purchased	(316,084)	-
Net Cash from Capital and Related Financing Activities	<u>(316,084)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(807,417)	-
Sale of Investments	1,200,000	700,000
Interest Received	103,356	31,093
Net Cash from Investing Activities	<u>495,939</u>	<u>731,093</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	93,327	(266,488)
CASH AND CASH EQUIVALENTS, JANUARY 1	3,132,425	1,236,933
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 3,225,752	\$ 970,445
CASH AND INVESTMENTS		
Cash	\$ 3,225,752	\$ 970,445
Investments	4,668,458	686,236
TOTAL CASH AND INVESTMENTS	\$ 7,894,210	\$ 1,656,681

(This statement is continued on the following page.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)

PROPRIETARY FUNDS

For the Year Ended December 31, 2004

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Operating Income (Loss)</i>	\$ (1,340,027)	\$ (323,421)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash from Operating Activities		
Depreciation and Amortization	1,075,177	29,374
Miscellaneous Income		200
Changes in Assets and Liabilities		
Receivables	(39,195)	165,776
Prepaid Expenses	(17,707)	(58,876)
Due from Other Funds	(248)	(779,487)
Deposits	-	(24,200)
Inventory	71,186	-
Accounts Payable	(82,287)	(30,685)
Accrued Payroll	12,279	783
Claims Payable	-	146,486
Benefits Payable	-	(8,738)
Due to Other Funds	136,473	(163,149)
Other Liabilities	-	-
Compensated Absences Payable	77,418	(1,492)
NET CASH FROM OPERATING ACTIVITIES	\$ (106,931)	\$ (1,047,429)
NONCASH TRANSACTIONS		
Developer Contributions	\$ 116,750	\$ -
TOTAL NONCASH TRANSACTIONS	\$ 116,750	\$ -

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2004

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Short-Term Investments	\$ 2,036,009	\$ 1,278,474
Investments, at Fair Value		
U.S. Treasury Securities	21,946,437	-
U.S. Agency Securities	18,922,892	-
Illinois Metropolitan Investment Trust	651,173	-
Mutual Funds	15,768,795	-
Money Market Mutual Funds	1,380,244	-
Equities	15,793,893	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accrued Interest	533,666	-
Due from General Fund	56,692	-
Assets Held by Agents	-	30,600
Total Assets	77,089,801	1,309,074
LIABILITIES		
Accounts Payable	46,477	-
Due to Participants	-	25,130
Advances from Other Funds	-	5,470
Due to Other Entities	-	1,278,474
Total Liabilities	46,477	\$ 1,309,074
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 77,043,324	

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended December 31, 2004

ADDITIONS	
Contributions	
Employer Contributions	\$ 2,568,197
Employee Contributions	1,205,086
Other Contributions	<u>179,552</u>
Total Contributions	<u>3,952,835</u>
Investment Income	
Net Appreciation in Fair Value of Investments	3,284,647
Interest	<u>2,495,467</u>
Total Investment Income	5,780,114
Less Investment Expense	<u>(208,728)</u>
Net Investment Income	<u>5,571,386</u>
Total Additions	<u>9,524,221</u>
DEDUCTIONS	
Benefits and Refunds	2,850,635
Miscellaneous	<u>59,666</u>
Total Deductions	<u>2,910,301</u>
NET INCREASE	6,613,920
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>70,429,404</u>
December 31	<u>\$ 77,043,324</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
INDEX TO NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Village is a municipal corporation governed by an elected president and six-member board of trustees. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the primary government. "Blended" component units, whether or not legally separate entities, are in substance part of the Village's operations. Therefore, financial data from any blended component units are combined with data of the primary government.

The Village's financial statements include two pension trust funds: the Police Pension System and the Firefighters' Pension System.

Police Pension System: The Village's sworn police employees participate in the Police Pension System (PPS). The PPS functions for the benefit of those employees and is governed by a five-member pension board. Two members appointed by the Village President, one elected pension beneficiary and two elected police officers constitute the pension board. The Village and PPS participants are obligated to fund all PPS 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. The PPS is reported as a pension trust fund because of the Village's fiduciary responsibility.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Firefighters' Pension System: The Village's sworn firefighters participate in the Firefighters' Pension System (FPS). The FPS functions for the benefit of those employees and is governed by a nine-member pension board. The Village President, Treasurer, Clerk, Attorney, Fire Chief, one elected pension beneficiary and three elected fire employees constitute the pension board. The Village and FPS participants are obligated to fund all FPS 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. The FPS is reported as a pension trust fund because of the Village's fiduciary responsibility.

B. Fund Accounting

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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

C. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The 1991 EDA TIF Bond Fund, a debt service fund, is used to account for the accumulation of resources and the payment of principal and interest on the Series 1991 EDA tax increment revenue bond issue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The 1997 EDA TIF Refunding Bond Fund, a debt service fund, is used to account for the accumulation of resources and the payment of principal, interest and fiscal charges on the Series 1997 tax increment revenue refunding bond issue.

The Village reports the following major proprietary funds:

The Waterworks and Sewerage Fund accounts for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Additionally, the Village reports the following proprietary fund type:

Internal service funds account for the Village's self-insured property, casualty, worker's compensation and health insurance programs and the operations of the information systems division provided to other departments or agencies of the Village on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the Village's governmental funds/activities.

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighter's Pension Fund. Furthermore, the Village reports the following agency funds as fiduciary funds: Barrington/Higgins TIF Fund, EDA Special Tax Allocation Fund and Flexible Spending Account Fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes which use a 90 day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes owed to the state at year end, franchise taxes, licenses, charges for services, food and beverage taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the Village.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The Village reports deferred/unearned revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition.

Investments with a maturity of one year or less when purchased and all non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased, are reported at fair value. All investments of the pension trust funds, regardless of length of maturity, are reported at fair value. Fair value is based on published market quotes as of December 31 or contract values for insurance contracts.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the Village's fair value in the pool.

Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

F. Property Taxes

Property taxes for 2004 attach as an enforceable lien on January 1, 2004 on properties assessed as of the same date. Taxes are levied on a calendar year basis by the last Tuesday of December. Tax bills are prepared and mailed by the County on or about February 1, 2005 and August 1, 2005, and are payable in two installments, on or about March 1, 2005 and September 1, 2005. The County collects such taxes and remits them periodically. Since the 2004 levy is intended to finance the 2005 fiscal year, the levy has been recorded as receivable and deferred revenue.

G. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Deferred Charges

Deferred charges in the proprietary funds, if any, and the governmental activities in the government-wide financial statements represents bond issuance costs and accounting losses on advance refundings of bonds which are being amortized over the life of the bonds.

I. Prepaid Items/Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items/expenses.

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	40
Infrastructure	30
Office Equipment	5-15
Department Equipment	5-15
Office Furniture	10-15
Vehicles	10-15
Plant System	40

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

It is the Village's policy for employees to accrue vacation and sick leave. Accrued vacation must be used within twelve months of being earned. Vested or accumulated vacation and sick leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expense is recorded for that portion of vesting accumulated sick leave benefits that is expected to be taken as "terminal leave" at retirement.

L. Interfund Transactions

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

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

M. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

N. 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 financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Long-Term Obligations (Continued)

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

O. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt, represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances

The Roselle Road TIF fund had a deficit fund balance of \$118,376 as of December 31, 2004.

3. DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - State statutes and the Village's investment policy authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the United States treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios consisting entirely of securities issued or guaranteed by the United States government, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, guaranteed investment contracts and Illinois Funds. The Village's two pension funds can also invest in certain non-U.S. obligations, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company separate accounts, mutual funds and equity securities.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

At year end the carrying amount of the Village's deposits totaled \$14,950,480 and the bank balances totaled \$15,075,507. Cash on hand of \$1,800 has been excluded from the above amounts.

	<u>Bank Balances</u>
Category 1 Deposits covered by federal depository insurance, or by collateral held by the Village, or its agent, in the Village's name.	\$ 15,075,507
Category 2 Deposits covered by collateral held by the pledging financial institutions trust department, or its agents, in the Village's name.	-
Category 3 Deposits covered by collateral held by the pledging financial institutions or its trust department, or its agent but not in the Village's name, and deposits which are uninsured and uncollateralized.	-
TOTAL DEPOSITS	<u>\$ 15,075,507</u>

B. Investments

The Village's investments are categorized to give an indication of the level of custodial credit risk assumed by the Village at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Village's name, and uninsured, unregistered investments.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

At year end, the Village's investment balances were as follows:

	Category			Totals
	1	2	3	
U.S. Government Securities	\$ 21,946,437	\$ -	\$ -	\$ 21,946,437
U.S. Agency Securities	21,673,654	-	-	21,673,654
Equity Securities	15,793,893	-	-	15,793,893
	<u>\$ 59,413,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>59,413,984</u>
Investments not Subject to Risk Categorization				
Mutual Funds				15,768,795
Money Market Mutual Funds				12,981,268
Illinois Funds				16,096,946
Illinois Metropolitan Investment Fund				4,898,531
Investment Contracts				15,375,655
TOTAL INVESTMENTS				<u><u>\$ 124,535,179</u></u>

4. RECEIVABLES

The following receivables are included in Other Receivables on the Statement of Net Assets:

GOVERNMENTAL ACTIVITIES		
Hotel Tax	\$	133,145
Cable Franchise Fees		82,836
911 Surcharge		37,845
Tipping Fees		39,336
Food and Beverage Tax		73,651
Other Entities		84,080
Employee Computer Program		83,805
Reinsurance		52,097
Other Miscellaneous		10,891
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>597,686</u>
BUSINESS-TYPE ACTIVITIES		
Recapture	\$	56,412
Other Miscellaneous		31,965
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$</u>	<u>88,377</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. RECEIVABLES (Continued)

The following receivables are included in Due from Other Governments on the Statement of Net Assets:

GOVERNMENTAL ACTIVITIES	
Sales Tax	\$ 1,198,930
Home Rule Sales Tax	556,109
Income Tax	219,052
Local Use Tax	119,739
Motor Fuel Tax	124,567
Simplified Telecommunications Tax	1,096,737
Grants	60,018
Court Fines	<u>65,947</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 3,441,099</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 4,249,750	\$ -	\$ -	\$ 4,249,750
Land Right of Way	32,694,859	392,837	-	33,087,696
Construction in Progress	955,439	-	955,439	-
Total Capital Assets not Being Depreciated	<u>37,900,048</u>	<u>392,837</u>	<u>955,439</u>	<u>37,337,446</u>
Capital Assets Being Depreciated				
Buildings and Improvements	17,080,554	54,056	-	17,134,610
Department Equipment	1,510,265	37,105	87,355	1,460,015
Vehicles	7,338,952	980,221	578,988	7,740,185
Office Furniture	15,225	-	-	15,225
Office Equipment	148,143	-	-	148,143
Infrastructure	76,191,753	2,587,821	300,603	78,478,971
Total Capital Assets Being Depreciated	<u>102,284,892</u>	<u>3,659,203</u>	<u>966,946</u>	<u>104,977,149</u>
Less Accumulated Depreciation for				
Buildings and Improvements	5,693,420	426,389	-	6,119,809
Department Equipment	913,378	116,824	83,663	946,539
Vehicles	2,974,650	566,843	303,956	3,237,537
Office Furniture	6,090	1,015	-	7,105
Office Equipment	84,284	9,123	-	93,407
Infrastructure	29,448,416	2,275,853	283,042	31,441,227
Total Accumulated Depreciation	<u>39,120,238</u>	<u>3,396,047</u>	<u>670,661</u>	<u>41,845,624</u>
Total Capital Assets Being Depreciated, Net	<u>63,164,654</u>	<u>263,156</u>	<u>296,285</u>	<u>63,131,525</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 101,064,702</u>	<u>\$ 655,993</u>	<u>\$ 1,251,724</u>	<u>\$ 100,468,971</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 474,000	\$ -	\$ -	\$ 474,000
Total Capital Assets not Being Depreciated	474,000	-	-	474,000
Capital Assets Being Depreciated				
Plant System and Equipment	37,494,638	405,360	-	37,899,998
Vehicles	834,345	-	-	834,345
Department Equipment	398,791	27,474	-	426,265
Total Capital Assets Being Depreciated	38,727,774	432,834	-	39,160,608
Less Accumulated Depreciation for				
Plant System and Equipment	15,106,580	940,562	-	16,047,142
Vehicles	530,037	127,546	-	657,583
Department Equipment	348,575	7,069	-	355,644
Total Accumulated Depreciation	15,985,192	1,075,177	-	17,060,369
Total Capital Assets Being Depreciated, Net	22,742,582	(642,343)	-	22,100,239
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 23,216,582	\$ (642,343)	\$ -	\$ 22,574,239

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General Government	\$ 212,295
Public Safety	559,606
Highways and Streets, including Depreciation of General Infrastructure Assets	2,583,849
Health and Welfare	15,252
Culture and Recreation	7,437
Economic Development	17,608
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 3,396,047

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT

A. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Reductions	Refundings	Balances December 31	Current Portion
\$6,365,000 General Obligation Bonds, Series 1997A, dated December 15, 1997 with interest at 4.50% to 4.70%.	Debt Service	\$ 3,965,000	\$ -	\$ 365,000	\$ -	\$ 3,600,000	\$ 380,000
\$10,000,000 General Obligation Bonds, Series 1997B, dated December 15, 1997 with interest at 4.30% to 4.60%.	Debt Service	7,390,000	-	680,000	6,710,000	-	-
\$10,760,000 General Obligation Refunding Bonds dated July 15, 2001 with interest at 4.00% to 4.50%.	Debt Service	9,600,000	-	1,075,000	-	8,525,000	1,165,000
\$6,155,000 General Obligation Refunding Bonds dated September 1, 2003 with interest at 2.00% to 3.35%.	Debt Service	6,030,000	-	610,000	-	5,420,000	665,000
\$6,765,000 General Obligation Refunding Bonds dated October 15, 2004 with interest at 3.00% to 3.75%.	Debt Service	-	6,765,000	130,000	-	6,635,000	735,000
TOTAL GENERAL OBLIGATION BONDS		\$ 26,985,000	\$ 6,765,000	\$ 2,860,000	\$ 6,710,000	\$ 24,180,000	\$ 2,945,000

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

B. Tax Increment Financing Bonds and Notes

The Village also issues bonds and notes where the Village pledges incremental tax income derived from a separately created tax increment financing district. These bonds and notes are not obligations of the Village and are secured only by the incremental revenues generated by the district. Tax increment financing bonds and notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Balance January 1	Issuances or Accretions	Retirements or Accretions	Balances December 31	Current Portion
\$68,947,092 Tax Increment Revenue Bonds Series 1991, dated October 15, 1991 with interest at 5.9% to 7.2%.	Debt Service	\$ 68,611,563	\$ 4,213,778	\$ 17,380,000	\$ 55,445,341	\$ 14,988,494
\$118,430,000 Tax Increment Revenue Refunding Bonds Series 1997, dated October 15, 1997 with interest at 4.5% to 5.5%.	Debt Service	74,655,000	-	8,690,000	65,965,000	9,155,000
TOTAL TAX INCREMENT FINANCING BONDS		\$143,266,563	\$ 4,213,778	\$ 26,070,000	\$ 121,410,341	\$ 24,143,494
Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.	Debt Service	\$ 83,204,348	\$ 2,961,405	\$ -	\$ 86,165,753	\$ -
Tax Increment Redevelopment Note due in annual installments only if tax increment revenues are available.	Debt Service	3,584,840	-	-	3,584,840	-
TOTAL TAX INCREMENT REVENUE NOTES		\$ 86,789,188	\$ 2,961,405	\$ -	\$ 89,750,593	\$ -

The increase of \$4,213,778 in the 1991 Tax Increment Revenue Bonds reflects the increase in the accumulated value during the year ended December 31, 2004. The \$2,961,405 of the increase in the Tax Increment Revenue Notes represents interest due March 31 and September 30, 2004 that accrues to the principal balance if not paid. There were no new Tax Increment Revenue Notes issued in 2004.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

C. Installment Contracts/Notes Payable

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

Issue	Fund Debt Retired by	Balances January 1	Issuances	Reductions	Balances December 31	Current Portion
\$2,300,000 Installment Note dated September 6, 1988 due in monthly installments of \$15,883 (including interest at 3%).	Debt Service	\$ 279,222	\$ -	\$ 184,751	\$ 94,471	\$ 94,471

D. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Year Ending December 31	General Obligation Bonds		Tax Increment Financing Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 2,945,000	\$ 909,722	\$ 24,143,494	\$ 6,588,102
2006	3,150,000	809,010	28,724,224	4,923,354
2007	3,320,000	696,324	31,457,623	3,009,206
2008	3,535,000	575,072	10,635,000	1,936,328
2009	3,800,000	439,686	26,450,000	1,388,626
2010	3,355,000	291,714	-	-
2011	2,610,000	161,309	-	-
2012	1,465,000	59,973	-	-
TOTALS	\$24,180,000	\$ 3,942,810	\$121,410,341	\$17,845,616

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

D. Debt Service Requirements to Maturity (Continued)

Year Ending December 31	Tax Increment Financing Notes*		General Obligation Notes	
	Principal	Interest	Principal	Interest
2005	\$	\$	\$ 94,471	\$ 828
2006			-	-
2007			-	-
2008			-	-
2009			-	-
2010			-	-
2011			-	-
2012			-	-
TOTALS	\$	\$	\$ 94,471	\$ 828

* The Hoffman Estates Economic Development Project Area Tax Increment Revenue Notes provide that the payment of principal and interest on the notes are due only if tax increment revenues are available for payment of debt service in the Sears EDA General Account Fund before the TIF expires in 2012. Any amount of unpaid interest at the interest due dates is added to the principal balance of the note. As there is no known revenue stream, and the interest rates are tied to the "Weekly 25-Bond Revenue Index" as published by "The Bond Buyer", no set debt service schedule is available.

The Barrington Higgins Redevelopment Note provides that the payment of principal and interest on the note is due only if tax increment revenues are available for payment of debt service. The note bears interest at 7.5%.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

E. Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in liabilities reported in the Governmental Activities:

	Balances January 1	Issuances or Accretions	Reductions	Refundings	Balances December 31	Current Portion
General Obligation Bonds Payable	\$ 26,985,000	\$ 6,765,000	\$ 2,860,000	\$ 6,710,000	\$ 24,180,000	\$ 2,945,000
Tax Increment Financing Bonds Payable	143,266,563	4,213,778	26,070,000	-	121,410,341	14,988,494
Notes Payable	86,789,188	2,961,405	-	-	89,750,593	-
Installment Contracts Payable	279,222	-	184,751	-	94,471	94,471
Net Pension Obligation	235,707	-	3,139	-	232,568	-
Compensated Absences Payable - Governmental Funds *	1,631,792	46,037	-	-	1,677,829	1,156,105
Compensated Absences Payable - Internal Services Fund	14,092	-	1,492	-	12,600	12,600
TOTAL GOVERNMENTAL ACTIVITIES	\$ 259,201,564	\$ 13,986,220	\$ 29,119,382	\$ 6,710,000	\$ 237,358,402	\$ 19,196,670

* The General Fund, EDA Administration Fund and the Asset Seizure Fund typically have been used in prior years to liquidate the compensated absences payable.

F. Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

6. LONG-TERM DEBT (Continued)

G. Advance Refunding

On October 15, 2004, the Village issued \$6,765,000 par value General Obligation Refunding Bonds to advance refund \$6,710,000 of the General Obligation Bonds Series 1997B. Through the refunding, the Village reduced its debt service by \$441,197 and had an economic gain of \$394,598. Conditions for defeasance have been met and assets were placed in escrow through an irrevocable transfer and the liability has been removed from the financial statements. As of December 31, 2004, all of these bonds were paid from escrow.

H. Tax Increment Revenue Bond Ordinance Disclosures

The ordinances authorizing the issuance of the Series 1997 Tax Increment Revenue Refunding Bonds and the Series 1991 Junior Lien Tax Increment Revenue Bonds provide for the creation of separate accounts designated as the "Governmental Share Account", "Program Expense Account", "Senior Lien Bond and Interest Account", "Senior Lien Debt Service Reserve and Redemption Account", "Junior Lien Bond and Interest Account", "Junior Lien Debt Service Reserve and Redemption Account" and the "General Account", into which there shall be credited as of the first day of each month all revenues of the Sears EDA Tax Increment Financing District in accordance with the following priority:

1. The Governmental Share Account

There is hereby created a special account to be known as the Governmental Share Account. As monies are deposited into the EDA Special Tax Allocation Fund, the Village shall deposit into the Governmental Share Account incremental property taxes in accordance with the following schedule:

Tax Levy Year	Phase I Increment Revenues	Percentage of Phase II Tax Increment Revenues
2004	\$ 4,020,287	25
2005	4,221,301	25
2006	4,432,366	25
2007	4,653,985	25
2008	4,886,684	30
2009	5,131,018	30
2010	5,387,569	30
2011	5,656,947	30
2012	5,939,795	30

6. LONG-TERM DEBT (Continued)

H. Tax Increment Revenue Bond Ordinance Disclosures (Continued)

1. The Governmental Share Account (Continued)

Phase I tax increment revenues refer to the incremental revenues generated by the approximately 200 acre Sears Merchandise Group Home Office Complex. Phase II tax increment revenues refer to the incremental revenues generated by the balance of the land (approximately 580 acres) within the Sears Economic Development Area Tax Increment Financing District.

Funds within the Governmental Share Account are to be promptly paid to the affected taxing districts in accordance with the Sears Development Agreement.

2. The Program Expense Account

There shall be credited to the Program Expense Account an amount sufficient to pay all initial and ongoing administrative expenses related to the issuance of the tax increment financing revenue bonds for the current and next succeeding bond year.

3. The Senior Lien Bond and Interest Account

There is hereby created a special account to be known as the Senior Lien Bond and Interest Account. The Village shall have on deposit an amount necessary to pay the principal and interest for the next bond year.

4. The Senior Lien Debt Service Reserve and Redemption Account

The Village shall have on deposit an amount equal to one-half of the maximum annual debt service. Monies on deposit in the Senior Lien Debt Service Reserve and Redemption Account may be used to redeem Senior Lien Bonds and shall be transferred to the Senior Lien Bond and Interest Account as may be necessary from time to time to prevent or remedy a default in the payment of the Senior Lien Bonds.

5. The Junior Lien Bond and Interest Account

The Village shall next transfer available incremental revenues into the Series 1991 Junior Lien Bond and Interest Account in an amount sufficient to pay principal and interest for the next bond year.

6. LONG-TERM DEBT (Continued)

H. Tax Increment Revenue Bond Ordinance Disclosures (Continued)

6. The Junior Lien Debt Service Reserve and Redemption Account

The Village shall then transfer available incremental revenues to the Series 1991 Junior Lien Debt Service Reserve and Redemption Account until funds on deposit aggregates the Series 1991 Junior Lien Debt Service Reserve Requirement. For the Series 1991 Junior Lien Tax Increment Revenue Bonds, the Junior Lien Debt Service Reserve Requirement is \$0.

7. The General Account

All monies remaining in the EDA Special Tax Allocation Fund after crediting the required amounts to the aforementioned accounts shall be credited to the General Account. Monies on deposit in the General Account shall first be used to remedy any deficiencies in the prior accounts, second to cover any arbitrage rebate to maintain the tax exempt status of the bonds, and thereafter in the order of priority as follows:

- a) For purposes of paying project costs
- b) For the purpose of paying principal and interest on any outstanding notes issued under the development agreement
- c) To pay for anticipated project costs for the next three years
- d) To refund, advance refund, redeem, prepay, defease or purchase any outstanding bonds
- e) To establish such additional reserves as may be deemed necessary by the Village Board
- f) To distribute funds to applicable taxing districts in accordance with state laws

A schedule summarizing the Village's compliance with the bond indentures can be found in the Supplemental Data section of this report on pages 150-151.

I. Tax Increment Revenue Note Disclosures

The Village, pursuant to an economic development agreement dated February 25, 1990, has agreed to reimburse Sears, Roebuck and Co. for certain project costs Sears has incurred as the Village's agent in furthering the economic development plan and project. The economic development agreement requires that an economic development tax increment revenue note be executed each time Sears makes such an advance. These notes are payable from and secured solely by the pledged incremental revenues deposited from time to time in the Sears EDA General Account Fund created by the indenture of the Series 1997 and Series 1991 tax increment revenue bonds.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

I. Tax Increment Revenue Note Disclosures (Continued)

The interest rates on the notes change every March 1, June 1, September 1 and December 1, indexed to a percentage of the weekly 25 Revenue Bond Index as published by "The Bond Buyer". For developer advance notes and project cost notes, the interest rate is 90% of the index. For developer cash advance notes, the interest rate is 75% of the index. Payments on the notes are due semi-annually as and to the extent monies are available in the EDA General Account Fund. Any amount of interest not paid on the due date is to be added to the principal balance of the note then outstanding.

J. Noncommitment Debt

Illinois municipalities have the authority to issue a limited amount of industrial development bonds to further economic development. The purpose of issuance is to provide assistance to a developer in the acquisition, purchase, construction, reconstruction or improvement of certain qualified development projects.

Industrial development bonds are not a debt of the Village. The entity using the bond proceeds to finance the project is liable for the bonds. Since the Village does not act as an agent for the industrial development bonds, the transactions relating to the bonds and project do not appear in the Village's financial statements.

Material industrial development bonds outstanding at December 31, 2004 are as follows:

Debtor	Project	Original Issue	Balance December 31
Shorewood Builders	Apartments	\$ 21,500,000	\$ 17,445,000

7. INTERFUND ACCOUNTS

Due From/To Other Funds at December 31, 2004 consist of the following:

	Due From	Due To
General	\$ 706,554	\$ 89,811
Water and Sewer	141,617	248
Nonmajor Governmental	172,391	94,832
Fiduciary	-	56,692
Internal Service	508	779,487
TOTAL	\$ 1,021,070	\$ 1,021,070

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ACCOUNTS (Continued)

The purposes of significant Due To/Due From other funds are as follows:

- \$706,554 Due from the General Fund to other funds. This balance primarily relates to workman's compensation costs that were paid out of the Insurance Fund but are actually obligations of the General Fund. Repayment is expected within one year.
- \$141,617 Due from the Water and Sewer Fund to other funds. This balance primarily relates to workman's compensation costs that were paid out of the Insurance Fund but are actually obligations of the Water and Sewer Fund. Repayment is expected within one year.
- \$172,391 Due from Nonmajor Governmental Funds to other funds. This balance primarily relates to money to be transferred between Debt Service Funds to close a fund. Repayment is expected within one year.
- \$779,487 Due to Internal Service Funds from other funds. This balance primarily relates to workman's compensation costs that were paid out of the Insurance Fund but are actually obligations of the General Fund. Repayment is expected within one year.

Advances From/To Other Funds at December 31, 2004 consisted of the following:

	Advance To	Advance From
General	\$ -	\$ 1,191,002
Nonmajor Governmental	1,185,532	-
Fiduciary	5,470	-
	<hr/>	<hr/>
TOTAL	<u>\$ 1,191,002</u>	<u>\$ 1,191,002</u>

The purposes of significant Advances From/To other funds are as follows:

- \$1,185,532 Advance to Nonmajor Governmental Funds from other funds. This balance relates to 1) \$1,065,258 that the General Fund advanced to the EDA Administration Fund for the payment of TIF related expenses until incremental property taxes increase, which will then increase the governmental share going to the EDA Administration Fund and 2) \$120,274 that the General Fund advanced to the Roselle Road TIF District Fund for TIF eligible expenses incurred that will be repaid when TIF funds become available. Repayment is not expected within one year.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ACCOUNTS (Continued)

Interfund Transfers during the year ended December 31, 2004 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 2,322,513
1991 EDA TIF Bond	2,196,531	-
1997 EDA TIF Refunding Bond	-	2,196,531
Nonmajor Governmental	3,095,457	814,387
Internal Service	41,443	-
	<hr/>	<hr/>
TOTAL	<u>\$ 5,333,431</u>	<u>\$ 5,333,431</u>

The purposes of significant interfund transfers are as follows:

- \$2,322,513 Transferred to other funds from the General Fund. This relates to routine transfers from the General Fund to the 2001 General Obligation (GO) Debt Service Fund (\$164,830), 1997 A & B GO Debt Service Fund (\$985,170), Capital Improvements Fund (\$376,040), Capital Replacement Fund (\$755,030), Insurance Fund (\$8,901) and Information Systems Fund (\$32,542) for the payment of debt service, capital project costs and IMRF funding. The transfers will not be repaid.
- \$2,196,531 Transferred from the 1997 EDA TIF Refunding Bond Fund to the 1991 EDA TIF Bond Fund. This relates to interest earned on the debt service reserve and excess funds transferred to be used for the debt service payments in the 1991 EDA TIF Bond Fund. The transfer will not be repaid.
- \$3,095,457 Transferred from other funds to the nonmajor governmental funds. This relates primarily to transfers from the General Fund to the 2001 GO Debt Service Fund (\$164,830), 1997 A & B GO Debt Service Fund (\$985,170), Capital Improvements Fund (\$376,040), and Capital Replacement Fund (\$755,030), transfers from the Motor Fuel Tax Fund to the 1997 A & B GO Debt Service Fund (\$159,570), transfers from the EDA Administration Fund to the 1997 A & B GO Debt Service Fund (\$33,980) and Capital Vehicle & Equipment Fund (\$7,500), transfers from the E-911 Fund to the 1997 A & B GO Debt Service Fund (\$85,000) and Capital Replacement Fund (\$22,915), transfers from the 1997 A & B GO Debt Service Fund to the 2004 GO Refunding Debt Service Fund (\$245,640), and transfers from the Capital Replacement Fund to the E-911 Fund (\$259,782), all for the payment of debt service and capital project costs. The transfers will not be repaid.

7. INTERFUND ACCOUNTS (Continued)

- \$814,387 Transferred to other funds from the nonmajor governmental funds. This relates primarily to transfers from the Motor Fuel Tax Fund to the 1997 A & B GO Debt Service Fund (\$159,570), transfers from the EDA Administration Fund to the 1997 A & B GO Debt Service Fund (\$33,980) and Capital Vehicle & Equipment Fund (\$7,500), transfers from the E-911 Fund to the 1997 A & B GO Debt Service Fund (\$85,000) and Capital Replacement Fund (\$22,915), transfers from the 1997 A & B GO Debt Service Fund to the 2004 GO Refunding Debt Service Fund (\$245,640), and transfers from the Capital Replacement fund to the E-911 Fund (\$259,782), all for the payment of debt service and capital project costs. The transfers will not be repaid.

8. 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; injuries to employees; illnesses of employees; and natural disasters. The Village is self-insured for all risks and has established a risk financing Insurance Fund (the Fund) for all risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. Under this program, the Fund provides coverage up to a maximum of \$100,000 for each general liability and property damage claim, \$250,000 for each workers compensation claim in 2003 and prior and \$300,000 for each workers compensation claim in 2004, and \$50,000 for each health claim. The Village purchases commercial insurance for claims in excess of the coverages provided by the Fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All operating funds of the Village participate and make payments to the Fund based upon actuarial estimates of the amounts needed to pay prior and current-year claims. Liabilities of the Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and societal factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	2004	2003
UNPAID CLAIMS, BEGINNING OF YEAR	\$ 1,366,755	\$ 1,185,804
Incurred claims (including IBNR)	4,968,760	4,104,053
Claim payments	(4,822,274)	(3,923,102)
UNPAID CLAIMS, END OF YEAR	<u>\$ 1,513,241</u>	<u>\$ 1,366,755</u>

8. RISK MANAGEMENT (Continued)

High-Level Excess Liability Pool

The Village participates in the High-level Excess Liability Pool (HELP). HELP is a public entity risk pool established by certain municipalities in Illinois to provide excess liability coverage (\$10,000,000 of coverage after a \$2,000,000 self-insurance retention). The Village's payments to HELP are displayed on the financial statements as expenditures/expenses in appropriate funds.

HELP was organized on April 1, 1987. The purpose of HELP is to act as joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the Members and other parties included within the scope of coverage of HELP.

HELP is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of HELP are appointed by the Board of Directors. The Board of Directors determines the general policy of HELP, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of debt by HELP, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the HELP Agreement or the by-laws.

The Village does not exercise any control over the activities of HELP beyond its representation on the Board of Directors.

The Village of Elk Grove Village, Illinois (the initial Host Member) issued \$5,000,000 of general obligation bonds in 1987 to provide initial funding for HELP. The bond proceeds were put into escrow. An intergovernmental agreement among HELP, the Village of Elk Grove Village, and the Members provided that HELP and its Members were obligated to the Village of Elk Grove Village for payment of principal and interest on the bonds until such bonds were retired. Additionally, each Member was liable for its proportionate share of any default by other Members. The obligations of HELP and its Members are unconditional. The bonds were paid in full as of April 30, 1997.

9. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. 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.

9. CONTINGENT LIABILITIES (Continued)

Effective January 1, 1998, the Village imposed a municipal telecommunications infrastructure maintenance fee (IMF) on persons in the business of transmitting, supplying, or furnishing telecommunications and all associated services (e.g., telecommunications retailers) in Illinois for the “use of public right-of-ways”. The fee was authorized by state statute (35 ILCS 635). In March 2001, a wireless telecommunications provider brought action against an Illinois government challenging the constitutionality of the municipal telecommunications infrastructure maintenance fee. The Illinois Supreme Court (the Court) found the IMF to be unconstitutional as applied to wireless carriers. The Court’s decision held upon appeal. The municipal IMF fee was eliminated effective December 31, 2002. Potential damages to the Village under this case precedent could aggregate the total of amounts remitted to the Village for IMF by all carriers during the period from January 1, 1998 through December 31, 2002.

The Village has estimated a liability under potential IMF lawsuits in the amount of \$113,019 for amounts paid under protest during this time. The liability has been accrued and is presented as an other liability in these financial statements.

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

10. CONTRACTUAL COMMITMENTS

A. High-level Excess Liability Pool

The Village has committed to purchase excess liability insurance from the High-level Excess Liability Pool (HELP) through April 30, 2008. The Village expects to make the following payments to HELP:

<u>Year Ending December 31</u>	<u>Amount</u>
2005	\$ 182,360
2006	218,830
2007	262,600
2008	315,120

These amounts have been estimated using the Village’s current contribution levels.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. CONTRACTUAL COMMITMENTS (Continued)

B. Northwest Suburban Municipal Joint Action Water Agency (JAWA)

The Village has committed to purchase water from JAWA through the year 2022. The Village expects to pay the following payments to JAWA:

<u>Year Ending December 31</u>	<u>Amount</u>
2005	\$ 4,291,000
2006	4,291,000
2007	4,291,000
2008	4,291,000
2009	4,291,000
2010-2014	21,455,000
2015-2019	21,455,000
2020-2022	12,873,000

These amounts have been estimated based upon the Village's current water consumption figures and current water costs. In future years the annual cost will be subject to change.

C. Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to make payments to SWANCC for solid waste refuse disposal, and expects to pay the following amounts:

<u>Year Ending December 31</u>	<u>Amount</u>
2005	\$ 141,514
2006	32,038
2007	38,390
2008	48,022
2009	46,871
2010-2014	234,319
2015	35,947

These amounts have been estimated based upon the Village's commitment for 2004. In future years, the annual expense will be subject to change based upon the actual tonnage of refuse disposed of and current SWANCC costs.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. CONTRACTUAL COMMITMENTS (Continued)

D. Economic Incentive Agreements

The Village has entered into economic incentive agreements with commercial entities whereby the Village has agreed to reimburse the commercial entities for certain unique infrastructure costs incurred by the commercial entities through sales tax rebates. The amount of the rebates is limited to the lower of actual costs or \$1,535,000 (\$548,296 paid as of December 31, 2004) and are payable over seven - twelve years solely from sales taxes generated by the commercial entities. The rebates are to be paid semi-annually beginning in 1999 by each March 31st and September 30th for the previous six months ending December 31st and June 30th, respectively or annually within 120 days after the end of the Village's fiscal year for amounts collected by the state for the prior fiscal year or quarterly. At December 31, 2004, the Village has accrued an estimated rebate liability of \$62,508 for amounts collected by the state through December 31, 2004. The amounts to be reimbursed annually are limited to various percentages of sales taxes generated by the commercial entities.

E. Construction Contracts

The Village has entered into several contracts with various parties for the purpose of road repair and other related improvements. At December 31, 2004, the Village was committed for the following:

Project	Total Contract Amount	Work Completed as of December 31, 2004	Total Contract Outstanding at December 31, 2004
West Triangle Improvements	\$ 1,354,572	\$ 1,341,026	\$ 13,546
Barrington/Higgins Intersection Improvement	906,060	610,572	295,488
2004 Street Reconstruction Project	2,364,544	2,250,969	113,575
TOTAL	\$ 4,625,176	\$ 4,202,567	\$ 422,609

11. JOINT VENTURES

A. Northwest Suburban Municipal Joint Action Water Agency

Description of Joint Venture

The Village is a member of the Northwest Suburban Municipal Joint Action Water Agency (JAWA) which consists of seven municipalities. JAWA is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. JAWA is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers.

11. JOINT VENTURES (Continued)

A. Northwest Suburban Municipal Joint Action Water Agency (Continued)

Description of Joint Venture (Continued)

JAWA is governed by a board of directors which consist of one elected official from each member municipality. Each director has an equal vote. The officers of JAWA are appointed by the board of directors. The board of directors determines the general policy of JAWA, makes all appropriations, approves contracts for sale or purchase of water, provides for the issuance of debt, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements can be obtained from the Northwest Suburban Municipal Joint Action Water Agency, 903 Brantwood Avenue, Elk Grove Village, Illinois 60007.

Revenues of the system consist of (1) all receipts derived from the Water Supply Agreements or any other contract for the supply of water; (2) all income derived from the investment of monies; and (3) all income, fees, water service charges and all grants, rents and receipts derived by JAWA from the ownership and operation of the system and the sale of water. JAWA covenants to establish fees and charges sufficient to provide revenues to meet all its obligations.

JAWA has entered into water supply agreements with the seven member municipalities for a term of forty years, extending to 2022. The agreements are irrevocable and may not be terminated or amended except as provided for in the General Resolution. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual quantity of water.

JAWA has entered into an agreement with the City of Chicago under which the Village has agreed to sell quantities of Lake Michigan water sufficient to meet the projected water needs of the members through the year 2020.

The obligation of the Village to make payments required by this agreement is payable from the Village's Waterworks and Sewerage Fund.

In accordance with the joint venture agreement, the Village remitted \$4,290,995 to JAWA for 2004. The Village does not have an equity interest in JAWA at December 31, 2004.

11. JOINT VENTURES (Continued)

B. Solid Waste Agency of Northern Cook County

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of twenty-three municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. SWANCC is empowered to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

SWANCC is governed by a board of directors which consists of the mayor or president from each member municipality. Each director has an equal vote. The officers of SWANCC are appointed by the board of directors. The board of directors determines the general policy of SWANCC, makes all appropriations, approves contracts, provides for the issuance of debt, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements for SWANCC can be obtained from the SWANCC's administrative office at 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

SWANCC's outstanding bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by SWANCC resolutions. The bonds are not the debt of any member. SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges and all grants, rents and receipts derived by SWANCC from the ownership and operation of the system. SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

11. JOINT VENTURES (Continued)

B. Solid Waste Agency of Northern Cook County (Continued)

In accordance with the contract, the Village made payments totaling \$598,312 to SWANCC in 2004. The payments have been recorded in the Municipal Waste System Fund. The Village does not have an equity interest in SWANCC at December 31, 2004.

12. DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The police and fire pension plans issue separate reports on the pension plans. These reports can be obtained from the Village, 1900 Hassell Road, Hoffman Estates, Illinois 60195. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

A. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2004 was 9.40% of covered payroll.

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and 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 plan as a pension trust fund. At December 31, 2003, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	42
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	65
Nonvested	30
	<hr/>
TOTAL	<u>137</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to 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 annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% 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 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS 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 as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service costs for the Police Pension Plan. For the year ended December 31, 2003, the Village's contribution was 19.74% of covered payroll.

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At December 31, 2003, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	29
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	63
Nonvested	31
	<hr/>
TOTAL	<u>123</u>

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees 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 monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75.00% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee 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 paid upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees are required to contribute 8.455% of their base salary to the Firefighters' 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 finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended December 31, 2003, the Village's contribution was 15.93% of covered payroll.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. Significant Investments

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or the Firefighters' Pension Plans. Information for the IMRF is not available.

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2002	December 31, 2003	December 31, 2003
Actuarial Cost Method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	28 Years, Closed	30 Years, Closed	30 Years, Closed
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	5.00% Compounded Annually	5.00% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40 to 11.60%	1.00%	1.00%
d) Post-Retirement Benefit Increases	3.00%	3.00%	3.00%

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

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

	Fiscal Year	Illinois Municipal Retirement	Fiscal Year	Police Pension	Firefighters' Pension
Annual Required Contribution (ARC)	2002	\$ 350,709	2002	\$ 1,009,184	\$ 818,935
	2003	531,812	2003	1,200,284	941,978
	2004	872,022	2004	N/A	N/A
Actual Contribution	2001	\$ 350,709	2002	\$ 986,517	\$ 805,030
	2002	531,812	2003	1,228,908	951,957
	2003	872,022	2004	1,373,666	1,194,531
Percentage of ARC Contributed	2001	100.00%	2002	97.75%	98.30%
	2002	100.00	2003	101.71	101.06
	2003	100.00	2004	N/A	N/A
NPO (Asset)	2001	\$ -	2002	\$ (271,282)	\$ 235,707
	2002	-	2003	(299,778)	232,568
	2003	-	2004	N/A	N/A

The net pension obligation (asset) has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual Required Contributions	\$ 1,208,284	\$ 941,978
Interest on Net Pension Obligation	(20,346)	17,678
Adjustment to Annual Required Contribution	12,474	(10,838)
Annual Pension Cost	1,200,412	948,818
Contributions Made	1,228,908	951,957
Change in Net Pension Obligation (Asset)	(28,496)	(3,139)
Net Pension Obligation (Asset) Beginning of Year	(271,282)	235,707
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ (299,778)	\$ 232,568

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2004
 (with comparative actual for 2003)

	2004		2003	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 18,669,082	\$ 18,669,082	\$ 18,390,341	\$ 16,647,405
Licenses and Permits	1,228,000	1,228,000	1,613,441	1,417,756
Intergovernmental	10,551,912	10,551,912	9,348,021	9,800,467
Charges for Services	2,734,000	2,734,000	2,503,993	2,288,507
Fines and Forfeits	631,000	631,000	571,439	564,239
Investment Income	300,000	300,000	161,811	206,357
Miscellaneous	190,100	190,100	436,486	149,971
Total Revenues	34,304,094	34,304,094	33,025,532	31,074,702
EXPENDITURES				
Current				
General Government	4,247,010	4,247,010	4,213,656	3,924,496
Public Safety	20,167,072	20,479,372	20,443,226	18,427,735
Highways and Streets	4,218,130	4,218,130	4,053,212	3,784,688
Health and Welfare	1,636,920	1,650,210	1,637,951	1,534,247
Culture and Recreation	234,200	234,200	222,720	235,705
Economic Development	1,125,210	1,135,820	1,127,451	1,073,214
Total Expenditures	31,628,542	31,964,742	31,698,216	28,980,085
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,675,552	2,339,352	1,327,316	2,094,617
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	18,441
Transfers (Out)	(3,294,170)	(3,294,170)	(2,322,513)	(3,183,712)
Sale of Capital Assets	7,500	7,500	1,535	6,419
Total Other Financing Sources (Uses)	(3,286,670)	(3,286,670)	(2,320,978)	(3,158,852)
NET CHANGE IN FUND BALANCE	\$ (611,118)	\$ (947,318)	(993,662)	(1,064,235)
FUND BALANCE, JANUARY 1			14,651,745	14,625,032
Prior Period Adjustment			-	1,090,948
FUND BALANCE, JANUARY 1, RESTATED			14,651,745	15,715,980
FUND BALANCE, DECEMBER 31			\$ 13,658,083	\$ 14,651,745

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2004

1. Budgetary Information

All departments submit requests for appropriations to the Village Manager so that a budget may be prepared. The proposed budget is prepared by line-item, program, department and fund and includes information on previous years' spending, current year estimates and requested appropriations 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 or change appropriations. Once the budget is approved, a formal budget ordinance is adopted providing the legal authority to spend public funds.

The annual budget within functions can be changed by the Village Manager. Changes affecting total functions or funds must be approved by the Village Board. Expenditures/expenses may not legally exceed budget at the function/fund level. During the year several budget amendments were approved by the Village Board. The budget figures included in this report reflect all budget amendments made during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, internal service and all trust funds. All annual budgets lapse at year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable budget, is utilized. Encumbrances outstanding do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Outstanding encumbrances at year end, if any, are shown as reservations of fund balance in the governmental funds.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2004

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
1999	\$ 18,364,783	\$ 15,989,111	114.86%	\$ (2,375,672)	\$ 6,852,886	(34.67%)
2000	21,313,922	18,116,129	117.65%	(3,197,793)	7,403,852	(43.19%)
2001	23,017,584	20,740,670	110.98%	(2,276,914)	8,222,320	(27.69%)
2002	20,951,836	21,967,250	95.38%	1,015,414	8,789,689	11.55%
2003	21,537,876	23,777,749	90.58%	2,239,873	9,106,366	24.60%
2004	22,711,178	26,116,924	86.96%	3,405,746	9,188,213	37.07%

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

POLICE PENSION FUND

December 31, 2004

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
1998	\$ 24,457,594	\$ 30,697,039	79.67%	\$ 6,239,445	\$ 4,608,155	135.40%
1999	24,523,073	33,719,514	72.73%	9,196,441	5,277,908	174.24%
2000	27,748,731	37,790,067	73.43%	10,041,336	5,432,973	184.82%
2001	28,333,908	41,590,258	68.13%	13,256,350	5,628,950	235.50%
2002	29,478,058	44,943,914	65.59%	15,465,856	5,839,753	264.84%
2003	33,455,485	48,354,837	69.19%	14,899,352	6,224,502	239.37%
2004	N/A	N/A	N/A	N/A	N/A	N/A

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

FIREFIGHTERS' PENSION FUND

December 31, 2004

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
1998	\$ 28,048,362	\$ 28,044,832	100.01%	\$ (3,530)	\$ 4,651,935	(0.08%)
1999	27,343,276	30,382,983	90.00%	3,039,707	4,962,510	61.25%
2000	31,972,876	33,328,381	95.93%	1,355,505	5,074,974	26.71%
2001	32,844,579	36,224,569	90.67%	3,379,990	5,335,465	63.35%
2002	32,792,236	39,735,129	82.53%	6,942,893	5,495,896	126.33%
2003	36,983,919	43,920,572	84.21%	6,936,653	5,975,159	116.09%
2004	N/A	N/A	N/A	N/A	N/A	N/A

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2004

<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
1999	\$ 545,489	\$ 545,489	100.00%
2000	496,058	496,058	100.00%
2001	370,004	370,004	100.00%
2002	350,709	350,709	100.00%
2003	531,812	531,812	100.00%
2004	872,022	872,022	100.00%

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

POLICE PENSION FUND

December 31, 2004

<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
1999	\$ 765,486	\$ 791,242	96.74%
2000	779,801	791,242	98.55%
2001	903,239	936,288	96.47%
2002	986,517	1,009,184	97.75%
2003	1,228,908	1,208,284	101.71%
2004	1,373,666	N/A	N/A

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

FIREFIGHTERS' PENSION FUND

December 31, 2004

<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
1999	\$ 589,449	\$ 729,356	80.82%
2000	708,916	729,356	97.20%
2001	844,885	871,526	96.94%
2002	805,030	818,935	98.30%
2003	951,957	941,978	101.06%
2004	1,194,531	N/A	N/A

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMPARATIVE BALANCE SHEET

GENERAL FUND

December 31, 2004

(with comparative totals for 2003)

	2004	2003
ASSETS		
Cash and Investments	\$ 11,490,275	\$ 11,991,349
Receivables		
Property Taxes	11,381,614	10,511,954
Accounts	42,987	11,085
Accrued Interest	4,770	13,665
Other	309,307	302,887
Prepaid Expenses	16,959	11,827
Inventory	152,058	137,108
Due from Other Governments	3,316,532	3,333,762
Due from Other Funds	89,811	156,262
Advance to Other Funds	1,185,532	1,100,992
Advance to Fiduciary Funds	5,470	4,470
TOTAL ASSETS	\$ 27,995,315	\$ 27,575,361
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 526,370	\$ 696,517
Accrued Payroll	695,220	559,435
Deferred Revenues	11,504,468	10,895,102
Due to Other Funds	649,862	-
Due to Fiduciary Funds	56,692	11,523
Deposits Payable	904,620	761,039
Total Liabilities	14,337,232	12,923,616
FUND BALANCE		
Reserved for Encumbrances	-	32,480
Reserved for Prepaid Expenses	16,959	11,827
Reserved for Inventory	152,058	137,108
Reserved for Advances to Other Funds	1,191,002	1,105,462
Reserved for Public Safety	134,286	131,785
Reserved for Employee Loan Program	83,805	98,980
Unreserved - Designated for Compensated Absences	1,671,102	1,621,468
Unreserved - Undesignated	10,408,871	11,512,635
Total Fund Balance	13,658,083	14,651,745
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,995,315	\$ 27,575,361

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
GENERAL GOVERNMENT				
Legislative	\$ 245,180	\$ 245,180	\$ 253,786	\$ 225,969
Administration	595,140	595,140	589,163	599,479
Legal	259,300	259,300	277,793	268,592
Finance	695,990	695,990	686,285	641,972
Village Clerk	162,900	162,900	142,761	152,267
Human Resources Management	274,970	274,970	280,093	257,494
Buildings and Grounds	698,220	698,220	678,407	619,568
Equipment and Supply	1,066,460	1,066,460	1,136,324	1,012,381
Police and Fire Commission	106,930	106,930	55,264	41,107
Miscellaneous Boards and Commissions	141,920	141,920	113,780	105,667
Total General Government	4,247,010	4,247,010	4,213,656	3,924,496
PUBLIC SAFETY				
Police Department				
Administration	1,171,340	1,171,340	1,131,259	1,103,039
Juvenile Investigations	620,650	620,650	602,272	520,231
Problem Oriented Policing	185,930	185,930	189,218	172,317
Tactical	662,020	662,020	660,106	592,415
Patrol and Response	5,484,916	5,484,916	5,706,866	5,033,940
Traffic Control	801,690	801,690	728,578	688,506
Investigations	866,180	866,180	837,273	802,560
Community Relations	208,620	208,620	212,973	196,529
Communications	554,400	554,400	520,200	513,795
Canine	121,900	121,900	117,251	201,384
Special Services	26,030	26,030	27,404	24,603
Records	294,900	294,900	256,435	265,776
Administrative Services	624,020	624,020	596,623	521,795
Total Police Department	11,622,596	11,622,596	11,586,458	10,636,890
Fire Department				
Administration	534,720	534,720	563,324	532,807
Public Education	101,630	101,630	106,842	105,266
Suppression	4,433,006	4,653,556	4,560,340	4,029,501
Emergency Medical Services	3,043,470	3,135,220	3,220,361	2,826,932
Fire Prevention	292,530	292,530	295,912	215,990
E.S.D.A.	76,870	76,870	58,971	36,573
Fire Stations	62,250	62,250	51,018	43,776
Total Fire Department	8,544,476	8,856,776	8,856,768	7,790,845
Total Public Safety	20,167,072	20,479,372	20,443,226	18,427,735

(This schedule is continued on the following page.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
HIGHWAYS AND STREETS				
Administration - Public Works	\$ 231,560	\$ 231,560	\$ 227,684	\$ 220,620
Snow and Ice Control	1,053,810	1,053,810	1,112,240	958,029
Asphalt	245,030	245,030	237,082	245,227
Forestry	718,300	718,300	710,111	563,669
Maintenance	239,620	239,620	216,232	214,646
Storm Sewers	140,140	140,140	142,871	155,385
Utilities	616,030	616,030	529,873	535,160
Engineering	565,270	565,270	546,880	548,861
Transportation	408,370	408,370	330,239	343,091
Total Highways and Streets	4,218,130	4,218,130	4,053,212	3,784,688
HEALTH AND WELFARE				
Health and Human Services	642,250	655,540	655,531	622,830
Code Enforcement	994,670	994,670	982,420	911,417
Total Health and Welfare	1,636,920	1,650,210	1,637,951	1,534,247
CULTURE AND RECREATION				
Miss Hoffman Estates Pageant	-	-	-	128
Cable T.V.	131,320	131,320	120,929	112,611
4th of July	102,880	102,880	101,791	122,966
Total Culture and Recreation	234,200	234,200	222,720	235,705
ECONOMIC DEVELOPMENT				
Administration - Community Development	219,950	219,950	199,173	227,829
Planning	567,780	567,780	566,207	513,484
Economic Development	337,480	348,090	362,071	331,901
Total Economic Development	1,125,210	1,135,820	1,127,451	1,073,214
TOTAL EXPENDITURES	\$ 31,628,542	\$ 31,964,742	\$ 31,698,216	\$ 28,980,085

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1991 EDA TIF BOND FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		Actual	2003
	Original Budget	Final Budget		Actual
REVENUES				
Taxes	\$ 3,800,000	\$ 3,800,000	\$ 2,241,862	\$ 5,528,968
Investment Income	40,000	40,000	145,900	20,062
Miscellaneous	12,580,000	12,580,000	10,845,011	10,135,303
Total Revenues	16,420,000	16,420,000	13,232,773	15,684,333
EXPENDITURES				
Debt Service				
Principal Retirement	17,380,000	17,380,000	17,380,000	14,890,000
Total Expenditures	17,380,000	17,380,000	17,380,000	14,890,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(960,000)	(960,000)	(4,147,227)	794,333
OTHER FINANCING SOURCES (USES)				
Transfer In	960,000	960,000	2,196,531	989,296
Total Other Financing Sources (Uses)	960,000	960,000	2,196,531	989,296
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(1,950,696)	1,783,629
FUND BALANCE, JANUARY 1			6,044,983	4,261,354
FUND BALANCE, DECEMBER 31			\$ 4,094,287	\$ 6,044,983

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1997 EDA TIF REFUNDING BOND FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 12,770,546	\$ 14,000,006	\$ 14,000,000	\$ 12,282,754
Investment Income	750,000	763,510	976,202	975,385
Total Revenues	13,520,546	14,763,516	14,976,202	13,258,139
EXPENDITURES				
Debt Service				
Principal Retirement	8,690,000	8,690,000	8,690,000	8,245,000
Interest and Fiscal Charges	3,870,546	3,876,976	3,876,982	4,288,304
Total Expenditures	12,560,546	12,566,976	12,566,982	12,533,304
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	960,000	2,196,540	2,409,220	724,835
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	(960,000)	(2,196,540)	(2,196,531)	(962,702)
Total Other Financing Sources (Uses)	(960,000)	(2,196,540)	(2,196,531)	(962,702)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	212,689	(237,867)
FUND BALANCE, JANUARY 1			17,462,896	17,700,763
FUND BALANCE, DECEMBER 31			\$ 17,675,585	\$ 17,462,896

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2004

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 2,829,903	\$ 443,864	\$ 15,506,480	\$ 18,780,247
Receivables				
Property Taxes	-	1,575,921	-	1,575,921
Accrued Interest	1,777	-	39,232	41,009
Other	77,537	157,731	-	235,268
Prepaid Items	174,149	-	-	174,149
Due from Other Governments	124,567	-	-	124,567
Due from Other Funds	-	94,832	-	94,832
TOTAL ASSETS	\$ 3,207,933	\$ 2,272,348	\$ 15,545,712	\$ 21,025,993
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 16,205	\$ 600	\$ 479,064	\$ 495,869
Accrued Payroll	66,385	-	-	66,385
Deferred Revenues	728,138	1,627,497	5,108	2,360,743
Due to Other Funds	77,470	94,921	-	172,391
Advance from Other Funds	1,185,532	-	-	1,185,532
Deposits Payable	9,240	8,091	895,048	912,379
Total Liabilities	2,082,970	1,731,109	1,379,220	5,193,299
FUND BALANCES				
Reserved for Prepaid Items	174,149	-	-	174,149
Reserved for Highways and Streets	164,435	-	-	164,435
Reserved for Emergency Equipment	702,695	-	-	702,695
Reserved for Public Safety	96,899	-	-	96,899
Reserved for Debt Service	-	541,239	-	541,239
Reserved for Economic Development	-	-	6,760,817	6,760,817
Reserved for Bridge Maintenance and Repairs	-	-	356,112	356,112
Unreserved - Designated for Capital Projects	-	-	7,049,563	7,049,563
Unreserved - Undesignated (Deficit)	(13,215)	-	-	(13,215)
Total Fund Balances	1,124,963	541,239	14,166,492	15,832,694
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,207,933	\$ 2,272,348	\$ 15,545,712	\$ 21,025,993

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2004

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 3,298,586	\$ 2,403,171	\$ -	\$ 5,701,757
Intergovernmental	1,700,173	-	43,635	1,743,808
Charges for Services	816,056	-	1,240,100	2,056,156
Fines and Forfeits	237,057	-	-	237,057
Investment Income	34,220	15,746	213,302	263,268
Miscellaneous	12,670	190,600	37,488	240,758
Total Revenues	6,098,762	2,609,517	1,534,525	10,242,804
EXPENDITURES				
Current				
General Government	181,713	-	-	181,713
Public Safety	2,811,177	-	-	2,811,177
Highways and Streets	1,426,863	-	-	1,426,863
Sanitation	600,961	-	-	600,961
Economic Development	240,137	-	-	240,137
Capital Outlay	-	-	2,992,795	2,992,795
Debt Service				
Principal Retirement	-	3,044,750	-	3,044,750
Interest and Fiscal Charges	-	1,039,675	-	1,039,675
Total Expenditures	5,260,851	4,084,425	2,992,795	12,338,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	837,911	(1,474,908)	(1,458,270)	(2,095,267)
OTHER FINANCING SOURCES (USES)				
Transfers In	259,782	1,674,190	1,161,485	3,095,457
Transfers (Out)	(308,965)	(245,640)	(259,782)	(814,387)
Sale of Capital Assets	-	-	60,254	60,254
Bond Issued, at Par	-	6,765,000	-	6,765,000
Payment to Escrow Agent	-	(6,852,230)	-	(6,852,230)
Premium on Issuance of Bonds	-	163,592	-	163,592
Total Other Financing Sources (Uses)	(49,183)	1,504,912	961,957	2,417,686
NET CHANGE IN FUND BALANCES	788,728	30,004	(496,313)	322,419
FUND BALANCES, JANUARY 1	336,235	511,235	14,662,805	15,510,275
FUND BALANCES, DECEMBER 31	\$ 1,124,963	\$ 541,239	\$ 14,166,492	\$ 15,832,694

(See independent auditor's report.)

NONMAJOR SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund - to account for the maintenance and various street improvements in the Village. Financing is provided by the Village's share of Motor Fuel Tax allotments. State statutes require those allotments to be used to maintain streets.

Asset Seizure Fund - to account for the fines and forfeitures received under the "Zero Tolerance Act" which by law are restricted to use in the fight against drug abuse.

Economic Development Area (EDA) Administration Fund - to account for revenues and expenditures pertaining to the Village's establishment of an Economic Development Area, the Sears Development, in accordance with State statutes.

Emergency 911 Fund - to account for revenues and expenditures pertaining to the telephone surcharge authorized by voter referendum and required to be established as a separate fund by State statutes.

Municipal Waste System Fund - to account for waste system revenues and payments to the Solid Waste Agency of Northern Cook County pursuant to the Project Use Agreement dated March 25, 1992.

Roselle Road TIF Fund - to account for the revenues and expenditures pertaining to the activity in the Roselle Road TIF district.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2004

	Motor Fuel Tax	Asset Seizure	EDA Administration
ASSETS			
Cash and Investments	\$ 44,879	\$ 829,752	\$ 1,105,123
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
<i>Accrued Interest</i>	-	-	-
Other	-	-	356
Prepaid Items	-	-	132,944
Due from Other Governments	124,567	-	-
TOTAL ASSETS	\$ 169,446	\$ 829,752	\$ 1,238,423
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,526	\$ 617	\$ 11,153
Accrued Payroll	-	2,728	63,657
Deferred Revenues	-	728,138	-
Due to Other Funds	1,485	1,370	74,615
Advance from Other Funds	-	-	1,065,258
Deposits Payable	-	-	9,240
Total Liabilities	5,011	732,853	1,223,923
FUND BALANCES			
Reserved for Prepaid Items	-	-	132,944
Reserved for Highways and Streets	164,435	-	-
Reserved for Emergency Equipment	-	-	-
Reserved for Public Safety	-	96,899	-
Unreserved (Deficit)	-	-	(118,444)
Total Fund Balances (Deficit)	164,435	96,899	14,500
TOTAL LIABILITIES AND FUND BALANCES	\$ 169,446	\$ 829,752	\$ 1,238,423

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ 663,073	\$ 184,269	\$ 2,807	\$ 2,829,903
1,777	-	-	1,777
37,845	39,336	-	77,537
-	41,205	-	174,149
-	-	-	124,567
<u>\$ 702,695</u>	<u>\$ 264,810</u>	<u>\$ 2,807</u>	<u>\$ 3,207,933</u>
\$ -	\$ -	\$ 909	\$ 16,205
-	-	-	66,385
-	-	-	728,138
-	-	-	77,470
-	-	120,274	1,185,532
-	-	-	9,240
-	-	121,183	2,082,970
-	41,205	-	174,149
-	-	-	164,435
702,695	-	-	702,695
-	-	-	96,899
-	223,605	(118,376)	(13,215)
<u>702,695</u>	<u>264,810</u>	<u>(118,376)</u>	<u>1,124,963</u>
<u>\$ 702,695</u>	<u>\$ 264,810</u>	<u>\$ 2,807</u>	<u>\$ 3,207,933</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2004

	Motor Fuel Tax	Asset Seizure	EDA Administration
REVENUES			
Taxes	\$ -	\$ -	\$ 3,140,626
Intergovernmental	1,471,136	-	-
Charges for Services	-	-	-
Fines and Forfeits	-	237,057	-
Investment Income	2,037	768	21,984
Miscellaneous	-	-	10,324
Total Revenues	1,473,173	237,825	3,172,934
EXPENDITURES			
Current			
General Government	-	-	181,713
Public Safety	-	241,107	2,570,011
Highways and Streets	1,289,996	-	136,867
Sanitation	-	-	-
Economic Development	-	-	-
Total Expenditures	1,289,996	241,107	2,888,591
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	183,177	(3,282)	284,343
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers (Out)	(159,570)	-	(41,480)
Total Other Financing Sources (Uses)	(159,570)	-	(41,480)
NET CHANGE IN FUND BALANCES	23,607	(3,282)	242,863
FUND BALANCES (DEFICIT), JANUARY 1	140,828	100,181	(228,363)
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 164,435	\$ 96,899	\$ 14,500

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ -	\$ 1,751	\$ 156,209	\$ 3,298,586
229,037	-	-	1,700,173
-	816,056	-	816,056
-	-	-	237,057
7,653	1,586	192	34,220
-	2,346	-	12,670
236,690	821,739	156,401	6,098,762
-	-	-	181,713
59	-	-	2,811,177
-	-	-	1,426,863
-	600,961	-	600,961
-	-	240,137	240,137
59	600,961	240,137	5,260,851
236,631	220,778	(83,736)	837,911
259,782	-	-	259,782
(107,915)	-	-	(308,965)
151,867	-	-	(49,183)
388,498	220,778	(83,736)	788,728
314,197	44,032	(34,640)	336,235
\$ 702,695	\$ 264,810	\$ (118,376)	\$ 1,124,963

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MOTOR FUEL TAX FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		Actual	2003
	Original Budget	Final Budget		Actual
REVENUES				
Intergovernmental	\$ 1,479,910	\$ 1,479,910	\$ 1,471,136	\$ 1,435,673
Investment Income	1,500	1,500	2,037	1,451
Total Revenues	1,481,410	1,481,410	1,473,173	1,437,124
EXPENDITURES				
Current				
Highways and Streets	1,311,150	1,311,150	1,289,996	1,288,439
Total Expenditures	1,311,150	1,311,150	1,289,996	1,288,439
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	170,260	170,260	183,177	148,685
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	(159,570)	(159,570)	(159,570)	(154,920)
Total Other Financing Sources (Uses)	(159,570)	(159,570)	(159,570)	(154,920)
NET CHANGE IN FUND BALANCE	\$ 10,690	\$ 10,690	23,607	(6,235)
FUND BALANCE, JANUARY 1			140,828	147,063
FUND BALANCE, DECEMBER 31			\$ 164,435	\$ 140,828

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ASSET SEIZURE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Fines and Forfeits	\$ 509,440	\$ 509,440	\$ 237,057	\$ 196,651
Investment Income	1,000	1,000	768	707
Total Revenues	510,440	510,440	237,825	197,358
EXPENDITURES				
Current				
Public Safety	509,440	509,440	241,107	210,166
Total Expenditures	509,440	509,440	241,107	210,166
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,000	1,000	(3,282)	(12,808)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	16,388
Sale of Capital Assets	-	-	-	3,135
Total Other Financing Sources (Uses)	-	-	-	19,523
NET CHANGE IN FUND BALANCE	\$ 1,000	\$ 1,000	(3,282)	6,715
FUND BALANCE, JANUARY 1			100,181	92,071
Prior Period Adjustment			-	1,395
FUND BALANCE, JANUARY 1, RESTATED			100,181	93,466
FUND BALANCE, DECEMBER 31			\$ 96,899	\$ 100,181

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ECONOMIC DEVELOPMENT AREA (EDA) ADMINISTRATION FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		Actual	2003
	Original Budget	Final Budget		Actual
REVENUES				
Taxes	\$ 3,140,626	\$ 3,140,626	\$ 3,140,626	\$ 3,003,013
Investment Income	25,000	25,000	21,984	24,371
Miscellaneous	-	-	10,324	7,695
Total Revenues	3,165,626	3,165,626	3,172,934	3,035,079
EXPENDITURES				
Current				
General Government	190,180	190,180	181,713	159,109
Public Safety	2,633,610	2,633,610	2,570,011	2,140,435
Highways and Streets	127,950	127,950	136,867	51,589
Total Expenditures	2,951,740	2,951,740	2,888,591	2,351,133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	213,886	213,886	284,343	683,946
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	(41,480)	(41,480)	(41,480)	(421,235)
Total Other Financing Sources (Uses)	(41,480)	(41,480)	(41,480)	(421,235)
NET CHANGE IN FUND BALANCE	\$ 172,406	\$ 172,406	242,863	262,711
FUND BALANCE (DEFICIT), JANUARY 1			(228,363)	(631,529)
Prior Period Adjustment			-	140,455
FUND BALANCE (DEFICIT), JANUARY 1, RESTATED			(228,363)	(491,074)
FUND BALANCE (DEFICIT), DECEMBER 31			\$ 14,500	\$ (228,363)

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

EMERGENCY 911 FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 222,000	\$ 222,000	\$ 229,037	\$ 242,269
Investment Income	1,500	1,500	7,653	1,715
Total Revenues	223,500	223,500	236,690	243,984
EXPENDITURES				
Current				
Public Safety	-	-	59	1,888
Total Expenditures	-	-	59	1,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	223,500	223,500	236,631	242,096
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	259,782	-
Transfer (Out)	(140,000)	(140,000)	(107,915)	(121,130)
Total Other Financing Sources (Uses)	(140,000)	(140,000)	151,867	(121,130)
NET CHANGE IN FUND BALANCE	<u>\$ 83,500</u>	<u>\$ 83,500</u>	388,498	120,966
FUND BALANCE, JANUARY 1			314,197	193,231
FUND BALANCE, DECEMBER 31			<u>\$ 702,695</u>	<u>\$ 314,197</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL WASTE SYSTEM FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 1,751	\$ 268,265
Charges for Services	998,140	998,140	816,056	73,499
Investment Income	2,000	2,000	1,586	1,268
Miscellaneous	-	-	2,346	3,531
Total Revenues	1,000,140	1,000,140	821,739	346,563
EXPENDITURES				
Current				
Sanitation	973,900	973,900	600,961	531,458
Total Expenditures	973,900	973,900	600,961	531,458
NET CHANGE IN FUND BALANCE	\$ 26,240	\$ 26,240	220,778	(184,895)
FUND BALANCE, JANUARY 1			44,032	228,927
FUND BALANCE, DECEMBER 31			\$ 264,810	\$ 44,032

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ROSELLE ROAD TIF FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		Actual	2003
	Original Budget	Final Budget		Actual
REVENUES				
Taxes	\$ -	\$ 156,210	\$ 156,209	\$ -
Charges for Services	-	-	-	2,000
Investment Income	-	200	192	2
Total Revenues	-	156,410	156,401	2,002
EXPENDITURES				
Current				
Economic Development	-	240,140	240,137	36,642
Total Expenditures	-	240,140	240,137	36,642
NET CHANGE IN FUND BALANCE	\$ -	\$ (83,730)	(83,736)	(34,640)
FUND BALANCE (DEFICIT), JANUARY 1			(34,640)	-
FUND BALANCE (DEFICIT), DECEMBER 31			\$ (118,376)	\$ (34,640)

(See independent auditor's report.)

NONMAJOR DEBT SERVICE FUNDS

1993 General Obligation Debt Service Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 1993 general obligation bond issue.

1997A & B General Obligation Debt Service Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 1997A & B general obligation bond issue.

1988 DCCA Note Debt Service Fund - to account for the accumulation of resources and payment of principal and interest on the 1988 Illinois Department of Commerce and Community Affairs (DCCA) installment note.

2001 General Obligation Refunding Bond Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2001 general obligation bond issue.

Sears EDA General Account Fund - to account for Sears EDA incremental revenues not needed for debt service on the Series 1991 and Series 1997 tax increment revenue bonds or for the guarantee distribution to local governments. Revenues in this fund will be used to pay principal and interest on tax increment revenue notes issued under the Development Agreement, to pay other outstanding project costs or to distribute surplus funds to applicable local governmental units.

2003 General Obligation Refunding Bond Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2003 general obligation bond issue.

2004 General Obligation Refunding Bond Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2004 general obligation bond issue.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2004

	1993 General Obligation Debt Service	1997A & B General Obligation Debt Service
ASSETS		
Cash and Investments	\$ -	\$ 89,692
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Property Taxes	-	5,978
Other	-	-
Due from Other Funds	-	-
TOTAL ASSETS	\$ -	\$ 95,670
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ 600
Deferred Revenues	-	-
Due to Other Funds	-	94,832
Deposits Payable	-	-
Total Liabilities	-	95,432
FUND BALANCES		
Reserved for Debt Service	-	238
Total Fund Balances	-	238
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 95,670

1988 DCCA Note Debt Service	2001 General Obligation Refunding Bond	Sears EDA General Account	2003 General Obligation Refunding Bond	2004 General Obligation Refunding Bond	Total
\$ 8,180	\$ 209,472	\$ -	\$ 129,820	\$ 6,700	\$ 443,864
-	509,169	-	830,764	230,010	1,575,921
84,080	73,651	-	-	-	157,731
-	-	-	-	94,832	94,832
<u>\$ 92,260</u>	<u>\$ 792,292</u>	<u>\$ -</u>	<u>\$ 960,584</u>	<u>\$ 331,542</u>	<u>\$ 2,272,348</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
84,080	498,172	-	815,235	230,010	1,627,497
89	-	-	-	-	94,921
8,091	-	-	-	-	8,091
<u>92,260</u>	<u>498,172</u>	<u>-</u>	<u>815,235</u>	<u>230,010</u>	<u>1,731,109</u>
-	294,120	-	145,349	101,532	541,239
-	294,120	-	145,349	101,532	541,239
<u>\$ 92,260</u>	<u>\$ 792,292</u>	<u>\$ -</u>	<u>\$ 960,584</u>	<u>\$ 331,542</u>	<u>\$ 2,272,348</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR DEBT SERVICE FUNDS

For the Year Ended December 31, 2004

	1993 General Obligation Debt Service	1997A & B General Obligation Debt Service
REVENUES		
Taxes	\$ -	\$ 300,013
Investment Income	-	2,098
Miscellaneous	-	-
Total Revenues	-	302,111
EXPENDITURES		
Debt Service		
Principal Retirement	-	1,045,000
Interest and Fiscal Charges	-	365,455
Total Expenditures	-	1,410,455
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(1,108,344)
OTHER FINANCING SOURCES (USES)		
Transfers In	-	1,263,720
Transfers (Out)	-	(245,640)
Bonds Issued, at Par	-	-
Payment to Escrow Agent	-	-
Premium on Issuance of Bonds	-	-
Total Other Financing Sources (Uses)	-	1,018,080
NET CHANGE IN FUND BALANCES	-	(90,264)
FUND BALANCES, JANUARY 1	-	90,502
FUND BALANCES, DECEMBER 31	\$ -	\$ 238

1988 DCCA Note Debt Service	2001 General Obligation Refunding Bond	Sears EDA General Account	2003 General Obligation Refunding Bond	2004 General Obligation Refunding Bond	Total
\$ -	\$ 1,322,245	\$ -	\$ 780,913	\$ -	\$ 2,403,171
-	8,709	-	4,912	27	15,746
190,600	-	-	-	-	190,600
190,600	1,330,954	-	785,825	27	2,609,517
184,750	1,075,000	-	610,000	130,000	3,044,750
5,850	414,800	-	163,073	90,497	1,039,675
190,600	1,489,800	-	773,073	220,497	4,084,425
-	(158,846)	-	12,752	(220,470)	(1,474,908)
-	164,830	-	-	245,640	1,674,190
-	-	-	-	-	(245,640)
-	-	-	-	6,765,000	6,765,000
-	-	-	-	(6,852,230)	(6,852,230)
-	-	-	-	163,592	163,592
-	164,830	-	-	322,002	1,504,912
-	5,984	-	12,752	101,532	30,004
-	288,136	-	132,597	-	511,235
\$ -	\$ 294,120	\$ -	\$ 145,349	\$ 101,532	\$ 541,239

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1993 GENERAL OBLIGATION DEBT SERVICE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,200,500
Investment Income	-	-	-	6,770
Total Revenues	-	-	-	1,207,270
EXPENDITURES				
Debt Service				
Principal Retirement	-	-	-	1,210,000
Interest and Fiscal Charges	-	-	-	230,215
Total Expenditures	-	-	-	1,440,215
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(232,945)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	379,495
Transfer (Out)	-	-	-	(288,960)
Total Other Financing Sources (Uses)	-	-	-	90,535
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	(142,410)
FUND BALANCE, JANUARY 1			-	142,410
FUND BALANCE, DECEMBER 31			\$ -	\$ -

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1997A & B GENERAL OBLIGATION DEBT SERVICE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 302,358	\$ 302,358	\$ 300,013	\$ 367,596
Investment Income	3,000	3,000	2,098	2,982
Total Revenues	305,358	305,358	302,111	370,578
EXPENDITURES				
Debt Service				
Principal Retirement	1,045,000	1,045,000	1,045,000	1,005,000
Interest and Fiscal Charges	517,278	517,278	365,455	560,868
Total Expenditures	1,562,278	1,562,278	1,410,455	1,565,868
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,256,920)	(1,256,920)	(1,108,344)	(1,195,290)
OTHER FINANCING SOURCES (USES)				
Transfer In	1,263,720	1,263,720	1,263,720	1,187,720
Transfer (Out)	-	(93,820)	(245,640)	-
Total Other Financing Sources (Uses)	1,263,720	1,169,900	1,018,080	1,187,720
NET CHANGE IN FUND BALANCE	\$ 6,800	\$ (87,020)	(90,264)	(7,570)
FUND BALANCE, JANUARY 1			90,502	98,072
FUND BALANCE, DECEMBER 31			\$ 238	\$ 90,502

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1988 DCCA NOTE DEBT SERVICE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Miscellaneous	\$ 190,601	\$ 190,601	\$ 190,600	\$ 190,601
Total Revenues	190,601	190,601	190,600	190,601
EXPENDITURES				
Debt Service				
Principal Retirement	184,751	184,751	184,750	179,297
Interest and Fiscal Charges	5,850	5,850	5,850	11,304
Total Expenditures	190,601	190,601	190,600	190,601
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	-
FUND BALANCE, JANUARY 1			-	-
FUND BALANCE, DECEMBER 31			\$ -	\$ -

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

2001 GENERAL OBLIGATION REFUNDING BOND FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 1,327,367	\$ 1,327,367	\$ 1,322,245	\$ 1,119,661
Investment Income	6,000	6,000	8,709	6,734
Total Revenues	1,333,367	1,333,367	1,330,954	1,126,395
EXPENDITURES				
Debt Service				
Principal Retirement	1,075,000	1,075,000	1,075,000	990,000
Interest and Fiscal Charges	415,550	415,550	414,800	455,488
Total Expenditures	1,490,550	1,490,550	1,489,800	1,445,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(157,183)	(157,183)	(158,846)	(319,093)
OTHER FINANCING SOURCES (USES)				
Transfer In	164,830	164,830	164,830	289,712
Total Other Financing Sources (Uses)	164,830	164,830	164,830	289,712
NET CHANGE IN FUND BALANCE	\$ 7,647	\$ 7,647	5,984	(29,381)
FUND BALANCE, JANUARY 1			288,136	317,517
FUND BALANCE, DECEMBER 31			\$ 294,120	\$ 288,136

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SEARS EDA GENERAL ACCOUNT FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		2003	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ -	\$ -	\$ -	\$ 205
Total Revenues	-	-	-	205
EXPENDITURES				
None	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	205
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	-	-	-	(26,594)
Total Other Financing Sources (Uses)	-	-	-	(26,594)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	(26,389)
FUND BALANCE, JANUARY 1			-	26,389
FUND BALANCE, DECEMBER 31			\$ -	\$ -

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

2003 GENERAL OBLIGATION REFUNDING BOND FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 772,435	\$ 772,435	\$ 780,913	\$ -
Investment Income	2,000	2,000	4,912	384
Total Revenues	774,435	774,435	785,825	384
EXPENDITURES				
Debt Service				
Principal Retirement	610,000	610,000	610,000	125,000
Interest and Fiscal Charges	164,435	164,435	163,073	112,632
Total Expenditures	774,435	774,435	773,073	237,632
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	12,752	(237,248)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	288,960
Bond Issued, at Par	-	-	-	6,155,000
Payment to Escrow Agent	-	-	-	(6,118,307)
Premium on Issuance of Bonds	-	-	-	44,192
Total Other Financing Sources (Uses)	-	-	-	369,845
NET CHANGE IN FUND BALANCE	\$ -	\$ -	12,752	132,597
FUND BALANCE, JANUARY 1			132,597	-
FUND BALANCE, DECEMBER 31			\$ 145,349	\$ 132,597

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

2004 GENERAL OBLIGATION REFUNDING BOND FUND

For the Year Ended December 31, 2004

	2004		
	Original Budget	Final Budget	Actual
REVENUES			
Investment Income	\$ -	\$ -	\$ 27
Total Revenues	-	-	27
EXPENDITURES			
Debt Service			
Principal Retirement	-	130,000	130,000
Interest and Fiscal Charges	-	90,510	90,497
Total Expenditures	-	220,510	220,497
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(220,510)	(220,470)
OTHER FINANCING SOURCES (USES)			
Transfer In	-	245,640	245,640
Bond Issued, at Par	-	6,765,000	6,765,000
Payment to Escrow Agent	-	(6,852,240)	(6,852,230)
Premium on Issuance of Bonds	-	62,110	163,592
Total Other Financing Sources (Uses)	-	220,510	322,002
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	101,532
FUND BALANCE, JANUARY 1			-
FUND BALANCE, DECEMBER 31			<u>\$ 101,532</u>

(See independent auditor's report.)

NONMAJOR CAPITAL PROJECTS FUNDS

Central Area Road Improvement Impact Fee Fund - to account for developer impact fees assessed under an impact fee ordinance. Resources accumulated are to be used for specific street improvements required due to development along the Barrington Road/Central Road corridors.

Central Road Corridor Improvement Fund - to account for financial resources to be used for the construction of public improvements such as streets, storm sewers, street lighting, located in the Central Road area.

Traffic Improvement Fund - to account for financial resources arising from developer donations, to be used for various infrastructure improvements.

EDA Series 1991 Project Fund - to account for bond proceeds used to pay qualified project costs related to the Village's Economic Development Area.

Western Area Traffic Improvement Fund - to account for financial resources arising from donations by developers building within the Village's western area. Such donations are to be used for needed infrastructure improvements.

Capital Improvements Fund - to account for financial resources set aside for large capital improvements for the Village.

Western Area Road Improvement Impact Fee Fund - to account for developer impact fees assessed under an impact fee ordinance. Resources are to be used for specific street improvements within the Village's western area.

Capital Vehicle and Equipment Fund - to account for financial resources set aside for large vehicle and equipment purchases for the Village.

Columbine Bridge Maintenance Fund - to account for the maintenance of the Columbine Bridge in accordance with a development agreement.

Capital Replacement Fund - to account for financial resources set aside for the replacement of large capital assets.

Western Corridor Fund - to account for financial resources to be used for the reconstruction of the new alignment section of Shoe Factory Road.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2004

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project
ASSETS				
Cash and Investments	\$ 357,114	\$ 217,777	\$ 746,686	\$ 6,753,686
Receivables				
Accrued Interest	-	-	2,065	7,131
TOTAL ASSETS	\$ 357,114	\$ 217,777	\$ 748,751	\$ 6,760,817
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 32,742	\$ -	\$ 12,110	\$ -
Deferred Revenues	-	-	-	-
Deposits Payable	241,389	-	-	-
Total Liabilities	274,131	-	12,110	-
FUND BALANCES				
Reserved for Economic Development	-	-	-	6,760,817
Reserved for Bridge Maintenance and Repairs	-	-	-	-
Unreserved - Designated for Capital Projects	82,983	217,777	736,641	-
Total Fund Balances	82,983	217,777	736,641	6,760,817
TOTAL LIABILITIES AND FUND BALANCES	\$ 357,114	\$ 217,777	\$ 748,751	\$ 6,760,817

Western Area Traffic Improvement	Capital Improvements	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Columbine Bridge Maintenance	Capital Replacement	Western Corridor	Total
\$ 412,854	\$ 1,832,276	\$ 799,758	\$ 651,552	\$ 356,112	\$ 3,177,053	\$ 201,612	\$ 15,506,480
1,047	12,721	1,447	949	-	13,523	349	39,232
\$ 413,901	\$ 1,844,997	\$ 801,205	\$ 652,501	\$ 356,112	\$ 3,190,576	\$ 201,961	\$ 15,545,712
\$ 12,110	\$ 375,642	\$ 32,742	\$ -	\$ -	\$ 13,718	\$ -	\$ 479,064
-	5,108	-	-	-	-	-	5,108
-	178,029	475,630	-	-	-	-	895,048
12,110	558,779	508,372	-	-	13,718	-	1,379,220
-	-	-	-	-	-	-	6,760,817
-	-	-	-	356,112	-	-	356,112
401,791	1,286,218	292,833	652,501	-	3,176,858	201,961	7,049,563
401,791	1,286,218	292,833	652,501	356,112	3,176,858	201,961	14,166,492
\$ 413,901	\$ 1,844,997	\$ 801,205	\$ 652,501	\$ 356,112	\$ 3,190,576	\$ 201,961	\$ 15,545,712

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended December 31, 2004

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	298,510	-	-	421,969
Investment Income	6,876	3,073	12,338	65,784
Miscellaneous	-	-	-	-
Total Revenues	305,386	3,073	12,338	487,753
EXPENDITURES				
Capital Outlay	298,480	-	110,286	1,500
Total Expenditures	298,480	-	110,286	1,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,906	3,073	(97,948)	486,253
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	6,906	3,073	(97,948)	486,253
FUND BALANCES, JANUARY 1	76,077	214,704	834,589	6,274,564
FUND BALANCES, DECEMBER 31	\$ 82,983	\$ 217,777	\$ 736,641	\$ 6,760,817

Western Area Traffic Improvement	Capital Improvements	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Columbine Bridge Maintenance	Capital Replacement	Western Corridor	Total
\$ -	\$ 43,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,635
-	-	475,863	-	-	-	43,758	1,240,100
7,581	38,606	12,587	12,160	4,623	46,947	2,727	213,302
-	37,488	-	-	-	-	-	37,488
7,581	119,729	488,450	12,160	4,623	46,947	46,485	1,534,525
110,286	1,422,314	298,182	280,736	-	471,011	-	2,992,795
110,286	1,422,314	298,182	280,736	-	471,011	-	2,992,795
(102,705)	(1,302,585)	190,268	(268,576)	4,623	(424,064)	46,485	(1,458,270)
-	376,040	-	7,500	-	777,945	-	1,161,485
-	-	-	-	-	(259,782)	-	(259,782)
-	-	-	-	-	60,254	-	60,254
-	376,040	-	7,500	-	578,417	-	961,957
(102,705)	(926,545)	190,268	(261,076)	4,623	154,353	46,485	(496,313)
504,496	2,212,763	102,565	913,577	351,489	3,022,505	155,476	14,662,805
\$ 401,791	\$ 1,286,218	\$ 292,833	\$ 652,501	\$ 356,112	\$ 3,176,858	\$ 201,961	\$ 14,166,492

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CENTRAL AREA ROAD IMPROVEMENT IMPACT FEE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 681,000	\$ 681,000	\$ 298,510	\$ 72,724
Investment Income	7,000	7,000	6,876	7,450
Total Revenues	688,000	688,000	305,386	80,174
EXPENDITURES				
Capital Outlay	635,000	635,000	298,480	61,478
Total Expenditures	635,000	635,000	298,480	61,478
NET CHANGE IN FUND BALANCE	\$ 53,000	\$ 53,000	6,906	18,696
FUND BALANCE, JANUARY 1			76,077	57,381
FUND BALANCE, DECEMBER 31			\$ 82,983	\$ 76,077

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CENTRAL ROAD CORRIDOR IMPROVEMENT FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		2003	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 2,000	\$ 2,000	\$ 3,073	\$ 2,630
Total Revenues	2,000	2,000	3,073	2,630
EXPENDITURES				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 2,000</u>	<u>\$ 2,000</u>	3,073	2,630
FUND BALANCE, JANUARY 1			214,704	212,074
FUND BALANCE, DECEMBER 31			<u>\$ 217,777</u>	<u>\$ 214,704</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC IMPROVEMENT FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		Actual	2003
	Original Budget	Final Budget		Actual
REVENUES				
Investment Income	\$ 10,000	\$ 10,000	\$ 12,338	\$ 10,338
Total Revenues	10,000	10,000	12,338	10,338
EXPENDITURES				
Capital Outlay	235,000	235,000	110,286	-
Total Expenditures	235,000	235,000	110,286	-
NET CHANGE IN FUND BALANCE	\$ (225,000)	\$ (225,000)	(97,948)	10,338
FUND BALANCE, JANUARY 1			834,589	824,251
FUND BALANCE, DECEMBER 31			\$ 736,641	\$ 834,589

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

EDA SERIES 1991 PROJECT FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 100,000	\$ 100,000	\$ 421,969	\$ 121,056
Investment Income	60,000	61,500	65,784	48,378
Total Revenues	160,000	161,500	487,753	169,434
EXPENDITURES				
Capital Outlay	-	1,500	1,500	4,948,630
Total Expenditures	-	1,500	1,500	4,948,630
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	160,000	160,000	486,253	(4,779,196)
OTHER FINANCING SOURCES (USES)				
Note Issued, at Par	-	-	-	4,819,075
Total Other Financing Sources (Uses)	-	-	-	4,819,075
NET CHANGE IN FUND BALANCE	<u>\$ 160,000</u>	<u>\$ 160,000</u>	486,253	39,879
FUND BALANCE, JANUARY 1			6,274,564	6,234,685
FUND BALANCE, DECEMBER 31			<u>\$ 6,760,817</u>	<u>\$ 6,274,564</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WESTERN AREA TRAFFIC IMPROVEMENT FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 6,000	\$ 6,000	\$ 7,581	\$ 6,179
Total Revenues	6,000	6,000	7,581	6,179
EXPENDITURES				
Capital Outlay	235,000	235,000	110,286	-
Total Expenditures	235,000	235,000	110,286	-
NET CHANGE IN FUND BALANCE	\$ (229,000)	\$ (229,000)	(102,705)	6,179
FUND BALANCE, JANUARY 1			504,496	498,317
FUND BALANCE, DECEMBER 31			\$ 401,791	\$ 504,496

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL IMPROVEMENTS FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 43,635	\$ 262,823
Investment Income	55,000	55,000	38,606	48,059
Miscellaneous	25,000	25,000	37,488	49,400
Total Revenues	330,000	330,000	119,729	360,282
EXPENDITURES				
Capital Outlay	2,731,540	2,731,540	1,422,314	2,048,469
Total Expenditures	2,731,540	2,731,540	1,422,314	2,048,469
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,401,540)	(2,401,540)	(1,302,585)	(1,688,187)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,201,040	1,201,040	376,040	1,432,500
Total Other Financing Sources (Uses)	1,201,040	1,201,040	376,040	1,432,500
NET CHANGE IN FUND BALANCE	\$ (1,200,500)	\$ (1,200,500)	(926,545)	(255,687)
FUND BALANCE, JANUARY 1			2,212,763	2,468,450
FUND BALANCE, DECEMBER 31			\$ 1,286,218	\$ 2,212,763

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WESTERN AREA ROAD IMPROVEMENT IMPACT FEE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 635,000	\$ 635,000	\$ 475,863	\$ 15,766
Investment Income	11,000	11,000	12,587	11,293
Total Revenues	646,000	646,000	488,450	27,059
EXPENDITURES				
Capital Outlay	635,000	635,000	298,182	15,766
Total Expenditures	635,000	635,000	298,182	15,766
NET CHANGE IN FUND BALANCE	\$ 11,000	\$ 11,000	190,268	11,293
FUND BALANCE, JANUARY 1			102,565	91,272
FUND BALANCE, DECEMBER 31			\$ 292,833	\$ 102,565

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL VEHICLE AND EQUIPMENT FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 401,590	\$ 401,590	\$ -	\$ 579,609
Investment Income	13,000	13,000	12,160	12,199
Total Revenues	414,590	414,590	12,160	591,808
EXPENDITURES				
Capital Outlay	1,022,600	1,022,600	280,736	763,466
Total Expenditures	1,022,600	1,022,600	280,736	763,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(608,010)	(608,010)	(268,576)	(171,658)
OTHER FINANCING SOURCES (USES)				
Transfers In	195,600	195,600	7,500	9,380
Total Other Financing Sources (Uses)	195,600	195,600	7,500	9,380
NET CHANGE IN FUND BALANCE	\$ (412,410)	\$ (412,410)	(261,076)	(162,278)
FUND BALANCE, JANUARY 1			913,577	1,075,855
FUND BALANCE, DECEMBER 31			\$ 652,501	\$ 913,577

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COLUMBINE BRIDGE MAINTENANCE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 3,000	\$ 3,000	\$ 4,623	\$ 3,752
Total Revenues	3,000	3,000	4,623	3,752
EXPENDITURES				
Capital Outlay	10,000	10,000	-	-
Total Expenditures	10,000	10,000	-	-
NET CHANGE IN FUND BALANCE	\$ (7,000)	\$ (7,000)	4,623	3,752
FUND BALANCE, JANUARY 1			351,489	347,737
FUND BALANCE, DECEMBER 31			\$ 356,112	\$ 351,489

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL REPLACEMENT FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 40,000	\$ 40,000	\$ 46,947	\$ 37,363
Total Revenues	40,000	40,000	46,947	37,363
EXPENDITURES				
Capital Outlay	529,550	529,550	471,011	91,975
Total Expenditures	529,550	529,550	471,011	91,975
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(489,550)	(489,550)	(424,064)	(54,612)
OTHER FINANCING SOURCES (USES)				
Transfers In	810,030	810,030	777,945	558,525
Transfers (Out)	-	(201,250)	(259,782)	-
Sale of Capital Assets	20,000	20,000	60,254	63,460
Total Other Financing Sources (Uses)	830,030	628,780	578,417	621,985
NET CHANGE IN FUND BALANCE	\$ 340,480	\$ 139,230	154,353	567,373
FUND BALANCE, JANUARY 1			3,022,505	2,455,132
FUND BALANCE, DECEMBER 31			\$ 3,176,858	\$ 3,022,505

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WESTERN CORRIDOR FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ -	\$ -	\$ 43,758	\$ 60,463
Investment Income	1,200	1,200	2,727	1,338
Total Revenues	1,200	1,200	46,485	61,801
EXPENDITURES				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 1,200	\$ 1,200	46,485	61,801
FUND BALANCE, JANUARY 1			155,476	93,675
FUND BALANCE, DECEMBER 31			\$ 201,961	\$ 155,476

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

WATERWORKS AND SEWERAGE FUND

December 31, 2004
(with comparative totals for 2003)

	2004	2003
CURRENT ASSETS		
Cash and Investments	\$ 7,894,210	\$ 8,192,266
Receivables		
Accounts - Billed	671,413	652,871
Accounts - Unbilled	649,112	628,458
Accrued Interest	16,666	16,194
Other	88,377	66,636
Prepaid Expenses	19,477	1,770
Inventories	136,856	208,042
Due from Other Funds	248	-
Total Current Assets	<u>9,476,359</u>	<u>9,766,237</u>
CAPITAL ASSETS		
Not Depreciated	474,000	474,000
Depreciated	39,160,608	38,727,774
Accumulated Depreciation	(17,060,369)	(15,985,192)
Net Capital Assets	<u>22,574,239</u>	<u>23,216,582</u>
Total Assets	<u>32,050,598</u>	<u>32,982,819</u>
CURRENT LIABILITIES		
Accounts Payable	447,097	529,383
Accrued Payroll	60,342	48,063
Deferred Revenues	-	290,697
Due to Other Funds	141,617	5,144
Deposits Payable	50,002	27,971
Compensated Absences Payable	125,246	105,177
Total Current Liabilities	<u>824,304</u>	<u>1,006,435</u>
LONG-TERM LIABILITIES		
Compensated Absences Payable	57,349	-
Total Long-Term Liabilities	<u>57,349</u>	<u>-</u>
Total Liabilities	<u>881,653</u>	<u>1,006,435</u>
NET ASSETS		
Invested in Capital Assets	22,574,239	23,216,582
Unrestricted	8,594,706	8,759,802
TOTAL NET ASSETS	<u>\$ 31,168,945</u>	<u>\$ 31,976,384</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

WATERWORKS AND SEWERAGE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004		Actual	2003
	Original Budget	Final Budget		Actual
OPERATING REVENUES				
Charges for Services	\$ 8,852,000	\$ 8,852,000	\$ 8,919,572	\$ 8,404,183
Total Operating Revenues	8,852,000	8,852,000	8,919,572	8,404,183
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water Division	7,929,190	7,929,190	7,946,721	7,440,115
Sewer Division	2,149,430	2,149,430	1,237,701	1,376,897
Total Operating Expenses Excluding Depreciation	10,078,620	10,078,620	9,184,422	8,817,012
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,226,620)	(1,226,620)	(264,850)	(412,829)
DEPRECIATION	1,085,430	1,085,430	1,075,177	1,074,615
OPERATING INCOME (LOSS)	(2,312,050)	(2,312,050)	(1,340,027)	(1,487,444)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	150,000	150,000	105,028	126,699
Miscellaneous Revenue	4,000	4,000	310,810	8,278
Paying Agent Fees	(600)	(600)	-	(600)
Total Nonoperating Revenues (Expenses)	153,400	153,400	415,838	134,377
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(2,158,650)	(2,158,650)	(924,189)	(1,353,067)
CONTRIBUTIONS	-	-	116,750	-
CHANGE IN NET ASSETS	\$ (2,158,650)	\$ (2,158,650)	(807,439)	(1,353,067)
NET ASSETS, JANUARY 1			31,976,384	33,329,451
NET ASSETS, DECEMBER 31			\$ 31,168,945	\$ 31,976,384

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

Information Systems Fund - to account for the operations of the information systems division of the Village. Financing is provided through billings to various Village departments.

Insurance Fund - to account for the servicing and payment of claims for all Village insurance programs including Health, Workers' Compensation and Liability. Financing is provided through billings to the various Village departments.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

December 31, 2004

	Information Systems	Insurance	Total
CURRENT ASSETS			
Cash and Investments	\$ 284,872	\$ 1,371,809	\$ 1,656,681
Receivables			
Accrued Interest	-	11,767	11,767
Other	-	53,111	53,111
Deposits	-	59,200	59,200
Prepaid Expenses	59,517	-	59,517
Due from Other Funds	-	779,487	779,487
Total Current Assets	344,389	2,275,374	2,619,763
CAPITAL ASSETS			
Depreciated	181,978	-	181,978
Accumulated Depreciation	(128,623)	-	(128,623)
Net Capital Assets	53,355	-	53,355
Total Assets	397,744	2,275,374	2,673,118
LIABILITIES			
Accounts Payable	36,409	409,953	446,362
Accrued Payroll	12,712	4,755	17,467
Claims Payable	-	1,513,241	1,513,241
Benefits Payable	-	60,669	60,669
Due to Other Funds	508	-	508
Compensated Absences Payable	12,189	411	12,600
Total Current Liabilities	61,818	1,989,029	2,050,847
Total Liabilities	61,818	1,989,029	2,050,847
NET ASSETS			
Invested in Capital Assets	53,355	-	53,355
Unrestricted	282,571	286,345	568,916
TOTAL NET ASSETS	\$ 335,926	\$ 286,345	\$ 622,271

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2004

	Information Systems	Insurance	Total
OPERATING REVENUES			
Charges for Services	\$ 752,250	\$ 4,978,280	\$ 5,730,530
Contributions	-	641,986	641,986
Total Operating Revenues	752,250	5,620,266	6,372,516
OPERATING EXPENSES			
Operations	999,516	-	999,516
Claims and Insurance	-	5,667,047	5,667,047
Depreciation	29,374	-	29,374
Total Operating Expenses	1,028,890	5,667,047	6,695,937
OPERATING INCOME (LOSS)	(276,640)	(46,781)	(323,421)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	4,630	20,657	25,287
Miscellaneous	-	200	200
Recoveries	6,067	2,338	8,405
Total Nonoperating Revenues (Expenses)	10,697	23,195	33,892
INCOME (LOSS) BEFORE TRANSFERS	(265,943)	(23,586)	(289,529)
TRANSFERS IN (OUT)			
Transfers In	32,542	8,901	41,443
Total Transfers In (Out)	32,542	8,901	41,443
CHANGES IN NET ASSETS	(233,401)	(14,685)	(248,086)
NET ASSETS, JANUARY 1	569,327	301,030	870,357
NET ASSETS, DECEMBER 31	\$ 335,926	\$ 286,345	\$ 622,271

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2004

	Information Systems	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Services Transactions	\$ 814,526	\$ 5,006,756	\$ 5,821,282
Payments to Suppliers	(670,272)	(5,586,044)	(6,256,316)
Payments to Employees	(479,169)	(133,226)	(612,395)
Net Cash from Operating Activities	(334,915)	(712,514)	(1,047,429)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Recoveries	6,067	2,338	8,405
Transfers In	32,542	8,901	41,443
Net Cash From Noncapital Financing Activities	38,609	11,239	49,848
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
None	-	-	-
Net Cash From Capital and Related Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	-	700,000	700,000
Interest Received	4,630	26,463	31,093
Net Cash From Investing Activities	4,630	726,463	731,093
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(291,676)	25,188	(266,488)
CASH AND CASH EQUIVALENTS, JANUARY 1	576,548	660,385	1,236,933
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 284,872	\$ 685,573	\$ 970,445
CASH AND INVESTMENTS			
Cash	\$ 284,872	\$ 685,573	\$ 970,445
Investments	-	686,236	686,236
TOTAL CASH AND INVESTMENTS	\$ 284,872	\$ 1,371,809	\$ 1,656,681

(This statement is continued on the following page.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS (Continued)

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2004

	Information Systems	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (loss)	\$ (276,640)	\$ (46,781)	\$ (323,421)
Adjustments to Reconcile Operating Income (Loss) To Net Cash from Operating Activities			
Depreciation and Amortization	29,374	-	29,374
Miscellaneous Income	-	200	200
Changes in Assets and Liabilities			
Receivables	-	165,776	165,776
Prepaid Expenses	(58,876)	-	(58,876)
Due from Other Funds	-	(779,487)	(779,487)
Deposits	-	(24,200)	(24,200)
Accounts Payable	(28,787)	(1,898)	(30,685)
Accrued Payroll	1,821	(1,038)	783
Claims Payable	-	146,486	146,486
Benefits Payable	-	(8,738)	(8,738)
Due to Other Funds	(133)	(163,016)	(163,149)
Compensated Absences Payable	(1,674)	182	(1,492)
NET CASH FROM OPERATING ACTIVITIES	\$ (334,915)	\$ (712,514)	\$ (1,047,429)

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

INFORMATION SYSTEMS FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 751,950	\$ 751,950	\$ 752,250	\$ 810,340
Total Operating Revenues	751,950	751,950	752,250	810,340
OPERATING EXPENSES				
Operations	1,096,430	1,096,430	999,516	923,429
Depreciation	42,650	42,650	29,374	34,118
Total Operating Expenses	1,139,080	1,139,080	1,028,890	957,547
OPERATING INCOME (LOSS)	(387,130)	(387,130)	(276,640)	(147,207)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	8,000	8,000	4,630	7,585
Recoveries	-	-	6,067	1,617
Total Nonoperating Revenues (Expenses)	8,000	8,000	10,697	9,202
INCOME (LOSS) BEFORE TRANSFERS	(379,130)	(379,130)	(265,943)	(138,005)
TRANSFERS IN (OUT)				
Transfers In	8,300	8,300	32,542	19,879
Transfers (Out)	-	-	-	(16,388)
Total Transfers In (Out)	8,300	8,300	32,542	3,491
CHANGES IN NET ASSETS	\$ (370,830)	\$ (370,830)	(233,401)	(134,514)
NET ASSETS, JANUARY 1			569,327	703,841
NET ASSETS, DECEMBER 31			\$ 335,926	\$ 569,327

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS - BY PROGRAM

INSURANCE FUND

December 31, 2004

(with comparative total for 2003)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Totals	
					2004	2003
ASSETS						
Cash and Investments	\$ 6,160	\$ 2,199,609	\$ (905,764)	\$ 71,804	\$ 1,371,809	\$ 2,056,376
Receivables						
Accrued Interest	49	10,758	-	960	11,767	7,816
Other	-	50,257	-	2,854	53,111	218,889
Deposits	-	-	20,000	39,200	59,200	35,000
Due from Other Funds	6	-	779,481	-	779,487	-
Total Assets	6,215	2,260,624	(106,283)	114,818	2,275,374	2,318,081
LIABILITIES						
Accounts Payable	309	291,931	106,072	11,641	409,953	411,851
Accrued Payroll	4,755	-	-	-	4,755	5,793
Claims Payable	-	141,444	1,302,769	69,028	1,513,241	1,366,755
Benefits Payable	-	60,669	-	-	60,669	69,407
Due to General Fund	-	-	-	-	-	138,911
Due to EDA Administration Fund	-	-	-	-	-	24,105
Compensated Absences Payable	411	-	-	-	411	229
Total Liabilities	5,475	494,044	1,408,841	80,669	1,989,029	2,017,051
NET ASSETS						
Unrestricted (Deficit)	740	1,766,580	(1,515,124)	34,149	286,345	301,030
TOTAL NET ASSETS	\$ 740	\$ 1,766,580	\$ (1,515,124)	\$ 34,149	\$ 286,345	\$ 301,030

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

INSURANCE FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 4,397,430	\$ 4,997,450	\$ 4,978,280	\$ 3,347,861
Contributions	536,000	608,750	641,986	533,786
Total Operating Revenues	4,933,430	5,606,200	5,620,266	3,881,647
OPERATING EXPENSES				
Claims and Insurance	4,979,540	5,667,050	5,667,047	4,722,931
Total Operating Expenses	4,979,540	5,667,050	5,667,047	4,722,931
OPERATING INCOME (LOSS)	(46,110)	(60,850)	(46,781)	(841,284)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	35,000	35,000	20,657	28,859
Miscellaneous	-	-	200	-
Recoveries	5,000	5,000	2,338	29,209
Total Nonoperating Revenues (Expenses)	40,000	40,000	23,195	58,068
INCOME (LOSS) BEFORE TRANSFERS	(6,110)	(20,850)	(23,586)	(783,216)
TRANSFERS IN (OUT)				
Transfers In	6,170	6,170	8,901	3,786
Transfers (Out)	-	-	-	(18,441)
Total Transfers In (Out)	6,170	6,170	8,901	(14,655)
CHANGES IN NET ASSETS	\$ 60	\$ (14,680)	(14,685)	(797,871)
NET ASSETS, JANUARY 1			301,030	1,134,897
Prior Period Adjustment			-	(35,996)
NET ASSETS, JANUARY 1, RESTATED			301,030	1,098,901
NET ASSETS, DECEMBER 31			\$ 286,345	\$ 301,030

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS - BY PROGRAM

INSURANCE FUND

For the Year Ended December 31, 2004
 (with comparative total for 2003)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Totals	
					2004	2003
OPERATING REVENUES						
Charges for Services	\$ 94,146	\$ 3,442,010	\$ 858,146	\$ 583,978	\$ 4,978,280	\$ 3,347,861
Contributions	-	641,986	-	-	641,986	533,786
Total Operating Revenues	94,146	4,083,996	858,146	583,978	5,620,266	3,881,647
OPERATING EXPENSES						
Claims and Insurance	103,333	3,953,046	1,117,753	492,915	5,667,047	4,722,931
Total Operating Expenses	103,333	3,953,046	1,117,753	492,915	5,667,047	4,722,931
OPERATING INCOME (LOSS)	(9,187)	130,950	(259,607)	91,063	(46,781)	(841,284)
NONOPERATING REVENUES (EXPENSES)						
Investment Income	86	18,886	-	1,685	20,657	28,859
Miscellaneous	200	-	-	-	200	-
Recoveries	-	-	-	2,338	2,338	29,209
Total Nonoperating Revenues (Expenses)	286	18,886	-	4,023	23,195	58,068
INCOME (LOSS) BEFORE TRANSFERS	(8,901)	149,836	(259,607)	95,086	(23,586)	(783,216)
TRANSFERS IN (OUT)						
Transfers In	8,901	-	-	-	8,901	3,786
Transfers (Out)	-	-	-	-	-	(18,441)
Total Transfers In (Out)	8,901	-	-	-	8,901	(14,655)
CHANGES IN NET ASSETS	-	149,836	(259,607)	95,086	(14,685)	(797,871)
NET ASSETS (DEFICIT), JANUARY 1	740	1,616,744	(1,255,517)	(60,937)	301,030	1,134,897
Prior Period Adjustment	-	-	-	-	-	(35,996)
NET ASSETS (DEFICIT), JANUARY 1, RESTATED	740	1,616,744	(1,255,517)	(60,937)	301,030	1,098,901
NET ASSETS (DEFICIT), DECEMBER 31	\$ 740	\$ 1,766,580	\$ (1,515,124)	\$ 34,149	\$ 286,345	\$ 301,030

(See independent auditor's report.)

FIDUCIARY FUNDS

Pension Trust Funds

Police Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the government through an annual property tax levy.

Firefighters' Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by fire personnel members at rates fixed by state statutes and by the government through an annual property tax levy.

Agency Funds

Barrington/Higgins TIF Fund - to account for the collection of incremental taxes and other financial resources received to retire any tax increment revenue notes and pay certain qualified project costs.

EDA Special Tax Allocation Fund - to account for the collection of incremental taxes and other financial resources received to retire certain tax increment revenue bonds and notes and to pay certain qualified project costs, all pertaining to the Village's Economic Development Area.

Flexible Spending Account Fund - to account for salary deductions held by the Village and payments to certain employees for eligible medical and dependent care expenses. The fund is operated pursuant to Section 125 of the Internal Revenue Code.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2004

	Pension Trust		Total Pension Trust
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 818,603	\$ 1,217,406	\$ 2,036,009
Investments, at Fair Value			
U.S. Treasury Securities	9,100,183	12,846,254	21,946,437
U.S. Agency Securities	10,026,813	8,896,079	18,922,892
Illinois Metropolitan Investment Trust	-	651,173	651,173
Mutual Funds	15,768,795	-	15,768,795
Money Market Mutual Funds	314,974	1,065,270	1,380,244
Equities	-	15,793,893	15,793,893
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	258,919	274,747	533,666
Due from General Fund	31,932	24,760	56,692
Assets Held by Agents	-	-	-
Total Assets	36,320,219	40,769,582	77,089,801
LIABILITIES			
Accounts Payable	8,002	38,475	46,477
Due to Participants	-	-	-
Advances from Other Funds	-	-	-
Due to Other Entities	-	-	-
Total Liabilities	8,002	38,475	46,477
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 36,312,217	\$ 40,731,107	\$ 77,043,324

Agency Funds				
Barrington/ Higgins TIF	EDA Special Tax Allocation	Flexible Spending Account	Total Agency	
\$ 656,139	\$ 622,335	\$ -	\$ 1,278,474	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	30,600	30,600	
656,139	622,335	30,600	1,309,074	
-	-	-	-	
-	-	25,130	25,130	
-	-	5,470	5,470	
656,139	622,335	-	1,278,474	
\$ 656,139	\$ 622,335	\$ 30,600	\$ 1,309,074	

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUNDS

For the Year Ended December 31, 2004

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer Contributions	\$ 1,373,666	\$ 1,194,531	\$ 2,568,197
Employee Contributions	646,080	559,006	1,205,086
Other Contributions	11,667	167,885	179,552
Total Contributions	2,031,413	1,921,422	3,952,835
Investment Income			
Net Appreciation in Fair Value of Investments	1,521,705	1,762,942	3,284,647
Interest	1,140,691	1,354,776	2,495,467
Total Investment Income	2,662,396	3,117,718	5,780,114
Less Investment Expense	(71,944)	(136,784)	(208,728)
Net Investment Income	2,590,452	2,980,934	5,571,386
Total Additions	4,621,865	4,902,356	9,524,221
DEDUCTIONS			
Benefits and Refunds	1,735,847	1,114,788	2,850,635
Miscellaneous	19,286	40,380	59,666
Total Deductions	1,755,133	1,155,168	2,910,301
NET INCREASE	2,866,732	3,747,188	6,613,920
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	33,445,485	36,983,919	70,429,404
December 31	\$ 36,312,217	\$ 40,731,107	\$ 77,043,324

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF CHANGES IN PLAN NET ASSETS - BUDGET AND ACTUAL

POLICE PENSION FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
ADDITIONS				
Contributions				
Employer Contributions				
Taxes	\$ 1,270,276	\$ 1,270,276	\$ 1,292,513	\$ 1,176,034
Intergovernmental	80,060	80,060	81,153	52,309
Employee Contributions	657,850	657,850	646,080	610,853
Other Contributions	-	-	11,667	181,244
Total Contributions	2,008,186	2,008,186	2,031,413	2,020,440
Investment Income				
Net Appreciation in Fair Value of Investments	-	-	1,521,705	2,750,958
Interest	790,000	924,900	1,140,691	876,146
Total Investment Income	790,000	924,900	2,662,396	3,627,104
Less Investment Expense	(170,000)	(170,000)	(71,944)	(140,459)
Net Investment Income	620,000	754,900	2,590,452	3,486,645
Total Additions	2,628,186	2,763,086	4,621,865	5,507,085
DEDUCTIONS				
Benefits and Refunds	1,511,160	1,646,060	1,735,847	1,508,655
Miscellaneous	11,020	11,020	19,286	31,003
Total Deductions	1,522,180	1,657,080	1,755,133	1,539,658
NET INCREASE	\$ 1,106,006	\$ 1,106,006	2,866,732	3,967,427
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
January 1			33,445,485	29,478,058
December 31			\$ 36,312,217	\$ 33,445,485

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF CHANGES IN PLAN NET ASSETS - BUDGET AND ACTUAL

FIREFIGHTERS' PENSION FUND

For the Year Ended December 31, 2004
(with comparative actual for 2003)

	2004			2003
	Original Budget	Final Budget	Actual	Actual
ADDITIONS				
Contributions				
Employer Contributions				
Taxes	\$ 945,016	\$ 945,016	\$ 957,288	\$ 795,602
Intergovernmental	236,150	236,150	237,243	155,969
Employee Contributions	536,950	536,950	559,006	499,527
Other Contributions	-	-	167,885	-
Total Contributions	1,718,116	1,718,116	1,921,422	1,451,098
Investment Income				
Net Appreciation in Fair Value of Investments	-	-	1,762,942	2,495,533
Interest	1,500,000	1,629,080	1,354,776	1,418,129
Total Investment Income	1,500,000	1,629,080	3,117,718	3,913,662
Less Investment Expense	(55,620)	(77,400)	(136,784)	(158,695)
Net Investment Income	1,444,380	1,551,680	2,980,934	3,754,967
Total Additions	3,162,496	3,269,796	4,902,356	5,206,065
DEDUCTIONS				
Benefits and Refunds	1,008,690	1,115,990	1,114,788	995,340
Miscellaneous	98,570	98,570	40,380	19,042
Total Deductions	1,107,260	1,214,560	1,155,168	1,014,382
NET INCREASE	\$ 2,055,236	\$ 2,055,236	3,747,188	4,191,683
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
January 1			36,983,919	32,792,236
December 31			<u>\$ 40,731,107</u>	<u>\$ 36,983,919</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended December 31, 2004

	Balances		Balances	
	January 1	Additions	Deletions	December 31
ALL FUNDS				
ASSETS				
Cash and Investments	\$ 884,854	\$ 23,551,131	\$ 23,157,511	\$ 1,278,474
Assets Held by Agents	33,552	-	2,952	30,600
TOTAL ASSETS	\$ 918,406	\$ 23,551,131	\$ 23,160,463	\$ 1,309,074
LIABILITIES				
Due to Participants	\$ 29,082	\$ -	\$ 3,952	\$ 25,130
Advance from Other Funds	4,470	1,000	-	5,470
Due to Other Entities	884,854	23,551,131	23,157,511	1,278,474
TOTAL LIABILITIES	\$ 918,406	\$ 23,552,131	\$ 23,161,463	\$ 1,309,074
BARRINGTON/HIGGINS TIF FUND				
ASSETS				
Cash and Investments	\$ 419,800	\$ 658,183	\$ 421,844	\$ 656,139
TOTAL ASSETS	\$ 419,800	\$ 658,183	\$ 421,844	\$ 656,139
LIABILITIES				
Due to Other Entities	\$ 419,800	\$ 658,183	\$ 421,844	\$ 656,139
TOTAL LIABILITIES	\$ 419,800	\$ 658,183	\$ 421,844	\$ 656,139

(This statement is continued on the following page.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)

AGENCY FUNDS

For the Year Ended December 31, 2004

	Balances January 1	Additions	Deletions	Balances December 31
EDA SPECIAL TAX ALLOCATION FUND				
ASSETS				
Cash and Investments	\$ 465,054	\$ 22,892,948	\$ 22,735,667	\$ 622,335
TOTAL ASSETS	\$ 465,054	\$ 22,892,948	\$ 22,735,667	\$ 622,335
LIABILITIES				
Due to Other Entities	\$ 465,054	\$ 22,892,948	\$ 22,735,667	\$ 622,335
TOTAL LIABILITIES	\$ 465,054	\$ 22,892,948	\$ 22,735,667	\$ 622,335
FLEXIBLE SPENDING ACCOUNT FUND				
ASSETS				
Assets Held by Agents	\$ 33,552	\$ -	\$ 2,952	\$ 30,600
TOTAL ASSETS	\$ 33,552	\$ -	\$ 2,952	\$ 30,600
LIABILITIES				
Due to Participants	\$ 29,082	\$ -	\$ 3,952	\$ 25,130
Advance from Other Funds	4,470	1,000	-	5,470
TOTAL LIABILITIES	\$ 33,552	\$ 1,000	\$ 3,952	\$ 30,600

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2004

Type of Coverage	Self-Insured Retention	Specific Excess Limit	Aggregate Excess Limit	Insurance Carrier	Expiration Date of Policy
Property, Mobile Equipment, Auto Physical Damage	\$ 100,000 *	N/A	\$ 44,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2006
General Liability, Employee Benefits, Law Enforcement Liability	100,000 *	\$ 2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2006
Auto Liability	100,000 *	2,000,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2006
Employee Dishonesty, Crime	10,000 *	100,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2006
General Liability, Auto Liability, Law Enforcement Liability, Ambulance Attendants' Liability, Public Officials' Liability	2,000,000	10,000,000	10,000,000	High-Level Excess Liability Pool (HELP)	07/01/2005
Boiler and Machinery	1,000	55,000,000	55,000,000	Kemper Insurance	01/01/2006
Public Officials' Liability	25,000	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2006
Ambulance Attendants' Liability	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2006
Health Division Malpractice	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2006
Pollution Legal Liability	5,000	2,000,000	3,000,000	Agricultural Excess and Surplus Insurance Co.	01/01/2006
Position Surety Bonds					
William McLeod Village President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2006
Karen Mills Deputy President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2006
Virginia Hayter Village Clerk	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2006
James Norris Village Manager	N/A	5,000	5,000	Fidelity & Deposit Co.	01/01/2006
Michael DuCharme, Treasurer	N/A	150,000	150,000	Fidelity & Deposit Co.	01/01/2006
Police and Fire Commission Members	N/A	500	500	Fidelity & Deposit Co.	01/01/2006
Excess Workers' Compensation	300,000	Statutory	Statutory	Safety National	12/31/2005
Social Service Agency Professional Liability	N/A	1,000,000	1,000,000	American Home Assurance Co.	05/01/2005

* All retentions subject to a maximum \$250,000 aggregate loss fund.

N/A - Not Applicable

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BOND SERIES OF 1997A

December 31, 2004

Date of Issue	December 15, 1997
Date of Maturity	December 1, 2012
Authorized Issue	\$ 6,365,000
Denomination of Bonds	\$ 5,000
Interest Rates	1998 4.50%
	2008 4.60%
	2011 4.65%
	2012 4.70%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	American National Bank, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2004	\$ 380,000	\$ 165,188	\$ 545,188	2005	\$ 82,594	2005	\$ 82,594
2005	400,000	148,088	548,088	2006	74,044	2006	74,044
2006	415,000	130,088	545,088	2007	65,044	2007	65,044
2007	435,000	111,412	546,412	2008	55,706	2008	55,706
2008	455,000	91,402	546,402	2009	45,701	2009	45,701
2009	480,000	70,472	550,472	2010	35,236	2010	35,236
2010	505,000	48,392	553,392	2011	24,196	2011	24,196
2011	530,000	24,910	554,910	2012	12,455	2012	12,455
	<u>\$ 3,600,000</u>	<u>\$ 789,952</u>	<u>\$ 4,389,952</u>		<u>\$ 394,976</u>		<u>\$ 394,976</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2001

December 31, 2004

Date of Issue	July 15, 2001
Date of Maturity	December 1, 2011
Authorized Issue	\$ 10,760,000
Denomination of Bonds	\$ 5,000
Interest Rates	2001 4.00%
	2006 4.25%
	2008 4.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	American National Bank, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2004	\$ 1,165,000	\$ 371,200	\$ 1,536,200	2005	\$ 185,600	2005	\$ 185,600
2005	1,265,000	324,600	1,589,600	2006	162,300	2006	162,300
2006	1,375,000	270,838	1,645,838	2007	135,419	2007	135,419
2007	1,490,000	212,400	1,702,400	2008	106,200	2008	106,200
2008	1,620,000	145,350	1,765,350	2009	72,675	2009	72,675
2009	1,090,000	72,450	1,162,450	2010	36,225	2010	36,225
2010	520,000	23,400	543,400	2011	11,700	2011	11,700
	<u>\$ 8,525,000</u>	<u>\$ 1,420,238</u>	<u>\$ 9,945,238</u>		<u>\$ 710,119</u>		<u>\$ 710,119</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2003

December 31, 2004

Date of Issue	September 1, 2003
Date of Maturity	December 1, 2011
Authorized Issue	\$ 6,155,000
Denomination of Bonds	\$ 5,000
Interest Rates	2003 2.00%
	2005 2.25%
	2006 2.50%
	2008 2.75%
	2009 2.80%
	2010 3.15%
	2011 3.35%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	American National Bank, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2004	\$ 665,000	\$ 150,234	\$ 815,234	2005	\$ 75,117	2005	\$ 75,117
2005	725,000	135,272	860,272	2006	67,636	2006	67,636
2006	745,000	117,148	862,148	2007	58,574	2007	58,574
2007	800,000	98,522	898,522	2008	49,261	2008	49,261
2008	890,000	76,522	966,522	2009	38,261	2009	38,261
2009	915,000	51,604	966,604	2010	25,802	2010	25,802
2010	680,000	22,780	702,780	2011	11,390	2011	11,390
	<u>\$ 5,420,000</u>	<u>\$ 652,082</u>	<u>\$ 6,072,082</u>		<u>\$ 326,041</u>		<u>\$ 326,041</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004

December 31, 2004

Date of Issue	October 15, 2004
Date of Maturity	December 1, 2012
Authorized Issue	\$ 6,765,000
Denomination of Bonds	\$ 5,000
Interest Rates	2004 3.00%
	2007 3.25%
	2009 3.50%
	2012 3.75%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	American National Bank, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2004	\$ 735,000	\$ 223,100	\$ 958,100	2005	\$ 111,550	2005	\$ 111,550
2005	760,000	201,050	961,050	2006	100,525	2006	100,525
2006	785,000	178,250	963,250	2007	89,125	2007	89,125
2007	810,000	152,738	962,738	2008	76,369	2008	76,369
2008	835,000	126,412	961,412	2009	63,206	2009	63,206
2009	870,000	97,188	967,188	2010	48,594	2010	48,594
2010	905,000	66,737	971,737	2011	33,369	2011	33,368
2011	935,000	35,063	970,063	2012	17,531	2012	17,532
	<u>\$ 6,635,000</u>	<u>\$ 1,080,538</u>	<u>\$ 7,715,538</u>		<u>\$ 540,269</u>		<u>\$ 540,269</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

TAX INCREMENT REVENUE BOND SERIES OF 1991

December 31, 2004

Date of Issue	October 15, 1991		
Date of Maturity	May 15, 2007		
Authorized Issue	\$ 68,947,092		
Denomination of Bonds	\$ 5,000		
Interest Rates	105-313	6.05%	6608-9585 7.05%
	314-783	6.20%	9586-13061 7.10%
	784-1622	6.30%	13062-16703 7.15%
	1623-2705	6.40%	16704-20925 7.15%
	2706-4391	6.50%	20926-25308 7.20%
	4392-6607	6.60%	
Interest Dates	May 15		
Principal Maturity Date	May 15		
Payable at	First Trust Illinois, Chicago, Illinois		

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year	Bond Numbers	Tax Levy			Interest Due On	
		Principal	Interest	Totals	May 15	Amount
2005	13062-16703	\$ 7,041,443	\$ 11,168,557	\$ 18,210,000	2005	\$ 11,168,557
2006	16704-20925	7,608,888	13,501,112	21,110,000	2006	13,501,112
2007	20926-25308	7,308,215	14,606,785	21,915,000	2007	14,606,785
		<u>\$ 21,958,546</u>	<u>\$ 39,276,454</u>	<u>\$ 61,235,000</u>		<u>\$ 39,276,454</u>

Bonds numbered 6608-25308 are capital appreciation bonds. Interest on these bonds is payable at maturity.

(This schedule is continued on the following page.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

TAX INCREMENT REVENUE BOND SERIES OF 1991 (Continued)

December 31, 2004

Year	Current Capital Bonds	Accretion	Total
			\$ 55,445,341
2005	\$ (18,210,000)	\$ 3,221,506	40,456,847
2006	(21,110,000)	2,000,776	21,347,623
2007	(21,915,000)	567,377	-

Bonds numbered 6608-25308 are capital appreciation bonds.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

TAX INCREMENT REVENUE REFUNDING BOND SERIES OF 1997

December 31, 2004

Date of Issue	October 15, 1997		
Date of Maturity	November 15, 2009		
Authorized Issue	\$ 118,430,000		
Denomination of Bonds	\$ 5,000		
Interest Rates	1998 4.50%	2006 5.00%	
	1999 5.00%	2008 5.15%	
	2004 5.50%	2009 5.25%	
	2005 4.85%		
Interest Dates	May 15 and November 15		
Principal Maturity Date	November 15		
Payable at	First Trust Illinois, Chicago, Illinois		

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year	Principal	Interest	Total	Interest Due On			
				May 15	Amount	Nov. 15	Amount
2005	\$ 9,155,000	\$ 3,366,596	\$ 12,521,596	2005	\$ 1,683,298	2005	\$ 1,683,298
2006	9,615,000	2,922,578	12,537,578	2006	1,461,289	2006	1,461,289
2007	10,110,000	2,441,828	12,551,828	2007	1,220,914	2007	1,220,914
2008	10,635,000	1,936,328	12,571,328	2008	968,164	2008	968,164
2009	26,450,000	1,388,626	27,838,626	2009	694,313	2009	694,313
	<u>\$ 65,965,000</u>	<u>\$ 12,055,956</u>	<u>\$ 78,020,956</u>		<u>\$ 6,027,978</u>		<u>\$ 6,027,978</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

INSTALLMENT LOAN OF 1988

December 31, 2004

Date of Issue	September 6, 1988
Date of Maturity	July 1, 2005
Authorized Issue	\$ 2,300,000
Interest Rates	3.00%
Interest Dates	Monthly
Principal Maturity Date	Monthly
Payable at	Illinois Department of Commerce and Community Affairs

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year	Annual Requirements		
	Principal	Interest	Totals
2005	\$ 94,471	\$ 828	\$ 95,299
	\$ 94,471	\$ 828	\$ 95,299

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

HOFFMAN ESTATES ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENT REVENUE NOTES

December 31, 2004

	Developer Cash Advance Note #1	Developer Cash Advance Note #3	Developer Advance Note #11	Developer Advance Note #12	Private Interest Financing Note #1	Private Interest Financing Note #2
Date of Issue	March 1, 1993	Sept. 1, 1994	Sept. 1, 1994	Sept. 1, 1997	Feb. 1, 2000	Feb. 1, 2000
Date of Maturity	Sept. 10, 2012					
Original Amount of Note	\$ 733,580	\$ 196,685	\$ 1,268,630	\$ 144,247	\$ 1,693,397	\$ 5,009,329
Interest Rate	Adjustable	Adjustable	Adjustable	Adjustable	None	None
Interest Dates	March 1 and September 1	None	None			
Principal Maturity Dates	March 1 and September 1					
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL					
Original Principal Balance	\$ 733,580	\$ 196,685	\$ 1,268,630	\$ 144,247	\$ 1,693,397	\$ 5,009,329
Accrued Interest	468,756	104,883	417,744	59,360	-	-
Subtotal	1,202,336	301,568	1,686,374	203,607	1,693,397	5,009,329
Previous Payments	-	-	1,176,743	-	-	-
Adjusted Principal Balance	\$ 1,202,336	\$ 301,568	\$ 509,631	\$ 203,607	\$ 1,693,397	\$ 5,009,329

Private Interest Financing Note #3	Private Interest Financing Note #4	Private Interest Financing Note #5	Developer Project Cost Note #4	Developer Project Cost Note #13	Developer Project Cost Note #14	Developer Project Cost Note #15	Developer Project Cost Note #16	Developer Project Cost Note #17
Mar. 1, 2001 Sept. 10, 2012 \$ 5,228,265 None None	April 1, 2002 Sept. 10, 2012 \$ 4,800,779 None None	Feb. 1, 2003 Sept. 10, 2012 \$ 4,293,238 None None	Sept. 1, 1993 Sept. 10, 2012 \$ 752,859 Adjustable March 1 and September 1	Sept. 1, 1996 Sept. 10, 2012 \$ 47,972 Adjustable March 1 and September 1	Sept. 26, 1996 Sept. 10, 2012 \$ 318,441 Adjustable March 1 and September 1	Oct. 23, 1996 Sept. 10, 2012 \$ 284,177 Adjustable March 1 and September 1	Nov. 22, 1996 Sept. 10, 2012 \$ 121,202 Adjustable March 1 and September 1	Jan. 23, 1997 Sept. 10, 2012 \$ 144,548 Adjustable March 1 and September 1
March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL			
\$ 5,228,265 -	\$ 4,800,779 -	\$ 4,293,238 -	\$ 752,859 424,375	\$ 47,972 23,425	\$ 318,441 153,948	\$ 284,177 135,689	\$ 121,202 57,069	\$ 144,548 66,164
5,228,265	4,800,779	4,293,238	1,177,234	71,397	472,389	419,866	178,271	210,712
-	-	-	256,953	-	-	-	-	-
<u>\$ 5,228,265</u>	<u>\$ 4,800,779</u>	<u>\$ 4,293,238</u>	<u>\$ 920,281</u>	<u>\$ 71,397</u>	<u>\$ 472,389</u>	<u>\$ 419,866</u>	<u>\$ 178,271</u>	<u>\$ 210,712</u>

(This schedule is continued on the following pages.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

HOFFMAN ESTATES ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENT REVENUE NOTES (Continued)

December 31, 2004

	Developer Project Cost Note #18	Developer Project Cost Note #19	Developer Project Cost Note #20	Developer Project Cost Note #21	Developer Project Cost Note #22	Developer Project Cost Note #23
Date of Issue	March 6, 1997	March 25, 1997	April 18, 1997	May 21, 1997	Sept. 1, 1997	Sept. 1, 1997
Date of Maturity	Sept. 10, 2012					
Original Amount of Note	\$ 43,449	\$ 74,414	\$ 15,915	\$ 14,315	\$ 5,589,262	\$ 932,132
Interest Rate	Adjustable	Adjustable	Adjustable	Adjustable	Adjustable	Adjustable
Interest Dates	March 1 and September 1					
Principal Maturity Dates	March 1 and September 1					
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL					
Original Principal Balance	\$ 43,449	\$ 72,725	\$ 15,915	\$ 14,315	\$ 5,589,262	\$ 932,132
Accrued Interest	19,505	32,357	7,001	6,198	2,300,050	383,584
Subtotal	62,954	105,082	22,916	20,513	7,889,312	1,315,716
Previous Payments	-	-	-	-	-	-
Adjusted Principal Balance	\$ 62,954	\$ 105,082	\$ 22,916	\$ 20,513	\$ 7,889,312	\$ 1,315,716

Developer Project Cost Note #24	Developer Project Cost Note #25	Developer Project Cost Note #26	Developer Project Cost Note #27	Developer Project Cost Note #28	Developer Project Cost Note #29	Developer Project Cost Note #30	Developer Project Cost Note #31	Developer Project Cost Note #32
Sept. 1, 1997 Sept. 10, 2012 \$ 12,169,244 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 1997 Sept. 10, 2012 \$ 5,248,409 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 1997 Sept. 10, 2012 \$ 4,347,908 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 1997 Sept. 10, 2012 \$ 354,035 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 1997 Sept. 10, 2012 \$ 288,720 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1, 1999 Sept. 10, 2012 \$ 2,244,798 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1, 1999 Sept. 10, 2012 \$ 336,341 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1, 2000 Sept. 10, 2012 \$ 814,106 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1, 2001 Sept. 10, 2012 \$ 1,435,686 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL
\$ 12,169,244 5,007,794 17,177,038	\$ 5,248,409 2,159,785 7,408,194	\$ 4,347,908 1,789,218 6,137,126	\$ 354,035 145,690 499,725	\$ 288,720 118,812 407,532	\$ 2,244,798 700,648 2,945,446	\$ 336,341 104,979 441,320	\$ 814,106 200,872 1,014,978	\$ 1,435,686 260,359 1,696,045
-	-	-	-	-	-	-	-	-
<u>\$ 17,177,038</u>	<u>\$ 7,408,194</u>	<u>\$ 6,137,126</u>	<u>\$ 499,725</u>	<u>\$ 407,532</u>	<u>\$ 2,945,446</u>	<u>\$ 441,320</u>	<u>\$ 1,014,978</u>	<u>\$ 1,696,045</u>

(This schedule is continued on the following page.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

HOFFMAN ESTATES ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENT REVENUE NOTES (Continued)

December 31, 2004

	Developer Project Cost Note #33	Developer Project Cost Note #34	Developer Project Cost Note #35	Developer Project Cost Note #34	Total
Date of Issue	Sept. 1, 2001	Sept. 1, 2002	Sept. 1, 2002	March 1, 2003	
Date of Maturity	Sept. 10, 2012	Sept. 10, 2012	Sept. 10, 2012	Sept. 10, 2012	
Original Amount of Note	\$ 708,661	\$ 10,776,023	\$ 222,767	\$ 303,071	
Interest Rate	Adjustable	Adjustable	Adjustable	Adjustable	
Interest Dates	March 1 and September 1				
Principal Maturity Dates	March 1 and September 1				
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL				
Original Principal Balance	\$ 708,661	\$ 10,776,023	\$ 222,767	\$ 303,071	\$ 70,954,916
Accrued Interest	107,619	1,345,248	21,665	21,736	16,644,533
Subtotal	816,280	12,121,271	244,432	324,807	87,599,449
Previous Payments	-	-	-	-	1,433,696
Adjusted Principal Balance	\$ 816,280	\$ 12,121,271	\$ 244,432	\$ 324,807	\$ 86,165,753

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ECONOMIC DEVELOPMENT PROJECT AREA
SCHEDULE OF INDENTURE FLOW OF FUNDS
For the Year Ended December 31, 2004

	EDA Special Tax Allocation Fund			Totals
	Unallocated	Government Share Account	Sears Portion of PVS	
REVENUES				
Incremental Taxes	\$ 16,707,877	\$ 5,696,922	\$ 403,487	\$ 22,808,286
Investment Income	79,746	-	4,915	84,661
Sears Debt Service Payment	-	-	-	-
Total Revenues	16,787,623	5,696,922	408,402	22,892,947
EXPENDITURES				
Principal, Bonds and Notes	-	-	-	-
Interest, Bonds and Notes	-	-	-	-
Professional Services	-	-	-	-
Trustee Fees	-	-	-	-
Arbitrage Rebate	-	-	-	-
Arbitrage Calculation Fees	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,787,623	5,696,922	408,402	22,892,947
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	(16,371,862)	-	-	(16,371,862)
Distribution of Surplus	-	(2,556,296)	-	(2,556,296)
Distribution of Sears PVS	376	-	(406,288)	(405,912)
Transfer to Rebate Payable	(260,970)	-	-	(260,970)
Transfer to EDA Administration Fund	-	(3,140,626)	-	(3,140,626)
Total Other Financing Sources (Uses)	(16,632,456)	(5,696,922)	(406,288)	(22,735,666)
NET CHANGE IN FUND BALANCES	155,167	-	2,114	157,281
FUND BALANCES (DEFICIT), JANUARY 1	58,766	-	406,288	465,054
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 213,933	\$ -	\$ 408,402	\$ 622,335

Sears EDA General Account Fund	Program Expenses Account	Series 1997 EDA TIF Bond Fund				Totals	1991 Junior Lien Bond and Interest Account	Totals (Memorandum Only)
		Series 1997 Bond and Interest Account	Series 1997 Reserve and Redemption Account	Series 1997 Rebate Account				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,808,286	
-	73	11,618	963,690	822	976,130	15,900	1,076,764	
-	-	-	-	-	-	10,439,099	10,439,099	
-	73	11,618	963,690	822	976,130	10,454,999	34,324,149	
-	-	8,690,000	-	-	8,690,000	7,253,195	15,943,195	
-	-	3,844,545	-	-	3,844,545	10,126,805	13,971,350	
-	28,437	-	-	-	-	-	28,437	
-	1,500	-	-	-	-	-	1,500	
-	-	-	-	-	-	-	-	
-	2,500	-	-	-	-	-	2,500	
-	32,437	12,534,545	-	-	12,534,545	17,380,000	29,946,982	
-	(32,364)	(12,522,927)	963,690	822	(11,558,415)	(6,925,001)	4,377,167	
-	-	14,000,000	-	-	14,000,000	4,568,393	18,568,393	
-	-	(1,715,196)	(481,335)	-	(2,196,531)	-	(18,568,393)	
-	-	-	-	-	-	-	(2,556,296)	
-	-	-	-	-	-	405,912	-	
-	-	-	-	-	-	-	(260,970)	
-	-	-	-	-	-	-	(3,140,626)	
-	-	12,284,804	(481,335)	-	11,803,469	4,974,305	(5,957,892)	
-	(32,364)	(238,123)	482,355	822	245,054	(1,950,696)	(1,580,725)	
-	(2,796,262)	(537,402)	20,795,481	1,078	20,259,157	6,044,983	23,972,932	
\$ -	\$ (2,828,626)	\$ (775,525)	\$ 21,277,836	\$ 1,900	\$ 20,504,211	\$ 4,094,287	\$ 22,392,207	

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

GOVERNMENT-WIDE REVENUES

Last Two Fiscal Years

	<u>2003</u>	<u>2004</u>
PROGRAM REVENUES		
Charges for Services	\$ 23,538,387	\$ 26,320,633
Operating Grants	2,147,257	1,907,357
Capital Grants	579,609	700,558
GENERAL REVENUES		
Taxes	49,745,293	49,438,008
Investment Income	1,600,515	1,652,209
Miscellaneous	221,889	608,028
Gain (Loss) on Sale of Capital Assets	(133,415)	-
Contributions	668,807	1,130,257
TOTAL REVENUES	<u>\$ 78,368,342</u>	<u>\$ 81,757,050</u>

NOTE: The Village implemented GASB S-34 for the fiscal year ended December 31, 2003.

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

GOVERNMENT-WIDE EXPENSES

Last Two Fiscal Years

	2003	2004
GOVERNMENTAL ACTIVITIES		
General Government	\$ 4,428,226	\$ 4,713,709
Public Safety	22,409,329	23,861,883
Highways and Streets	8,729,150	9,286,945
Sanitation	531,458	600,961
Health and Welfare	1,610,610	1,674,649
Culture and Recreation	246,447	229,402
Economic Development	6,107,232	1,406,319
Interest	13,342,322	11,971,027
Total Governmental Activities	57,404,774	53,744,895
BUSINESS-TYPE ACTIVITIES		
Water/Sewer	9,892,227	10,259,599
Total Business-Type Activities	9,892,227	10,259,599
TOTAL PRIMARY GOVERNMENT	\$ 67,297,001	\$ 64,004,494

NOTE: The Village implemented GASB S-34 for the fiscal year ended December 31, 2003.

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GENERAL GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Taxes	\$ 26,479,679	\$ 27,968,732	\$ 25,991,885	\$ 40,458,774	\$ 34,251,533	\$ 35,714,069	\$ 36,460,544	\$ 38,651,515	\$ 40,418,162	\$ 40,333,960
Licenses and Permits	1,266,720	677,067	686,244	1,651,549	797,930	820,302	1,201,939	1,182,921	1,417,756	1,613,441
Intergovernmental	8,580,530	8,950,968	9,594,456	9,958,260	10,786,179	12,342,108	12,557,299	12,928,819	11,478,409	11,048,194
Charges for Services	1,609,676	1,858,812	2,314,175	2,174,091	2,696,295	2,900,392	3,007,261	3,052,343	12,499,309	14,165,060
Fines and Forfeits	696,892	589,778	547,066	591,229	704,552	880,466	855,569	902,403	760,890	808,496
Investment Income	1,805,606	1,684,913	1,696,909	1,903,299	2,048,083	2,507,171	2,529,316	1,638,414	1,248,393	1,333,879
Miscellaneous	1,051,256	523,411	506,645	392,473	1,489,756	3,534,669	6,102,546	6,453,418	351,798	639,756
TOTAL REVENUES	\$ 41,490,359	\$ 42,253,681	\$ 41,337,380	\$ 57,129,675	\$ 52,774,328	\$ 58,699,177	\$ 62,714,474	\$ 64,809,833	\$ 68,174,717	\$ 69,942,786

NOTE: Includes General, Special Revenue and Debt Service Funds.

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003 (A)	2004
General Government	\$ 2,097,366	\$ 2,064,720	\$ 2,251,188	\$ 2,117,635	\$ 2,307,964	\$ 2,399,773	\$ 2,650,663	\$ 2,813,693	\$ 4,083,605	\$ 4,395,369
Public Safety	13,330,373	13,431,321	13,918,394	15,507,937	16,962,656	18,316,851	19,414,406	19,810,275	20,780,224	23,254,403
Highways and Streets	3,499,538	3,440,460	3,850,221	2,800,917	3,054,066	3,595,352	3,727,237	3,986,615	5,124,716	5,480,075
Sanitation	47,484	43,076	-	655,379	651,965	632,735	579,592	554,997	531,458	600,961
Health and Welfare	1,032,504	1,115,286	1,122,806	1,148,930	1,197,488	1,250,002	1,358,477	1,460,730	1,534,247	1,637,951
Culture and Recreation	200,064	194,116	187,038	220,106	225,658	268,791	283,906	281,344	235,705	222,720
Economic Development	-	-	-	-	-	-	-	-	1,109,856	1,367,588
Debt Service	33,796,620	18,674,016	15,283,294	23,163,584	23,497,982	24,272,159	27,816,994	28,952,794	32,303,108	34,031,407
Miscellaneous	2,190,433	2,308,336	2,358,540	2,355,524	2,463,116	2,813,746	2,989,930	2,932,242	-	-
TOTAL EXPENDITURES	\$ 56,194,382	\$ 41,271,331	\$ 38,971,481	\$ 47,970,012	\$ 50,360,895	\$ 53,549,409	\$ 58,821,205	\$ 60,792,690	\$ 65,702,919	\$ 70,990,474

NOTE: Includes General, Special Revenue and Debt Service Funds.

(A) The Village implemented GASB S-34 for the fiscal year ended December 31, 2003 and certain functional allocations were changed.

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS

Last Ten Fiscal Years

Tax Levy Year	2004 (A)		2003		2002		2001		2000						
ASSESSED VALUATIONS	(B)														
Cook County															
Schaumburg Township	\$	-	\$	594,780,289	\$	610,862,071	\$	568,237,569	\$	480,208,353					
Palatine Township		-		219,502,498		222,009,420		206,023,665		163,352,204					
Barrington Township		-		228,037,670		227,610,047		217,353,298		183,648,331					
Hanover Township		-		128,181,049		115,314,675		100,216,457		75,173,935					
Total Cook County		-		1,170,501,506		1,175,796,213		1,091,830,989		902,382,823					
Kane County		-		699,838		632,441		619,736		566,132					
TOTAL ASSESSED VALUATIONS	\$	-	\$	1,171,201,344	\$	1,176,428,654	\$	1,092,450,725	\$	902,948,955					
	Rate*	Amount	Rate*	Amount	Rate*	Amount	Rate*	Amount	Rate*	Amount					
TAX EXTENSIONS															
General	-	\$	-	0.6951	\$	8,140,457	0.6173	\$	7,262,517	0.6088	\$	6,650,517	0.6913	\$	6,242,515
Garbage	-	-	-	-	-	-	0.0230	270,672	0.0248	270,672	0.0300	270,675			
Illinois Municipal Retirement	-	-	-	-	-	-	-	-	0.0252	275,400	0.0308	277,950			
Debt Service	-	-	0.1408	1,649,126	0.1684	1,981,147	0.1910	2,086,382	0.2344	2,116,558					
Police Pension	-	-	0.1080	1,265,082	0.0981	1,153,899	0.0863	943,025	0.0966	872,058					
Fire Pension	-	-	0.0800	937,396	0.0664	780,614	0.0585	638,892	0.0739	667,566					
TOTAL TAX EXTENSIONS	-	\$	-	1.0239	\$	11,992,061	0.9732	\$	11,448,849	0.9946	\$	10,864,888	1.1570	\$	10,447,322
TOTAL PROPERTY TAX COLLECTIONS	\$	-	\$	11,754,907	\$	11,303,817	\$	10,225,808	\$	10,198,844					
PERCENT COLLECTED	0.0%		98.0%		98.7%		94.1%		97.6%						
UNCOLLECTIBLE PROVISION	2.0%		2.0%		2.0%		2.0%		2.0%						

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS (Continued)

Last Ten Fiscal Years

Tax Levy Year	1999		1998		1997		1996		1995	
ASSESSED VALUATIONS										
Cook County										
Schaumburg Township	\$	520,715,457	\$	499,213,201	\$	460,271,625	\$	458,640,394	\$	449,846,072
Palatine Township		165,098,523		159,909,087		144,657,800		146,867,460		145,076,132
Barrington Township		178,443,015		161,481,315		152,939,857		158,021,663		148,540,713
Hanover Township		69,320,551		60,820,821		48,512,522		46,328,086		44,370,760
Total Cook County		933,577,546		881,424,424		806,381,804		809,857,603		787,833,677
Kane County		566,132		566,132		567,699		559,363		553,167
TOTAL ASSESSED VALUATIONS	\$	934,143,678	\$	881,990,556	\$	806,949,503	\$	810,416,966	\$	788,386,844
	Rate*	Amount	Rate*	Amount	Rate*	Amount	Rate*	Amount	Rate*	Amount
TAX EXTENSIONS										
General	0.6683	\$ 6,242,517	0.7078	\$ 6,242,517	0.7736	\$ 6,242,517	0.7515	\$ 6,090,261	0.7725	\$ 6,090,261
Garbage	0.0290	270,672	0.0307	270,672	0.0335	270,672	-	-	-	-
Illinois Municipal Retirement	0.0390	364,650	0.0434	382,378	0.0474	382,378	0.0487	394,315	0.0497	391,534
Debt Service	0.2216	2,070,037	0.2427	2,140,364	0.2644	2,133,501	0.2262	1,833,463	0.2150	1,694,839
Police Pension	0.0766	715,369	0.0803	708,133	0.0770	621,272	0.0751	608,491	0.0889	700,653
Fire Pension	0.0607	567,096	0.0508	447,780	0.0535	431,766	0.0462	374,383	0.0394	310,770
TOTAL TAX EXTENSIONS	1.0952	\$ 10,230,341	1.1557	\$ 10,191,844	1.2494	\$ 10,082,106	1.1477	\$ 9,300,913	1.1655	\$ 9,188,057
TOTAL PROPERTY TAX COLLECTIONS		\$ 9,793,852		\$ 9,914,517		\$ 9,950,217		\$ 9,116,125		\$ 8,880,613
PERCENT COLLECTED		95.7%		97.3%		98.7%		98.0%		96.7%
UNCOLLECTIBLE PROVISION		2.0%		2.0%		2.0%		2.0%		2.0%

(A) Collections of the 2004 Tax Levy do not begin until calendar year 2005.

(B) 2004 assessed valuations and tax rates were not available at the time of issuance of this report.

* Property tax rates are per \$100 of assessed valuation.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Tax Levy Year	Real Property		Ratio of Total Assessed Value to Total Estimated Actual Value	Equalization Factor
	Equalized Assessed Value	Estimated Actual Value		
1995	\$ 788,386,844	\$ 2,365,160,532	33.33	2.12
1996	810,416,966	2,431,250,898	33.33	2.15
1997	806,949,503	2,420,848,509	33.33	2.15
1998	881,990,556	2,645,971,668	33.33	2.18
1999	934,143,678	2,802,431,034	33.33	2.25
2000	902,948,855	2,708,846,565	33.33	2.22
2001	1,092,450,725	3,277,352,175	33.33	2.31
2002	1,176,428,654	3,529,285,962	33.33	2.47
2003	1,171,201,344	3,513,604,032	33.33	2.46
2004	(A)	(A)	(A)	(A)

(A) 2004 assessed valuations were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
SCHAUMBURG TOWNSHIP

Last Ten Fiscal Years

Tax Levy Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tax Rates (A)										(B)
School District #54	3.579	3.634	3.751	3.595	3.532	3.706	3.283	3.142	3.414	
Palatine Twp. H.S. #211	2.489	2.517	2.595	2.464	2.418	2.450	2.147	2.067	2.165	
Junior College District #512	0.279	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	
Forest Preserve District of Cook County	0.072	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	
Schaumburg Township Library District	0.361	0.368	0.370	0.358	0.361	0.372	0.319	0.304	0.319	
Township of Schaumburg (All Funds)	0.125	0.118	0.135	0.127	0.110	0.107	0.110	0.105	0.111	
Metropolitan Sanitary District of Greater Chicago	0.495	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	
Hoffman Estates Park District	0.831	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	
Consolidated Elections	0.029	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	
County of Cook	0.688	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	
Cook County Health Facility	0.306	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	
Village of Hoffman Estates	1.166	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	
Total Tax Rate per \$100 of Assessed Valuation	10.438	10.279	10.537	10.024	9.749	10.072	8.942	8.510	8.976	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	11.2%	11.2%	11.9%	11.5%	11.2%	11.5%	11.1%	11.4%	11.4%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2004 Tax Rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
BARRINGTON TOWNSHIP

Last Ten Fiscal Years

Tax Levy Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tax Rates (A)										(B)
Unit School District #220	3.135	3.146	3.438	3.511	3.617	3.862	3.852	3.741	4.011	
Junior College District #512	0.279	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	
Forest Preserve District of Cook County	0.072	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	
Barrington Public Library District	0.200	0.201	0.217	0.202	0.227	0.241	0.229	0.229	0.230	
Township of Barrington (All Funds)	0.055	0.056	0.053	0.057	0.057	0.059	0.052	0.041	0.036	
Metropolitan Sanitary District of Greater Chicago	0.495	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	
Hoffman Estates Park District	0.831	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	
Consolidated Elections	0.029	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	
County of Cook	0.688	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	
Cook County Health Facility	0.306	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	
Village of Hoffman Estates	1.166	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	
Total Tax Rate per \$100 of Assessed Valuation	7.274	7.045	7.394	7.250	7.229	7.599	7.216	6.903	7.244	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	16.0%	16.3%	16.9%	15.9%	15.2%	15.2%	13.8%	14.1%	14.1%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2004 Tax rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PALATINE TOWNSHIP

Last Ten Fiscal Years

Tax Levy Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tax Rates (A)										(B)
School District #15	3.572	3.686	3.827	3.662	3.611	3.749	3.289	3.185	3.313	
Palatine Twp. H.S. #211	2.489	2.517	2.595	2.464	2.418	2.450	2.147	2.067	2.165	
Junior College District #512	0.279	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	
Forest Preserve District of Cook County	0.072	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	
Palatine Public Library	0.366	0.369	0.385	0.359	0.361	0.381	0.322	0.310	0.315	
Township of Palatine (All Funds)	0.183	0.186	0.194	0.152	0.149	0.145	0.127	0.123	0.129	
Metropolitan Sanitary District of Greater Chicago	0.495	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	
Hoffman Estates Park District	0.831	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	
Consolidated Elections	0.029	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	
County of Cook	0.688	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	
Cook County Health Facility	0.306	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	
Village of Hoffman Estates	1.166	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	
Total Tax Rate per \$100 of Assessed Valuation	10.494	10.400	10.687	10.117	9.867	10.162	8.968	8.577	8.889	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	11.1%	11.0%	11.7%	11.4%	11.1%	11.4%	11.1%	11.4%	11.5%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2004 Tax rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
HANOVER TOWNSHIP

Last Ten Fiscal Years

Tax Levy Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tax Rates (A)										(B)
Unit School District #220	3.135	3.146	3.438	3.511	3.617	3.862	3.852	3.741	4.011	
Junior College District #512	0.279	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	
Forest Preserve District of Cook County	0.072	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	
Poplar Creek Public Library District	0.376	0.376	0.386	0.397	0.388	0.406	0.351	0.340	0.355	
Township of Hanover (All Funds)	0.254	0.260	0.271	0.251	0.246	0.254	0.225	0.259	0.273	
Metropolitan Sanitary District of Greater Chicago	0.495	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	
Hoffman Estates Park District	0.831	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	
Consolidated Elections	0.029	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	
County of Cook	0.688	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	
Cook County Health Facility	0.306	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	
Comm. Mental Health Facility and Service District	0.053	0.054	0.056	0.049	0.044	0.045	0.040	0.038	0.040	
Village of Hoffman Estates	1.166	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	
Total Tax Rate per \$100 of Assessed Valuation	7.702	7.478	7.837	7.688	7.623	8.004	7.551	7.270	7.646	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	15.1%	15.4%	15.9%	15.0%	14.4%	14.5%	13.2%	13.4%	13.4%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2004 Tax rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
(1) Population	49,100	48,132	48,132	48,132	48,132	49,495	49,495	49,495	50,573	50,573
(2) Assessed Value	\$ 788,386,844	\$ 810,416,966	\$ 806,949,503	\$ 881,990,556	\$ 934,143,678	\$ 902,948,955	\$ 1,092,450,725	\$ 1,176,428,654	\$ 1,171,201,344	(A)
(3) Gross General Obligation Bonded Debt	31,810,000	29,950,000	34,180,000	41,685,000	38,970,000	36,240,000	33,250,000	30,125,000	26,985,000	24,180,000
(3) Less Debt Service Funds	989,207	894,148	1,059,360	682,903	1,175,007	1,332,078	609,138	557,999	511,235	541,239
Net General Bonded Debt	30,820,793	29,055,852	33,120,640	41,002,097	37,794,993	34,907,922	32,640,862	29,567,001	26,473,765	23,638,761
Ratio of Net General Bonded Debt to Assessed Value	3.91%	3.59%	4.10%	4.65%	4.05%	3.87%	2.99%	2.51%	2.26%	(A)
Net General Bonded Debt Per Capita	\$ 627.71	\$ 603.67	\$ 688.12	\$ 851.87	\$ 785.24	\$ 705.28	\$ 659.48	\$ 597.37	\$ 523.48	\$ 467.42

(A) 2004 assessed valuations were not available at the time of issuance of this report.

Data Sources

- (1) U.S. Department of Commerce, Bureau of Census
- (2) Office of the County Clerk
- (3) Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

December 31, 2004

Governmental Unit	(1) Gross Bonded Debt	(2) *Percentage of Debt Applicable to Government	(3) **Government's Share of Debt
Village of Hoffman Estates	\$ 24,180,000	100.000 %	\$ 24,180,000
Schaumburg Township	1,040,000	14.747	153,369
Hoffman Estates Park District	3,100,000	93.174	2,888,394
Palatine Park District	2,360,000	2.589	61,100
Dundee Township Park District	-	0.055	-
Twp. High School District #211	28,120,000	12.284	3,454,261
Metropolitan Water Reclamation District	1,366,739,115	1.061	14,501,102
Junior College District #512	76,670,000	6.336	4,857,811
Junior College District #509	54,244,807	1.249	677,518
Cook County including Forest Preserve District	3,228,320,000	1.040	33,574,528
Kane County including Forest Preserve District	107,510,000	0.007	7,526
Schaumburg Township School District #54	68,120,000	14.351	9,775,901
Palatine Township School District #15	60,374,901	7.286	4,398,915
Barrington School District #220	149,310,000	11.933	17,817,162
Dundee Unit School District #300	136,956,384	0.487	666,978
Elgin Unit School District #46	390,302,642	1.377	5,374,467
Gail Borden Library District	22,575,000	2.728	615,846
Schaumburg Library District	11,630,000	14.747	1,715,076
Palatine Library District	17,155,000	9.995	1,714,642
Barrington Library District	745,000	5.306	39,530
Total Overlapping Debt	<u>5,725,272,849</u>		<u>102,294,126</u>
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	<u>\$ 5,749,452,849</u>		<u>\$ 126,474,126</u>

* Determined by ratio of assessed value of property subject to taxation in overlapping unit to value of property subject to taxation in the Village of Hoffman Estates, based upon 2003 assessed values.

** Amount in column (2) multiplied by amount in column (1).

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

Last Ten Fiscal Years

Fiscal Year	1995 *	1996	1997	1998	1999	2000	2001	2002	2003	2004
Principal	\$ 16,645,000	\$ 1,860,000	\$ 2,135,000	\$ 2,495,000	\$ 2,715,000	\$ 2,730,000	\$ 3,395,000	\$ 3,125,000	\$ 3,330,000	\$ 2,860,000
Interest	1,805,669	1,738,400	1,628,152	2,201,116	2,129,478	1,996,195	2,115,422	1,571,883	1,283,700	1,033,825
TOTAL DEBT SERVICE	\$ 18,450,669	\$ 3,598,400	\$ 3,763,152	\$ 4,696,116	\$ 4,844,478	\$ 4,726,195	\$ 5,510,422	\$ 4,696,883	\$ 4,613,700	\$ 3,893,825
TOTAL GENERAL GOVERNMENTAL EXPENDITURES	\$ 56,194,382	\$ 41,271,331	\$ 38,971,481	\$ 47,970,012	\$ 50,360,895	\$ 53,549,409	\$ 58,821,205	\$ 60,792,690	\$ 65,702,919	\$ 70,990,474
RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES	32.83%	8.72%	9.66%	9.66%	9.62%	8.83%	9.37%	7.73%	7.02%	5.48%

* Includes \$15,000,000 of principal that was retired by a current refunding.

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Per Capita Income	(1) Median Age	(1) School Enrollment	(2) Unemploy- ment Percentage
1995	49,100 *	(A)	(A)	13,800 *	3.1
1996	48,132 **	(A)	(A)	13,800 *	2.9
1997	48,132 *	(A)	(A)	13,800 *	3.9
1998	48,132 *	(A)	(A)	13,800 *	3.9
1999	48,132 *	(A)	(A)	13,800 *	2.4
2000	49,495	\$ 26,669	33.6	15,229	4.2
2001	49,495 *	26,669 *	33.6 *	15,229 *	3.9
2002	49,495 *	26,669 *	33.6 *	15,229 *	4.3
2003	50,573 ***	26,669 *	33.6 *	15,229 *	4.7
2004	50,573 *	26,669 *	33.6 *	15,229 *	4.9

(A) Not available

* Estimated

** 1996 Selected Area Special Census

*** 2003 Partial Special Census certified by State

Data Sources

(1) U.S. Department of Commerce, Bureau of the Census

(2) Illinois Bureau of Employment Security

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY VALUE AND CONSTRUCTION

Last Ten Fiscal Years

Fiscal Year	(1) Commercial Construction		(1) Residential Construction		(1) Other Construction		Property Value Residential and Commercial
	Number of Units	Value	Number of Units	Value	Number of Units	Value	
1995	361	\$ 4,350,654	1,433	\$ 15,747,735	118	\$ 14,313,327	\$ 2,365,160,532
1996	249	55,327,572	1,301	13,625,261	97	549,845	2,431,250,898
1997	273	63,209,298	1,261	7,560,799	210	144,058	2,420,848,509
1998	70	91,340,462	652	6,403,267	3	2,020,000	2,645,971,668
1999	53	31,827,317	749	8,563,058	0	0	2,802,431,034
2000	98	16,221,264	568	21,585,438	6	3,643,265	2,708,846,565
2001	92	37,915,685	1,166	30,282,947	24	1,207,335	3,277,352,175
2002	83	19,555,661	1,284	39,283,332	91	812,664	3,529,285,962
2003	108	15,047,245	1,487	38,805,211	102	183,716	3,513,604,032
2004	103	49,263,597	1,684	44,351,785	100	17,180,856	(A)

(A) Not available

Data Source

(1) Village of Hoffman Estates, Department of Code Enforcement

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL TAXPAYERS

December 31, 2004

Taxpayers	Type of Business	2003 Assessed Valuation	Percentage of Total Assessed Valuation
Sears, Roebuck and Co.	SMG Headquarters, Real Property, Buildings	\$ 260,683,986 (A)	17.4 %
SBC Ameritech	Corporate Headquarters	142,213,743	9.5
Property Tax Advisors	Office Buildings	36,266,575	2.4
Town Management Corp.	Apartment Complex	21,735,036	1.4
Stonegate Properties	Office Buildings	18,330,363	1.2
Park Place Apartments	Apartment Complex	14,591,548	1.0
TransAmerica Comm. Fin.	Office Buildings	13,944,404	0.9
Siemens Medical System	Office Building	10,171,617	0.7
Autumn Chase Apartments	Apartment Complex	9,962,163	0.7
Claire's Boutiques Inc.	Corporate Headquarters/Warehouse	9,578,791	0.6
TOTAL		<u>\$ 537,478,226</u>	<u>35.8 %</u>

(A) Included in the Hoffman Estates (Sears) Economic Development Area Tax Increment Financing District.

Above reflects most current available data.

Data Source

Office of the County Clerk, 2003 Tax Levy Information

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

MISCELLANEOUS STATISTICS

December 31, 2004

Date of Incorporation	1959	
Form of Government	Council-Manager	
Geographic Location	Northwest Suburb of Chicago Divided by the Northwest Tollway	
Area	22.1 Square Miles	
Population		
1995*	49,100	
1996**	48,132	
1997*	48,132	
1998*	48,132	
1999*	48,132	
2000	49,495	
2001*	49,495	
2002*	49,495	
2003***	50,573	
2004*	50,573	
Number of Full-Time Equivalent Employees	380	
Miles of Streets	142	
Miles of Sewers	172	
Fire Protection		
Number of Firefighters	90	
Number of Stations	4	
Number of Fire Hydrants	2,727	
I.S.O. Rating	3	
Police Protection		
Number of Police Officers	97	
Number of Crossing Guards	24	
Number of Police Stations	1	
Number of Squad Cars	41	
	Palatine Township Library	Schaumburg Township Library
Library Services		
Number of Branch Libraries	2	2
Number of Books	305,626	506,091
Number of Registered Borrowers	65,561	94,979
Book Circulation	1,842,595	2,588,458
Number of Audio Visual Items	47,601	98,968

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

MISCELLANEOUS STATISTICS (Continued)

December 31, 2004

	In Village	Total
Recreation Facilities		
Hoffman Estates Park District		
Total Park Acreage	685	686
Parks	55	56
Golf Courses	1	1
Swimming Pools	2	2
Tennis Courts	17	17
Recreational Centers	3	3
Palatine Park District		
Total Park Acreage	14	719
Parks	2	50
Golf Courses	0	1
Swimming Pools	0	4
Tennis Courts	0	16
Recreational Centers	0	2
Cook County Forest Preserve District		
Total Park Acreage	6,321	68,130
Parks	2	503
Golf Facilities	2	14
Municipal Water Utility		
Population Served		50,573
Average Daily Pumpage		5,346,751
Miles of Water Mains		221
Number of Metered Accounts		14,757
Gallons of Water Pumped During Fiscal Year		1,951,564,000
Gallons of Water Billed During Fiscal Year		1,710,291,000
Elections		
Number of Registered Voters		23,724
Number of Votes Cast in Last Municipal Election		3,532
Percentage of Registered Voters Voting in Last Municipal Election		14.89%

* Estimated

** 1996 Select Area Special Census

*** 2003 Partial Special Census certified by State

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES
Cook and Kane Counties, Illinois

ANNUAL FINANCIAL INFORMATION

STATEMENT OF INDEBTEDNESS

	Amount Applicable as of Dec. 31, 2004	As Per Cent of		Per Capita (2000 Census Pop. 49,495)
		Assessed Value	Estimated True Value	
Assessed Valuation of Taxable Real Property, 2003	1,500,652,267	100.00%	33.33%	30,319.27
Estimated True Value of Taxable Real Property, 2003	4,501,956,801	300.00%	100.00%	90,957.81
Direct General Obligation Bonded Debt(1):				
Payable from Property Taxes	9,818,057	0.65%	0.22%	198.36
Self-Supporting Debt	14,361,943	0.96%	0.32%	290.17
Total Direct Bonded Debt	24,180,000	1.61%	0.54%	488.53
Overlapping Bonded Debt Payable from Property Taxes(2):				
Schools	47,023,013	3.14%	1.04%	950.06
Other Than Schools	55,271,113	3.68%	1.23%	1,116.70
Total Overlapping Bonded Debt	102,294,126	6.82%	2.27%	2,066.76
Total Direct and Overlapping Bonded Debt	126,474,126	8.43%	2.81%	2,555.29
Total Direct and Overlapping Excluding Self-Supporting	112,112,183	7.47%	2.49%	2,265.12

- Notes: 1. The Village is a home rule unit under the 1970 Illinois Constitution and as such has no debt limit nor is required to seek referendum approval for the issuance of general obligation debt. See "Retirement Schedule of Outstanding Village General Obligation Debt" for a listing of the Village's non-general obligation debt and currently outstanding general obligation debt. Of the Village's general obligation debt 59.4% or \$14,361,943 is considered self-supporting.
2. See "Detailed Overlapping Bonded Indebtedness Payable From Property Taxes at December 31, 2004."

RETIREMENT SCHEDULE OF OUTSTANDING VILLAGE GENERAL OBLIGATION BONDED DEBT(Note 1)
(As of December 31, 2004)

Due Dec. 1	Principle Maturities (2)				Total Maturities		Debt Service Tax Levies	
	Series 1997	Series 2001	Series 2003	Series 2004	Annual Amount	Cumulative Percent	Levy Year	Paid From Property Taxes
2005	\$ 380,000	\$1,165,000	\$ 665,000	\$ 735,000	\$ 2,945,000	12.2%	2004	\$ 1,393,180
2006	400,000	1,265,000	725,000	760,000	3,150,000	25.2%	2005	1,402,190
2007	415,000	1,375,000	745,000	785,000	3,320,000	38.9%	2006	1,413,428
2008	435,000	1,490,000	800,000	810,000	3,535,000	53.6%	2007	1,405,158
2009	455,000	1,620,000	890,000	835,000	3,800,000	69.3%	2008	1,420,013
2010	480,000	1,090,000	915,000	870,000	3,355,000	83.1%	2009	1,394,128
2011	505,000	520,000	680,000	905,000	2,610,000	93.9%	2010	1,102,948
2012	530,000	- 0 -	- 0 -	935,000	1,465,000	100.0%	2011	287,012
	<u>\$3,600,000</u>	<u>\$8,525,000</u>	<u>\$5,420,000</u>	<u>\$6,635,000</u>	<u>\$24,180,000</u>			

- Notes: 1. Excludes bonds and notes issued by the Village where the Village pledges incremental tax income derived from a separately created tax increment financing district (the Hoffman Estates Economic Development Project Area). These bonds and notes are not obligations of the Village and are secured only by the incremental revenues generated by the district. As of December 31, 2004, there was principal outstanding of \$121,410,341 in bonds and \$89,750,593 in notes. Also excludes \$94,471 principal outstanding on a 1988 installment loan (principal and interest reimbursed by private corporations). The Village is one of seven municipal members of the Northwest Suburban Municipal Joint Action Water Agency which entity issued bonds to pay the cost of transporting Lake Michigan water from the City of Chicago. The Village's obligation to make payments for its portion of the Agency's operating costs and debt service is payable from the Village's Waterworks and Sewerage Fund. The Village is one of twenty-three municipal members of the Solid Waste Agency of Northern Cook County which issued bonds to construct a solid waste disposal system. The Village's obligation to make payments for its portion of the Agency's operating costs and debt service is payable from the Village's Waste System Fund.
2. Based upon the percentage of the debt service on all of the Village's General Obligation debt in this table projected to be paid from property taxes, 59.4% of the debt, or \$14,361,943 is self-supporting.

BONDED DEBT RATIOS AND PER CAPITA DEBT - LAST NINE GENERAL OBLIGATION BOND SALES

Village Issue(2) Sale Date		Ratio to Estimated Actual Value(1)				Per Capita		
		Direct Debt		Direct & Overlapping Debt		Direct & Overlapping Debt		
		Including Self-Supporting	Excl. Self-Supporting(3)	Including Self-Supporting	Excl. Self-Supporting(3)	Including Self-Supporting	Excl. Self-Supporting(3)	Actual Valuation
July 25, 1988	\$ 5,350,000	.54%	N.A.	2.06%	N.A.	\$ 459.86	\$ N.A.	\$22,272.49
April 18, 1991	12,700,000	1.12%	.87%	2.85%	2.60%	950.00	865.10	33,294.73
October 19, 1992	3,400,000	1.17%	.75%	4.05%	3.63%	1,510.44	1,353.98	37,254.12
May 26, 1993	13,475,000	1.20%	.77%	4.07%	3.64%	1,516.77	1,355.54	37,254.12
March 6, 1995	15,000,000	1.17%	.97%	3.81%	3.61%	2,046.37	2,170.44	60,321.78
December 15, 1997	16,365,000	1.40%	.44%	3.68%	2.72%	2,409.08	1,778.49	65,383.23
July 15, 2001	10,760,000	1.01%	.38%	3.34%	2.71%	2,415.00	1,960.23	72,338.72
July 23, 2003	6,155,000	.92%	N.A.	4.39%	N.A.	2,831.33	N.A.	64,424.76(4)
September 30, 2004	6,765,000	.77%	N.A.	3.75%	N.A.	2,619.81	N.A.	69,785.97

- Notes: 1. Taken from applicable Official Statements.
 2. The Village's last three general obligation bond sales (prior to the Series 1988 issue shown above) were the 1966 Street Improvement (final principal payment January 1, 1986), 1967 Fire Station and Equipment (final principal payment January 1, 1987) and 1971 Fire Station and Equipment (final principal payment December 1, 1986).
 3. Excludes those bonds considered to be self-supporting from non-property tax revenue sources.
 4. Based on a Special Census taken in June 2003, which recorded the Village's population at 50,871.

DETAILED OVERLAPPING BONDED INDEBTEDNESS PAYABLE FROM PROPERTY TAXES AT DECEMBER 31, 2004

	Percent of Village's 2003 Real Property In	Gross Bonded Debt	Village's Applicable Share (Note 1) of Gross Debt To Be Paid From Real Property Taxes	
			Percent	Amount
			Taxing Body	
SCHOOL DISTRICTS:				
Elementary Districts:				
Schaumburg No. 54	50.8%	\$ 68,120,000	14.351%	\$ 9,775,901
Palatine No. 15	18.7%	60,374,901	7.286%	4,398,915
	69.5%			
High School District:				
Township H.S. (Palatine/Schaumburg) 211	69.5%	28,120,000	12.284%	3,454,261
Unit School Districts:				
Barrington No. 220	24.9%	\$ 149,310,000	11.933%	\$17,817,162
Elgin No. 46	4.7%	390,302,642	1.377%	5,374,467
Carpentersville/Dundee No. 300	1.0%	136,956,384	.487%	666,978
	30.6%			
Community Colleges:				
Harper No. 512	90.2%	76,670,000(2)	6.336%	4,857,811
Elgin No. 509	9.8%	54,244,807(3)	1.249%	677,518
Total Schools				\$47,023,013
OTHER THAN SCHOOL DISTRICTS:				
Cook County, Incl. Forest Preserve District	99.9%	\$3,228,320,000(4)	1.040%	\$33,547,528
Kane County, Including Forest Preserve District	0.1%	107,510,000(5)	.007%	7,526
Metropolitan Water Reclamation District	99.9%	1,366,739,115(4)	1.061%	14,501,102
Park Districts:				
Hoffman Estates	94.4%	3,100,000(2)	93.174%	2,888,394
Palatine	4.0%	2,360,000(2)	2.589%	61,100
Dundee Township	0.1%	-0- (2)	.055%	- 0 -
Schaumburg Township	50.8%	1,040,000	14.747%	153,369
Library Districts:				
Schaumburg Township	50.8%	11,630,000	14.747%	1,715,076
Palatine	16.2%	17,155,000	9.995%	1,714,642
Barrington Area	10.9%	745,000	5.306%	39,530
Gail Borden	5.3%	22,575,000	2.728%	615,846
Total Other Than School Districts				\$55,271,113

- Notes: 1. Village's share based upon 2003 Real Property valuations. Excludes South Barrington Park District, which has only a small amount of equalized assessed valuation in common with the Village.
 2. Excludes the following "alternate bonds" issued pursuant to Public Act 85-1419, which are considered to be self-supporting since they are payable from user fees or other pledged non-property tax sources; Palatine Park District - \$5,660,000; Hoffman Estates Park District - \$38,075,000; Harper Community College - \$3,035,000; and Dundee Township Park District - \$14,715,000.

3. Includes amounts issued on behalf of the Collage District by the Kane County Public Building Commission
4. Excludes short-term cash flow notes.
5. Represents the debt of the Kane County Forest Preserve District. Excludes \$44,125,000 "alternate bonds" issued by the County which are self-supporting.

EQUALIZED ASSESSED VALUATION (Note 1)

Tax Levy Year	For Taxing Purposes				Net Including Incremental Valuation			
	Gross	Less Exemptions(2)	Net for Taxing Purposes	Change From Prior Year	Net for Taxing Purposes	Incremental Valuation(4)		Total
						Sears	Other	
1999	\$ 991,143,487	\$56,999,809	\$ 934,143,678	+5.9%	\$ 934,143,678	\$254,782,458	\$4,542,176	\$1,193,468,312
2000	961,606,350	58,657,495	902,948,855	-3.3%(5)	902,948,855	261,510,645	4,564,853	1,169,024,353
2001(3) . . .	1,155,803,006	63,352,281	1,092,450,725	+21.0%	1,092,450,725	284,056,100	5,759,393	1,382,266,218
2002	1,235,409,243	58,980,589	1,176,428,654	+7.7%	1,176,428,654	316,739,817	8,286,483	1,501,454,954
2003	1,233,853,529	62,652,185	1,171,201,344	-0.4%(5)	1,171,201,344	319,986,908	9,464,015	1,500,652,267

- Notes: 1. Property in Cook County is separated into eight classifications for assessment purposes (ranging in 1985 from 16% for residential to 40% for commercial property). After the assessor establishes the fair market value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation for that parcel. The Illinois Department of Revenue furnishes each county with an adjustment factor (the equalization factor) to equalize the level of assessment between counties. After the equalization factor is applied, the valuation of the property for taxing purposes has been established—tax rates are applied to the equalized valuation.
2. Includes four categories of exemptions in 2003: the Senior Citizens' Homestead Exemption (\$4,132,500); the General Homestead Exemption (\$52,294,500); the Senior Citizens Tax Freeze Homestead Exemption (\$6,071,076) and the Long-Term Homeowner Exemption (\$154,109). The Senior Citizens' Homestead Exemption, effective for tax years 1991 and following, is a reduction of \$2,500 (\$1,500 in levy years 1972-1983 and \$2,000 in levy years 1984-1990) in the equalized assessed valuation of real property owned and occupied by a person 65 years of age or older. The General Homestead Exemption is available to owner-occupied residential property; the amount of the exemption is the increase in the current year's equalized assessed valuation above the 1977 tax year equalized assessed valuation, with a maximum of \$1500 in 1978, \$3,000 between 1979 and 1982, \$3,500 between 1983-1990 and \$4,500 thereafter. The Senior Citizen Tax Freeze Homestead Exemption, first effective in levy year 1994, provides that persons 65 or older with a household income of less than \$40,000 (up from \$35,000 in levy year 1998 and prior) may receive an exemption in the amount of the difference between the current equalized assessed value of their principal residence and the lowest previous assessment in a qualifying year, even if the senior was not eligible for some intervening year. The Long-Term Homeowners Exemption is a Cook County program which provides property tax relief to long-term homeowners who meet certain income requirements and who have been adversely affected by rapid increases in property values.
3. Under the current triennial reassessment system in Cook County, the Village was reassessed in 2001.
4. Represents the incremental valuation in the Village's tax increment financing districts.
5. The decrease in equalized assessed valuation in 2000 and 2003 was primarily due to a 1.2% and 0.4%, respectively, drop in the State-imposed equalization factor for Cook County.

1997 AND 2002 TAX BASE DISTRIBUTION BY PROPERTY CLASSIFICATION

	Village of Hoffman Estates					
	Taxable Valuation			Percent of Total		
	1997	2002(2)	Percentage Increase	1997	2002	
Residential	\$ 446,824,434	\$ 663,205,010	48.4%	42.8%	44.2%	
Commercial(1)	487,710,390	694,879,581	42.5%	46.7%	46.3%	
Industrial	108,882,641	143,130,819	31.5%	10.4%	9.5%	
Farm	298,303	239,544	-19.7%	NIL	NIL	
Total	\$1,043,715,768	\$1,501,454,954	43.9%	100.0%	100.0%	

- Notes: 1. The commercial classification includes apartment buildings with over six units and any apartment/retail mixed use buildings and includes the incremental valuation of the Village's tax increment district.
2. Latest information available by property classification.

**TAX RATES PER \$100 EQUALIZED ASSESSED VALUATION (Note 1)
(Levy Years)**

	1999	2000	2001	2002	2003
Village of Hoffman Estates:					
Bonds and Interest	\$.222	\$.235	\$.191	\$.168	\$.141
Pension (Police, Fire, IMRF)	.176	.201	.170	.165	.188
Corporate	.668	.691	.609	.617	.695
Other	<u>.029</u>	<u>.030</u>	<u>.025</u>	<u>.023</u>	<u>- 0 -</u>
Total Village	\$ 1.096	\$ 1.157	\$.995	\$.974	\$ 1.024
Cook County (Incl. Forest Preserve)	.924	.893	.813	.751	.689
Metropolitan Water Reclamation District	.419	.415	.401	.371	.361
Palatine and Schaumburg Twp. H.S. No. 211	2.418	2.450	2.147	2.067	2.165
Schaumburg Comm. Consolidated S.D. No. 54	3.532	3.706	3.283	3.142	3.414
Harper College No. 512	.270	.347	.308	.295	.310
Hoffman Estates Park District	.578	.606	.517	.486	.540
All Other	<u>.512</u>	<u>.498</u>	<u>.478</u>	<u>.424</u>	<u>.473</u>
Total(2)	\$ 9.749	\$10.072	\$8.942	\$8.510	\$8.976
Village as a Percent of Total	11.2%	11.5%	11.1%	11.4%	11.4%

- Notes: 1. As a home rule unit under the Illinois Constitution, the Village has no tax rate limitations.
2. Rates applicable to largest tax code which represented 44.7% of the Village's 2003 tax base and is located in Schaumburg Township (Cook County).

**TAX EXTENSIONS AND COLLECTIONS
(Village Purposes Only)**

Levy Year	Collection Year	Total Taxes Extended	Total Taxes Collected as of December 31, 2004(1)	
			Amount	Percent(2)
1999	2000	\$10,230,341	\$ 9,789,550	95.7%
2000	2001	10,447,322	10,196,871	97.6%
2001	2002	10,864,888	10,225,808	94.1%
2002	2003	11,448,849	11,165,362	97.5%
2003	2004	11,992,061	11,754,907	98.0%

- Notes: 1. From Village records.
2. Cook County property taxes are payable in two installments; the first on March 1 and the second on the latter of August 1 or thirty days after the mailing of the tax bills. The first installment is an estimated bill and is one-half of the prior year's bill. The second installment is based on the current levy, assessment and equalization and reflects any changes from the prior year in those factors. The second installment dates for levy year 1999-2003 taxes were October 2, 2000, November 1, 2001, November 1, 2002, October 1, 2003, and November 15, 2004, respectively.

TEN LARGEST TAXPAYERS

Rank	Taxpayer	Properties/Business	Equalized Assessed Valuation(1)	Percent of Village(2)
1	Sears, Roebuck and Co.	SMG Headquarters, Real Property, Buildings	\$260,683,986	17.4%
2	SBC Ameritech	Corporate Headquarters	142,213,743	9.5%
3	Property Tax Advisors	Office Buildings	36,266,575	2.4%
4	Town Management Corp.	Apartment Complex	21,735,036	1.4%
5	Stonegate Properties	Office Buildings	18,330,363	1.2%
6	Park Place Apartments	Apartment Complex	14,591,548	1.0%
7	TransAmerica Comm. Fin.	Office Buildings	13,944,404	0.9%
8	Siemens Medical System	Office Building	10,171,617	0.7%
9	Autumn Chase Apartments	Apartment Complex	9,962,163	0.7%
10	Claire's Boutiques Inc.	Corporate Headquarters	<u>9,578,791</u>	<u>0.6%</u>
	Total Ten Largest Taxpayers		\$537,478,226	35.8%

- Notes: 1. Valuations as of January 1, 2003 for 2004 taxing purposes. Includes only those parcels with 2003 assessed value of \$450,000 and over as recorded in the County Assessor's Office.
2. Total Village valuation of \$1,500,652,167 (includes the incremental valuation in the Village's tax increment financing districts).

CAPITAL ASSETS
(As of December 31, 2004)

	Governmental Activities(1)		Business Type Activities(2)
Capital Assets not Being Depreciated:		Capital Assets not Being Depreciated:	
Land	\$ 4,249,750	Land	\$ 474,000
Land Right of Way	33,087,696		
Construction in Progress	- 0 -	Capital Assets Being Depreciated:	
Total Capital Assets not Being Depreciated	\$ 37,337,446	Plant System Equipment	\$ 37,899,998
		Vehicles	834,345
Capital Assets Being Depreciated:		Department Equipment	426,265
Buildings and Improvements	\$ 17,134,610	Total Capital Assets Being Depreciated	\$ 39,160,608
Department Equipment	1,460,015	Less Accumulated Depreciation	(17,060,369)
Vehicles	7,740,185	Total Capital Assets Being Depreciated, Net	\$ 22,100,239
Office Furniture	15,225	Net Assets	\$ 22,574,239
Office Equipment	148,143		
Infrastructure	76,478,971		
Total Capital Assets Being Depreciated	\$104,977,149		
Less Accumulated Depreciation	(41,845,624)		
Total Capital Assets Being Depreciated, Net	\$ 63,131,525		
Governmental Activities Capital Assets, Net	\$100,468,971		

- Notes: 1. Capital assets in governmental fund type operations are accounted for in the applicable governmental or business-type activities columns in the government-wide financial statements, rather than in governmental funds. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year. Capital fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.
2. Business Type Activities capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Depreciation has been provided over the estimated useful lives using the straight-line method.

General Governmental Expenditures
Last Five Fiscal Years

	2000	2001	2002	2003	2004
General Government	\$ 4,621,492	\$ 4,851,558	\$ 5,031,159	\$ 4,083,605	\$ 4,395,369
Public Safety	18,316,851	19,414,406	19,810,275	20,780,224	23,254,403
Highways and Streets	3,595,352	3,727,237	3,986,615	5,124,716	5,480,075
Sanitation	632,735	579,592	554,997	531,458	600,961
Health and Welfare	1,250,002	1,358,477	1,460,730	1,534,247	1,637,951
Culture and Recreation	268,791	283,906	281,344	235,705	222,720
Economic Development	592,027	789,035	714,776	1,109,856	1,367,588
Debt Service	24,272,159	27,816,994	28,952,794	32,303,108	34,031,407
Total Expenditures	\$53,549,409	\$58,821,205	\$60,792,690	\$65,702,919	\$70,990,474

Note: Includes General, Special Revenue and Debt Service Funds.

General Governmental Revenues
Last Five Fiscal Years

	2000	2001	2002	2003	2004
Taxes	\$35,714,069	\$36,460,544	\$38,651,515	\$40,418,162	\$40,333,960
Licenses and Permits	820,302	1,201,939	1,182,921	1,417,756	1,613,441
Intergovernmental	12,342,108	12,557,299	12,928,819	11,478,409	11,048,194
Charges for Services	2,900,392	3,007,261	3,052,343	12,499,309	14,165,060
Fines and Forfeits	880,466	855,569	902,403	760,890	808,496
Interest	2,507,171	2,529,316	1,638,414	1,248,393	1,333,879
Miscellaneous	3,534,669	6,102,546	6,453,418	10,487,101	639,756
Total Revenues	\$58,699,177	\$62,714,474	\$64,809,833	\$68,174,717	\$69,942,786

Note: Includes General, Special Revenue and Debt Service Funds.

COMBINED STATEMENT -- ALL FUNDS (Note 1)

**Fund Balances 2000-2003 and Summary 2004 Revenues, Excess Revenues and Fund Balances
(Audited Fiscal Years Ended December 31)**

									<u>Fiscal Year Ended December 31, 2004</u>	
					<u>Revenues Including Transfers</u>		<u>Revenues Over (Under) Expenditures</u>		<u>Fund Balance</u>	
<u>Governmental Fund Types:</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Property Tax(7)</u>	<u>Total</u>				
General Fund*	\$ 15,800,415	\$ 14,115,201	\$ 14,625,032	\$ 14,651,745	\$ 7,975,685	\$ 33,027,067	\$ (993,662)	\$	\$ 13,658,083	
Special Revenue Funds:										
Motor Fuel Tax	\$ 314,885	\$ 214,283	\$ 147,063	\$ 140,828	\$ - 0 -	\$ 1,473,173	\$ 23,607	\$	\$ 164,435	
IMRF	195,467	190,037	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	
Asset Seizure Fund	89,590	86,307	92,071	100,181	- 0 -	237,825	(3,282)		96,899	
Econ. Dev. Area Admin.(2)	(738,163)	(815,980)	(631,529)	(228,363)	3,140,626	3,172,934	242,863		14,500	
E911	87,841	151,340	193,231	314,197	- 0 -	496,472	388,498		702,695	
Roselle Road TIF	- 0 -	- 0 -	- 0 -	(34,640)	156,209	156,401	(83,736)		(118,376)	
Municipal Waste	(2,579)	355,204	228,927	44,032	1,751	821,739	220,778		264,810	
Total Special Revenue	\$ (52,959)	\$ 181,191	\$ 29,763	\$ 336,235	\$ 3,298,586	\$ 6,358,544	\$ 788,728	\$	\$ 1,124,963	
Debt Service Funds:										
1991 EDA TIF Bond Fund*	\$ 3,322,003	\$ 4,821,049	\$ 4,261,354	\$ 6,044,983	\$ 2,241,862	\$ 15,429,304	\$ (1,950,696)	\$	\$ 4,094,287	
1997 EDA TIF Refunding Bond Fund*	18,161,665	17,305,550	17,700,763	17,462,896	14,000,000	14,976,202	212,689		17,675,585	
Other Debt Service Funds	1,356,993	635,064	584,388	511,235	1,618,134	11,212,299	30,004		541,239	
Total Debt Service Funds	\$ 22,840,661	\$ 22,761,663	\$ 22,546,505	\$ 24,019,114	\$17,859,996	\$ 41,617,805	\$ (1,708,003)	\$	\$ 22,311,111	
Capital Projects Funds(3)	17,952,099	17,982,835	14,358,829	14,662,805	- 0 -	2,756,264	(496,313)		14,166,492	
Total Governmental	\$ 56,540,216	\$ 55,040,890	\$ 51,560,129	\$ 53,669,899	\$29,134,267	\$ 83,759,680	\$ (2,409,250)	\$	\$ 51,260,649	
Proprietary Fund Types:										
Waterworks and Sewerage(4)	\$ 33,732,031	\$ 34,423,457	\$ 33,329,451	\$ 31,976,384	\$ - 0 -	\$ 8,919,572	\$ (807,439)	\$	\$ 31,168,945	
Insurance(5)	1,012,916	1,331,418	1,134,897	301,030	- 0 -	5,629,167	(14,685)		286,345	
Information Systems(5)	782,826	1,288,217	703,841	569,327	- 0 -	784,792	(233,401)		335,926	
Total Proprietary	\$ 35,527,773	\$ 37,043,092	\$ 35,168,189	\$ 32,846,741	\$ - 0 -	\$ 15,333,531	\$ (1,055,525)	\$	\$ 31,791,216	
Fiduciary Fund Types(6):										
Expendable Trust Funds	\$ 7,597	\$ 7,002	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	
Pension Trust:										
Police Pension	27,748,731	28,333,908	29,478,058	33,445,485	- 0 -	4,621,866	2,866,733		36,312,218	
Firefighters' Pension	31,972,876	32,844,579	32,792,236	36,983,919	- 0 -	4,902,356	3,747,188		40,731,107	
Total Fiduciary	\$ 59,729,204	\$ 61,185,489	\$ 62,270,294	\$ 70,429,404	- 0 -	\$ 9,524,222	\$ 6,613,921	\$	\$ 77,043,325	
Total All Funds (Memo Only)	\$151,797,193	\$153,269,471	\$148,998,612	\$156,946,044	\$29,134,267	\$108,617,433	\$ 3,149,146	\$	\$160,095,190	

* Designated as major funds.

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Cash and Investments at Dec. 31:					
General Fund	\$ 14,525,404	\$ 13,339,033	\$ 12,782,834	\$ 11,991,349	\$ 11,490,275
Special Revenue Funds	1,797,601	2,102,614	2,020,217	1,900,786	2,829,903
Debt Service Funds	1,195,365	748,268	544,230	469,581	443,864
Capital Projects Funds	11,150,519	10,748,754	10,114,288	11,017,178	15,506,480
Waterworks and Sewerage Fund	8,430,365	8,862,766	9,190,608	8,192,266	7,894,210
Insurance Fund	1,757,395	2,782,086	2,501,505	2,056,376	1,371,809
Information Systems Fund	418,193	940,540	647,826	576,548	284,872
Pension Funds	59,225,741	60,659,096	61,792,503	69,905,194	62,309,443
All Other Funds	1,226,267	976,813	888,821	884,854	1,278,474
Subtotal	\$ 99,726,850	\$101,159,970	\$100,482,832	\$106,994,132	\$103,409,330
Capital Projects-EDA Ser. 1991	8,733,952	9,002,450	6,435,538	6,285,739	4,092,268
Debt Service - EDA Related	21,344,265	22,618,708	21,857,319	23,376,849	17,795,861
Total Cash and Investments	\$129,805,067	\$132,781,128	\$128,775,689	\$136,656,720	\$125,297,459

Notes: 1. These condensed financial statements have been prepared from the full Comprehensive Annual Financial Reports of the Village of Hoffman Estates and do not purport to be complete audits. The full financial statements, together with the report of the Village's independent accountants, are available upon request. The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental units. The accounts of the Village are organized and operated on the basis of funds and account groups. The modified accrual basis of accounting is followed by the governmental funds which are used to account for the Village's general governmental activities and by expendable trust funds. The accrual basis of accounting is used by the proprietary funds and pension trust funds. The Village's Comprehensive Annual Financial Report for the year ended December 31, 2004 included an unqualified "Independent Auditors Report". Similar unqualified opinions were included in the Village's Comprehensive Annual Financial Reports for the years set out in the above table. The "Independent Auditors Report" included in the latest audit states, in part:

"In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Village of Hoffman Estates, Illinois, as of December 31, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America."

2. The Economic Development Area Administration Fund was created to account for revenues and expenditures pertaining to the Village's establishment of an Economic Development Area (the Sears development) in accordance with State statutes.
3. In fiscal year 1992, bond proceeds in the amount of \$62,039,189 were deposited into a newly-created EDA Series 1991 Project Fund in the Capital Projects Fund. Bond proceeds are used to pay qualified project costs related to the Village's Economic Development Area. As of December 31, 2004, \$6,760,817 of the Capital Projects Fund total Fund Balance of \$14,166,492 remains for the EDA Series 1991 Project.
4. Fund balances shown for the Waterworks and Sewerage (Enterprise) Fund are total fund equity, including contributed capital and retained earnings, and the column "Revenues Over Expenditures" represents the change in that amount. The "Total Revenues" column represents operating revenues.
5. The Insurance Fund was created in fiscal year 1988 as an Internal Service Fund to account for the servicing and payment of claims for all Village insurance programs including Health, Worker's Compensation, and Liability. The Information Systems Fund was created as an Internal Service Fund in fiscal year 1998 to account for the operations of the Village's information systems division. Financing for these funds is provided through billings to the various Village departments. The "Total Revenues" column represents operating revenues.
6. Excludes Agency Funds.
7. Includes incremental property taxes applicable to the EDA to be used for payments on the EDA TIF bonds.

GENERAL FUND

Summary Statement of Revenues, Expenditures and Changes in Fund Balance (Fiscal Years Ending December 31)

	Audited (Note 1)				2004		2005
	2000	2001	2002	2003	Budget (2)	Actual	Budget (2)
Revenues(3):							
Property Taxes	\$ 5,962,721	\$ 5,882,739	\$ 6,153,815	\$ 7,076,498	7,980,840	7,975,553	8,493,553
Sales Tax	5,597,298	6,119,943	6,974,872	5,613,415	6,394,000	5,011,076	5,820,000
Home Rule Sales Tax(4)	1,683,514	1,795,872	2,181,170	1,520,830	2,550,000	1,785,199	2,680,230
Local Use Tax	652,121	624,113	489,476	444,409	450,000	524,359	550,000
State Income Tax	3,727,333	3,623,323	3,246,720	3,067,177	3,031,852	3,213,757	3,300,000
Licenses and Permits	820,302	1,201,939	1,182,921	1,417,756	1,228,000	1,613,441	1,372,500
Charges for Services	2,569,659	1,904,085	2,889,039	2,288,507	2,734,000	2,503,993	2,672,260
Fines and Forfeits	627,676	546,865	578,462	564,239	631,000	571,439	580,500
Interest	1,009,090	808,220	439,866	206,357	300,000	161,811	175,000
Hotel Tax	511,962	559,405	542,763	645,582	650,000	703,233	700,000
Real Estate Transfer Tax	691,878	712,828	1,029,924	1,150,049	875,000	1,272,280	900,000
Telecommunications Tax	3,018,652	3,029,738	3,221,187	3,835,027	4,023,000	3,976,737	3,900,000
Transfers-In(5)	- 0 -	785,928	259,981	18,441	- 0 -	- 0 -	- 0 -
All Other	3,302,767	3,258,873	3,413,482	3,251,275	3,463,902	3,714,048	3,405,383
Total Revenues	\$30,174,973	\$30,853,871	\$32,603,678	\$31,099,562	\$34,311,594	\$33,027,067	\$34,549,426
Expenditures:							
General Government:							
Legislative/Administrative	\$ 698,041	\$ 777,809	\$ 939,665	\$ 825,448	\$ 840,320	\$ 842,949	\$ 906,110
Legal	239,692	254,991	247,935	268,592	259,300	277,793	271,020
Finance	845,336	918,576	975,355	641,972	695,990	686,285	711,070
Buildings and Grounds	696,921	767,330	715,925	619,568	698,220	678,407	769,510
Equipment and Supply	896,635	938,624	922,977	1,012,381	1,066,460	1,136,324	1,112,360
All Other	633,668	713,523	778,505	556,535	686,720	591,898	626,580
Total General Government	\$ 4,010,293	\$ 4,370,853	\$ 4,580,362	\$ 3,924,496	\$ 4,247,010	\$ 4,213,656	\$ 4,396,650
Public Safety:							
Police	\$ 9,191,761	\$ 9,760,997	\$10,120,695	\$10,636,890	\$11,622,596	\$11,586,458	\$12,080,723
Fire	6,845,135	7,248,714	7,245,598	7,790,845	8,856,776	8,856,768	9,229,190
Total Public Safety	\$16,036,896	\$17,009,711	\$17,366,293	\$18,427,735	\$20,479,372	\$20,443,226	\$21,309,913
Highways and Streets	3,350,810	3,494,182	3,810,432	3,784,688	4,218,130	4,053,212	4,216,100
Health and Welfare	1,250,002	1,358,477	1,460,730	1,534,247	1,650,210	1,637,951	1,695,020
Culture and Recreation	268,791	283,906	281,344	235,705	234,200	222,720	249,480
Economic Development	592,027	789,035	714,776	1,073,214	1,135,820	1,127,451	1,169,780
Debt Service	- 0 -	-0-	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Transfers Out:							
Capital Purposes(6)	1,024,450	3,298,200	2,494,250	2,000,405	2,144,170	1,131,070	1,130,540
All Other	1,227,209	1,934,721	1,385,660	1,183,307	1,150,000	1,191,443	1,278,840
Total Expenditures	\$27,760,478	\$32,539,085	\$32,093,847	\$32,163,797	\$35,258,912	\$34,020,729	\$35,446,323
Revenue Over Expenditures	\$ 2,414,495	\$(1,685,214)	\$ 509,831	\$(1,064,235)	\$(947,318)	\$(993,662)	\$(896,897)
Adjustments to Fund Balance	13,950	-0-	- 0 -	1,090,948(7)		- 0 -	
Fund Balance at Year End	\$15,800,415	\$14,115,201	\$14,625,032	\$14,651,745		\$13,658,083	

Balance Sheet

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assets:					
Cash and Investments	\$14,525,404	\$13,339,033	\$12,782,834	\$11,991,349	\$11,490,275
Property Taxes Receivable	7,872,746	8,403,154	9,308,512	10,511,954	11,381,614
Other Receivables	1,192,675	993,776	906,965	327,637	357,064
Due from Other Governments	1,556,908	2,093,668	3,137,031	3,333,762	3,316,532
Due from Other Funds	169,895	13,812	204,852	156,262	89,811
All Other	<u>1,209,654</u>	<u>1,176,408</u>	<u>1,247,271</u>	<u>1,254,397</u>	<u>1,360,019</u>
Total Assets	<u>\$26,527,282</u>	<u>\$26,019,851</u>	<u>\$27,587,465</u>	<u>\$27,575,361</u>	<u>\$27,995,315</u>
Liabilities and Fund Balance:					
Accounts Payable	\$ 697,776	\$ 446,458	\$ 571,430	\$ 696,517	\$ 526,370
Accrued Payroll	333,308	403,102	473,667	559,435	695,220
Deferred Revenues	7,750,182	8,948,151	9,985,467	10,895,102	11,504,468
Compensated Absences Payable	1,283,893	1,172,551	1,090,948	- 0 -	- 0 -
Due to Other Funds	190,797	367,417	203,086	- 0 -	649,862
All Other Liabilities	470,911	566,971	637,835	772,562	961,312
Fund Balance:					
Reserved	\$ 1,348,922	\$ 1,433,427	\$ 1,508,813	\$ 1,517,642	\$ 1,578,110
Unreserved/Undesignated	<u>14,451,493</u>	<u>12,681,774</u>	<u>13,116,219</u>	<u>13,134,103</u>	<u>12,079,973</u>
Total Fund Balance	<u>\$15,800,415</u>	<u>\$14,115,201</u>	<u>\$14,625,032</u>	<u>\$14,651,745</u>	<u>\$13,658,083</u>
Total Liabilities & Fund Balance	<u>\$26,527,282</u>	<u>\$26,019,851</u>	<u>\$27,587,465</u>	<u>\$27,575,361</u>	<u>\$27,995,315</u>

- Notes: 1. See Note 1 to "Combined Statement -- All Funds" regarding audits. The General Fund is the Village's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. It is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Expenditures are generally recognized when the related fund liability is incurred. The Village recognizes as revenue any property taxes collected within the current year or within 60 days after the year-end.
2. After budget hearings are held, the budget is legally enacted through passage of an ordinance. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances outstanding at year-end are shown as a reservation of fund balance.
3. Except for the Telecommunications Tax effective May 1, 1996, the Village does not currently impose a statutorily authorized utility tax (up to 5% piggyback on private electric, gas and telephone utilities).
4. The Village adopted a 1/4 of 1% home rule sales tax effective September 1, 1990; the tax was raised to 1/2 of 1% effective September 1, 1991.
5. Transfers-In primarily from the Water Fund.
6. This line indicates the annual amount of revenue that could have been added to Unreserved/Undesignated Fund Balance if capital expenditures had been eliminated.
7. Represents a prior period adjustment due to the implementation of GASB Interpretation No. 6 to remove compensated absences payable from governmental funds on the modified accrual basis.

VILLAGE SHARE OF STATE SALES TAX

<u>Month Received</u>	<u>Liability Period</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2002</u> <u>v. 2003</u>	<u>2003</u> <u>v. 2004</u>
January	October	\$ 582,039	\$ 481,093	\$ 559,934	\$ 427,729	16%	-24%
February	November	521,315	530,054	788,755	457,278	49%	-42%
March	December	547,129	502,593	550,082	514,378	9%	-6%
April	January	447,570	384,286	465,901	358,744	21%	-23%
May	February	456,710	424,081	417,894	395,012	-1%	-5%
June	March	468,639	451,636	416,798	484,410	-8%	16%
July	April	555,358	539,917	486,979	426,207	-10%	-12%
August	May	516,021	790,163	463,453	441,877	-41%	-5%
September	June	601,913	697,072	500,697	392,301	-28%	-22%
October	July	550,160	657,177	491,395	416,071	-25%	-15%
November	August	501,001	631,021	468,495	454,719	-26%	-3%
December	September	<u>464,294</u>	<u>550,033</u>	<u>484,591</u>	<u>367,860</u>	<u>-12%</u>	<u>-24%</u>
Year Totals		\$6,212,149	\$6,639,126	\$6,094,974	\$5,136,586	-8%	-16%

Source: Village records.

**HOFFMAN ESTATES ECONOMIC DEVELOPMENT PROJECT AREA
HISTORICAL VALUATIONS AND TAXES**

Levy Year	Total Equalized Assessed Valuation of EDA	Frozen Equalized Assessed Valuation	Incremental Equalized Assessed Valuation	Total Incremental Taxes(2)	Less Governmental Share	Available for Program Expenses and Thereafter for Senior Bonds	Program Exps.	Senior Lien Bond Debt Service	Senior Lien Debt Service Coverage
1993	\$221,257,838	\$5,224,458	\$216,033,380	\$15,821,868	\$2,326,541	\$13,495,327	\$475,345	\$10,495,199	1.24
1994	224,062,479	5,224,196	218,838,283	17,073,596	2,517,839	14,555,757	463,437	10,982,396	1.28
1995(1)	232,827,947	5,224,196	227,603,751	18,818,767	2,655,896	16,162,871	449,070	11,559,976	1.36
1996	240,735,319	5,224,196	235,511,123	18,243,746	2,799,948	15,443,798	441,087	12,101,384	1.24
1997	238,632,850	5,224,196	233,408,654	19,032,982	2,957,434	16,075,548	100,609	12,692,889	1.26
1998(1)	243,982,754	5,224,196	238,758,558	18,753,853	3,782,845	14,971,008	35,410	12,452,045	1.20
1999	260,006,654	5,224,196	254,782,458	19,886,213	3,988,755	15,897,458	25,707	12,460,045	1.27
2000	266,734,841	5,224,196	261,510,645	21,176,305	4,268,800	16,907,505	29,818	12,470,795	1.35
2001(1)	289,280,296	5,224,196	284,056,100	21,824,262	4,480,565	17,343,697	7,000	12,478,295	1.39
2002	321,964,013	5,224,196	316,739,817	23,354,774	4,872,744	18,482,030	31,509	12,501,796	1.48
2003	325,211,104	5,224,196	319,986,908	23,323,096	5,427,930	17,895,362	33,438	12,534,546	1.43

Notes: 1. Triennial Reassessment Years.
2. Deposited into the Special Tax Allocation Fund.

TAX RATES PER \$100 EQUALIZED ASSESSED VALUATION

Taxing Body(1)	Levy Years							
	1996	1997	1998	1999	2000	2001	2002	2003
Village of Hoffman Estates	\$1.148	\$1.250	\$1.156	\$1.096	\$1.157	\$.995	\$.974	\$ 1.024
Hoffman Estates Park District	.640	.654	.602	.578	.606	.517	.486	.540
Cook County (Including Forest Preserve District)	1.063	.993	.983	.924	.893	.813	.751	.689
Metropolitan Water Reclamation Dist.	.492	.451	.444	.419	.415	.401	.371	.361
Unit School District #300	3.590	3.940	3.877	3.886	4.246	4.132	4.119	3.904
Elgin Community College 509	.468	.495	.459	.434	.458	.387	.367	.426
Barrington Public Library District	.201	.217	.202	.227	.241	.229	.229	.230
All Other(2)	.074	.105	.075	.098	.078	.101	.056	.079
Total(3)	\$7.676	\$8.105	\$7.798	\$7.662	\$8.094	\$7.575	\$7.353	\$7.253

Notes: 1. The Village and Cook County are home-rule units of government with no statutory limitations on the levy or extension of property taxes. The other taxing bodies have statutory tax rate limits and are subject to the Property Tax Extension Law.
2. Includes Barrington Township, Township Road and Bridge, etc.
3. The taxes on the frozen valuation in the EDA are returned to the applicable taxing bodies and the taxes on the incremental valuation are paid to the Village and deposited in the Special Tax Allocation Fund.