

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2006

Prepared by Finance Department

Michael DuCharme
Director of Finance

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2006

LEGISLATIVE

Village Board of Trustees

William D. McLeod, President

Lloyd H. Boester

Raymond M. Kincaid

Cary J. Collins

Karen V. Mills

Fred Crespo

Rodney R. Rusakiewicz

Virginia Hayter, Village Clerk

ADMINISTRATIVE

James H. Norris, Village Manager

FINANCE DEPARTMENT

Michael DuCharme, Director of Finance

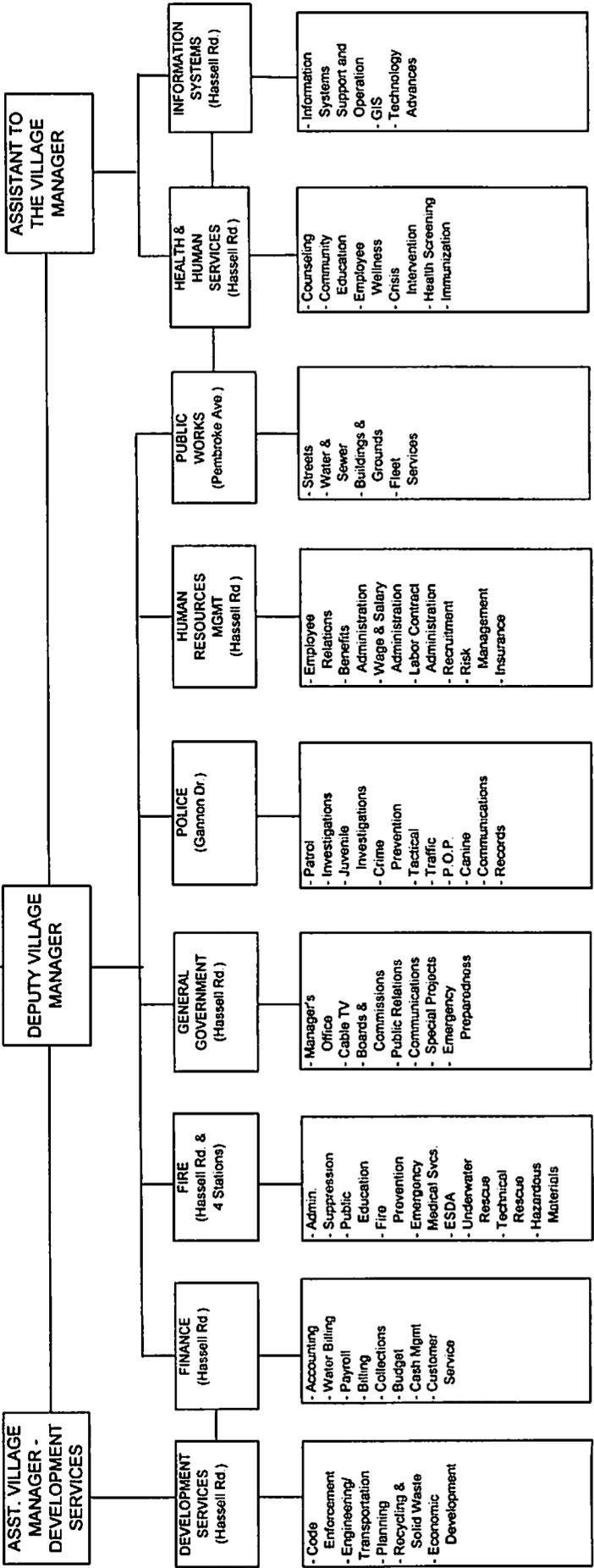
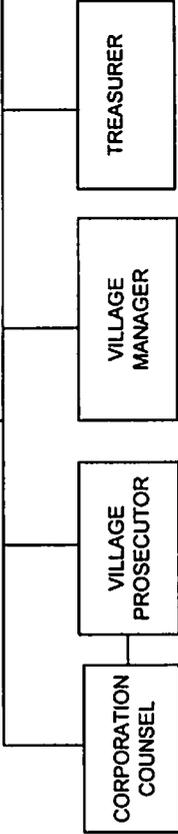
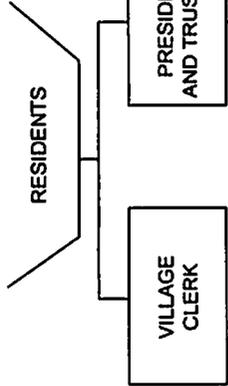


Village of Hoffman Estates, Illinois

- BOARDS & COMMISSIONS**
- Arts
 - Barrington Road Interchange
 - Barrington Square Mall Capital Improvements Commission
 - Celebrations Commission
 - Children's Memorial Comprehensive Plan Advisory
 - Cultural Awareness
 - Disabled & Seniors
 - Economic Development
 - Electrical
 - Environmental
 - ESDA
 - 50th Anniversary
 - Fire & Police
 - Fire Pension
 - Fourth of July
 - HE Fire Protection Dist. No. 1
 - Historical Sites
 - Local Historian
 - Plan Commission
 - Police Pension
 - Road Improv. Impact Fee Advisory
 - Roselle Road Business District
 - Sign Code Advisory
 - Sister Cities
 - Storm Water Mgmt. Utility
 - Veterans Memorial
 - Western Area Svc Del. Youth
 - Zoning Board of Appeals

STANDING COMMITTEES

- Finance
- General Admin. & Personnel
- Transportation & Road Improve.
- Planning, Building & Zoning
- Public Health & Safety
- Public Works & Utilities



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, 2005

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.



President

Executive Director



HOFFMAN ESTATES

GROWING TO GREATNESS

May 4, 2007

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2006.

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 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, 2006, and the changes in financial position 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

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Web: www.hoffmanestates.org

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 estimated the Village's total population at 50,573. However, due to continued growth in the western area of the Village, the population is now estimated to be at 51,496. This figure represents an increase of 2,001 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 expenditure object. Budgetary control is maintained by the use of encumbrance accounting under which purchase orders, contracts, 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

In 2006, Hoffman Estates began realizing its potential as a regional center. Highlights from 2006 are listed below and feature commercial projects completed, under construction, and proposed, along with residential projects. The Sears Centre (entertainment & sports arena), the initial component of the emerging Entertainment District, opened in October, 2006. Cabela's (retail sporting goods), the second component, received approval and is now under construction. These projects, along with the proposed 500-room Sun Island Hotel and indoor/outdoor water park and Prairie Creek outdoor amphitheater, will form the nucleus of the Entertainment District within Prairie Stone. With the spotlight focused on Hoffman Estates, local, regional, and national publications have reported on economic development activities in Hoffman Estates. That spotlight will continue to shine brightly on Hoffman Estates in 2007.

New Commercial Development

The most significant changes during 2006 occurred in the western portion of Hoffman Estates with the completion of the Sears Centre indoor arena within Prairie Stone and the Poplar Creek Commons Shopping Center. The Sears Centre opened with concerts including Duran Duran, Bob Dylan, and Lionel Richie, and is home to professional sports teams such as the Chicago Hounds hockey team, Chicago Storm indoor soccer team, the National Lacrosse League's Chicago Shamrox, and the recently announced Chicago Slaughter indoor football team. This multi-purpose indoor arena will provide a variety of entertainment, sports, and family events throughout the year and will grow into a very popular attraction for Hoffman Estates and the northwest suburbs.

The Poplar Creek Crossing Shopping Center opened in March, 2006 with a new Target store, closely followed by World Market, Linens n' Things, TJ Maxx, Kirkland's, Office Max, PetSmart, Oshkosh B'Gosh, and Lane Bryant. In the fall of 2006, two restaurants opened and began attracting many customers at both lunch and dinner time. Claim Jumper and Buffalo Wild Wings provide needed dining opportunities in the western portion of the Village.

Within Prairie Stone, Mary Kay Cosmetics opened a 135,000 square foot regional office and distribution center and the W-T Engineering office building was also completed. Serta International's headquarters and the Camelot School are currently under construction. In addition, plans were recently approved and construction has started for a Cabela's retail store. Proposals for an indoor/outdoor water park, an outdoor amphitheater, several restaurants, and retail stores are currently under review. All of this combines to provide what will become a very popular Entertainment District.

The Roselle Road Business District is also undergoing change. Adjacent to the Valli Produce Shopping Center, the old and vacant Kentucky Fried Chicken building was demolished and the site was converted to an attractively landscaped parking lot that was desired by Valli Produce to accommodate their many customers. The Village used Tax Increment Financing (TIF) funds to partner with Valli Produce to acquire the site, demolish the existing building, construct a new parking lot, and provide perimeter landscaping. The result is a vastly improved streetscape along Higgins Road and provided much needed parking.

The Golf Center Shopping Center attracted two new tenants, Petland and Glass Works, which opened in the spring of 2006 and complement the existing retail stores in Golf Center. Just south of Golf Center, the Michael's Tanning building (Golf-Rose Annex center) completed a thorough overhaul of the property, including a new facade, additional trees, landscape islands, a sidewalk, and dumpster enclosures.

Under the Shopping Center Improvement Program, three shopping centers completed site improvements in 2006: Crossroads Commons, Poplar Commons, and Golf-Rose Annex. Crossroads Commons installed landscape islands and screening in the rear service aisle to be in substantial compliance with Village code. Poplar Commons completed site improvements in the western portion of the property by adding trees and green space. These three centers join the Golf Center Shopping Center as projects that have been initiated and completed in accordance to the Shopping Center Improvement Program adopted in 2001.

At the Fountain Crossing development on Barrington Road, two new restaurants opened. Jersey's Grill offers a casual dining experience with a sports theme. LaStrada Ristorante is a white tablecloth Italian restaurant that opened late in 2006. Both restaurants offer more dining options in this portion of the Village.

The Motor Werks Infiniti auto dealership at the corner of Golf Road and Gannon Drive opened in the fall of 2006 and complements the other auto dealerships in that area.

The St. Alexius Medical Center campus continues to experience expansion and development. A 130,000 square foot expansion to the hospital and a new medical office building was completed in 2006. A new parking deck was also completed, along with site circulation and surface parking improvements.

Residential Development

The western area of the Village is the focus of new residential subdivisions, mostly single-family, but also some active adult/senior housing. A total of 144 single-family homes were occupied in 2006 as Hoffman Estates continues to "Grow to Greatness".

Yorkshire Woods I is located south of Shoe Factory Road, east of Rohrssen Road, and north of McDonough Road. A total of 43 single-family homes are being built by Dartmoor Homes, with prices starting at \$490,000.

Airdrie Estates is located at the northeast corner of Rohrssen and McDonough Roads. This site is the future home of 18 custom single-family homes, with lot prices starting at \$250,000.

White Oaks Units 4 and 5 is located on the west side of Rohrssen Road, south of Shoe Factory Road, and north of Golf Road on 54 acres. A total of 274 single-family homes for both Units 4 and 5 are being built by Kimball Hill Homes, with prices beginning at \$422,000.

Beacon Pointe is located at Essex Drive, north of Shoe Factory Road, and west of Beverly Road on 198 acres. This subdivision will consist of a total of 193 single-family homes being built by Ryland Homes and Kirk Homes, with home prices starting at \$396,000.

Haverford Woods is located at Shoe Factory Road and Essex Drive. Preliminary approval has been given for Ryland Homes for a 55 single-family home subdivision on 45 acres, with final approval anticipated in early 2007.

Haverford Place is located on the north side of Shoe factory Road at Berner Drive. A total of 184 single-family homes are being built in this subdivision, with prices starting at \$280,000.

In the central area, *Poplar Creek Village*, a five-story apartment building next to the Brighton Gardens, is under construction and will provide 121 senior living apartments. This project is scheduled for completion in the spring of 2007.

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. A substantial draft of an updated Comprehensive Plan was completed during 2006. It is expected that the plan will be finalized by the summer of 2007.

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, 2006 unreserved fund balance is 39.3 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, which was formally adopted by the Village Board of Trustees in August 1997 (amended in July 1999 and again in December 2005), 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 percent of the amount of the Village deposits.

During 2006, 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 Financial Section (Supplemental Data) 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. With the assistance of the Risk Manager, the committees make recommendations to management as to how claims could have been prevented and ways to improve overall safety. The Village's Risk Manager continually conducts hazard surveys of facilities and work practices and makes recommendations to mitigate the Village's loss exposure.

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 percent of their base salaries and Fire plan members contribute 9.455 percent 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, 2006, 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 percent 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 2006 was 10.75 percent of employee salaries. As with both of the pension plans, the Village made 100 percent 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 2006 were:

Short-Term Goals:

- Complete the update of Village of Hoffman Estates' Comprehensive Plan and finish the process to update and revise the Sign Code.
- Award contract for the design of relocated Fire Station 24, complete Village Hall security and space needs analysis and present staff report on the potential of a new Police building.
- Develop economic development marketing plan in conjunction with the Village of Hoffman Estates Economic Development Commission.
- Increase the reporting of Code Enforcement violations through the enhancement of the Code Enforcement Action Report and associated education and training programs.
- Complete update of the Village of Hoffman Estates Emergency Operations Plan.
- Continue to increase communication with Village residents and businesses through enhanced website/electronic communication, public meetings, upgrade of the *Citizen*, and the hiring of a full-time public information/relations professional.

Ongoing Goals:

- Foster programs and opportunities which encourage all cultural and ethnic populations in the Village to engage in the community. Utilize the adopted Hoffman Estates Diversity Program to assist in diversification of the Village workforce.
- Complete organization-wide analysis of time off and the inherent relationship to overtime. Include analysis of sick leave, injured on duty (workman's compensation), vacation, and compensatory time.
- Provide excellent public safety services ensuring the health, safety, and welfare of Village residents and businesses. Annually evaluate public safety staffing levels based upon demands and the continued growth of the Village.
- Continue advocacy for both the STAR Line and a full interchange at Barrington Road and I-90.

- Continue western area water system evaluation and complete projects for increasing peak daily demand and emergency backup supplies.
- Foster increased intergovernmental cooperation and communication through the hosting of an intergovernmental forum. Specifically, coordinate with Cook County Highway Department for the Shoe Factory Road, Rohrssen Road, Beverly Road reconstruction project.
- Continue redevelopment of Golf/Higgins/Roselle Road area through utilization of the Tax Increment Financing District, including the establishment of a traffic signal connecting Golf Center with Hoffman Plaza.

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, 2005. This was the twenty-third 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



998 Corporate Boulevard • Aurora, IL 60502

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2006, which collectively comprise the Village of Hoffman Estates, Illinois' basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Hoffman Estates, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hoffman Estates, Illinois, as of December 31, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hoffman Estates, Illinois' basic financial statements. The combining and individual fund financial statements and schedules and the supplemental data listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of 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 Village of Hoffman Estates, Illinois has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* as of January 1, 2006.

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.

A handwritten signature in black ink that reads "Seuch LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
March 15, 2007

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

December 31, 2006

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, 2006. 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.)

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 28 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, 2005 EDA TIF Refunding Bond Fund, and Sears Centre Capital Projects Fund, all of which are considered to be major funds. Data from the other 24 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, workers' compensation insurance, and its information systems. Because both of these services predominantly benefit governmental rather 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 75 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 76 through 85 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 86 through 160 of this report.

Financial Analysis of the Village as a Whole

Beyond presenting current-year financial information in the government-wide and major individual fund formats, the Village also presents comparative information from the prior years in the Management's Discussion and Analysis. By doing so, the Village believes that it is providing the best means of analyzing its financial condition and position as of December 31, 2006.

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

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

Table 1
Statement of Net Assets
As of December 31, 2006

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
Current and Other Assets	\$ 121,896,881	\$ 84,787,388	\$ 10,409,274	\$ 10,204,738	\$ 132,306,155	\$ 94,992,126
Capital Assets	103,209,472	104,026,143	23,568,964	24,371,756	126,778,436	128,397,899
Total Assets	225,106,353	188,813,531	33,978,238	34,576,494	259,084,591	223,390,025
Long-Term Liabilities	276,477,960	248,470,460	188,947	217,232	276,666,907	248,687,692
Other Liabilities	20,678,026	22,723,093	608,177	759,037	21,286,203	23,482,130
Total Liabilities	297,155,986	271,193,553	797,124	976,269	297,953,110	272,169,822
Net Assets:						
Invested in Capital Assets,						
Net of Debt	81,974,472	85,941,143	23,568,964	24,371,756	105,543,436	110,312,899
Restricted	25,510,851	34,581,385	-	-	25,510,851	34,581,385
Unrestricted	(179,534,956)	(202,902,550)	9,612,150	9,228,469	(169,922,806)	(193,674,081)
Total Net Assets	\$ (72,049,633)	\$ (82,380,022)	\$ 33,181,114	\$ 33,600,225	\$ (38,868,519)	\$ (48,779,797)

The deficit in unrestricted net assets is primarily 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 \$65,400,000 Senior Lien Tax Increment Revenue Bonds, Series 2005, \$68,947,092 Junior Lien Tax Increment Revenue Bonds, Series 1991, and Tax Increment Revenue Notes in the amount of \$92,329,381 (as of December 31, 2006). 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, 2006

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
Current and Other Assets	\$ 101,592,476	\$ 54,793,368	\$ 10,409,274	\$ 10,409,274	\$ 112,001,750	\$ 65,202,642
Capital Assets	103,209,472	104,026,142	23,568,964	23,568,964	126,778,436	127,595,106
Total Assets	204,801,948	158,819,510	33,978,238	33,978,238	238,780,186	192,797,748
Long-Term Liabilities	77,890,439	78,893,454	188,947	188,947	78,079,386	79,082,401
Other Liabilities	19,998,507	21,649,066	608,177	608,177	20,606,684	22,257,243
Total Liabilities	97,888,946	100,542,520	797,124	797,124	98,686,070	101,339,644
Net Assets:						
Invested in Capital Assets,						
Net of Debt	81,974,472	85,941,143	23,568,964	23,568,964	105,543,436	109,510,107
Restricted	7,306,379	6,839,425	-	-	7,306,379	6,839,425
Unrestricted	17,632,151	(34,503,578)	9,612,150	9,612,150	27,244,301	(24,891,428)
Total Net Assets	\$ 106,913,002	\$ 58,276,990	\$ 33,181,114	\$ 33,181,114	\$ 140,094,116	\$ 91,458,104

As you can see, although the deficit in unrestricted net assets is reduced by not including the EDA financial information, a deficit is still present. This is due to the Village's issuance of the General Obligation Taxable Bond Series of 2005A. As an inducement to construct a entertainment and sports arena within Hoffman Estates, the Village issued \$54,935,000 in taxable bonds. Like the EDA bonds and notes, these bonds did not produce a capital asset that is owned by the Village and are required to be reported as a liability of the Village. Revenues from the operation of the arena will be used to pay for the 2005A debt service payments.

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 \$91,458,104 as of December 31, 2006. 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 in the amount of \$6,839,425 represents resources that are subject to external restrictions on how they may be used. The final portion of the Village's net assets is the unrestricted deficit in the amount of \$24,891,428. This deficit is solely due to the 2005A bonds discussed previously.

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, 2006

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
REVENUES						
Program Revenues:						
Charges for Services	\$ 19,980,665	\$ 27,390,586	\$ 10,240,821	\$ 9,386,132	\$ 30,221,486	\$ 36,776,718
Operating Grants	1,918,772	1,822,158	-	-	1,918,772	1,822,158
Capital Grants	687,300	-	-	-	687,300	-
General Revenues:						
Property Taxes	17,575,496	42,130,319	-	-	17,575,496	42,130,319
Other Taxes	21,019,916	22,417,282	-	-	21,019,916	22,417,282
Other	8,383,368	6,261,330	2,355,407	2,087,447	10,738,775	8,348,777
Total Revenues	69,565,517	100,021,675	12,596,228	11,473,579	82,161,745	111,495,254
EXPENSES						
General Government	4,977,318	10,482,846	-	-	4,977,318	10,482,846
Public Safety	25,173,738	27,142,353	-	-	25,173,738	27,142,353
Highways and Streets	11,532,401	6,140,084	-	-	11,532,401	6,140,084
Sanitation	930,335	864,300	-	-	930,335	864,300
Health and Welfare	1,662,082	1,774,857	-	-	1,662,082	1,774,857
Culture and Recreation	226,608	239,480	-	-	226,608	239,480
Economic Development	1,303,688	52,011,995	-	-	1,303,688	52,011,995
Water and Sewer	-	-	10,584,059	11,054,468	10,584,059	11,054,468
Interest on Long-Term Debt	11,447,448	11,696,149	-	-	11,447,448	11,696,149
Total Expenses	57,253,618	110,352,064	10,584,059	11,054,468	67,837,677	121,406,532
Change in Net Assets	\$ 12,311,899	\$ (10,330,389)	\$ 2,012,169	\$ 419,111	\$ 14,324,068	\$ (9,911,278)
Net Assets, January 1	\$ (84,361,532)	\$ (72,049,633)	\$ 31,168,945	\$ 33,181,114	\$ (53,192,587)	\$ (38,868,519)
Net Assets, December 31	\$ (72,049,633)	\$ (82,380,022)	\$ 33,181,114	\$ 33,600,225	\$ (38,868,519)	\$ (48,779,797)

For the fiscal year ended December 31, 2006, revenues from governmental activities totaled \$100.0 million. The Village benefits from a highly diversified revenue base. Revenues from the Village's largest single source, property taxes, amounted to over \$42 million. Property taxes support governmental activities and include the Village's contribution to the Police Pension Fund and Firefighters' Pension Fund. The reason for the large increase in property tax revenue between 2005 and 2006 is due to the timing of the EDA revenue distribution by the Trustee. There were two distributions in 2006 and none in 2005.

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.)

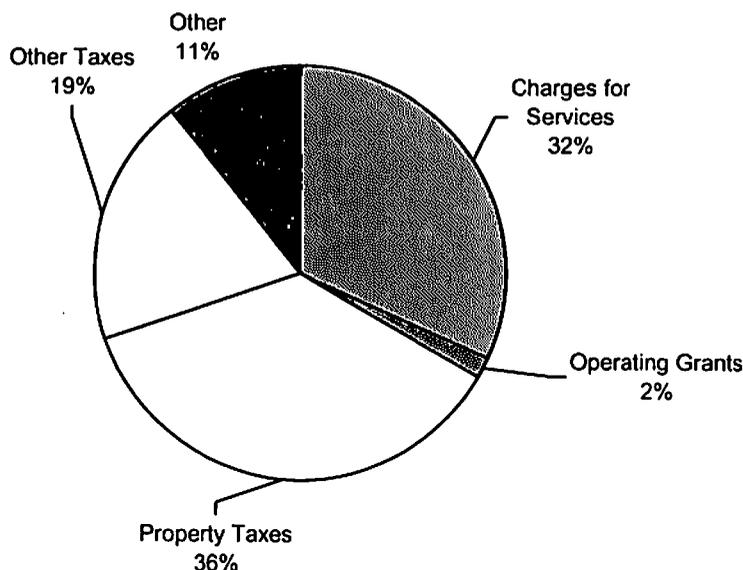
VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

municipalities based upon the point of sale. While the ROT is an 8.75 percent tax, the equivalent of a 1 percent tax is remitted to Hoffman Estates. The home-rule sales tax for 2006 was 1 percent and all of its proceeds were remitted to Hoffman Estates.

In 2006, state-shared sales tax revenues were \$6,332,164 compared to \$5,059,287 in 2005. Home-rule sales tax revenues increased from \$2,659,124 to \$3,268,927 between the two years, due to an increase in the overall economy as well as an increase in commercial retailers within the Village, such as the Poplar Creek Shopping Center.

Income and local use taxes are also shared by the state, but on a per-capita basis. Between 2005 and 2006, the Village's income and local use tax revenues increased from \$4,356,243 to \$4,809,651 reflecting an overall increase in the economy.

Chart 1
Revenues by Source
For the Fiscal Year Ended December 31, 2006



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 just over \$18 million for 2006. It should be noted that 2007 will be the final year for the Junior Lien bond and interest payments.

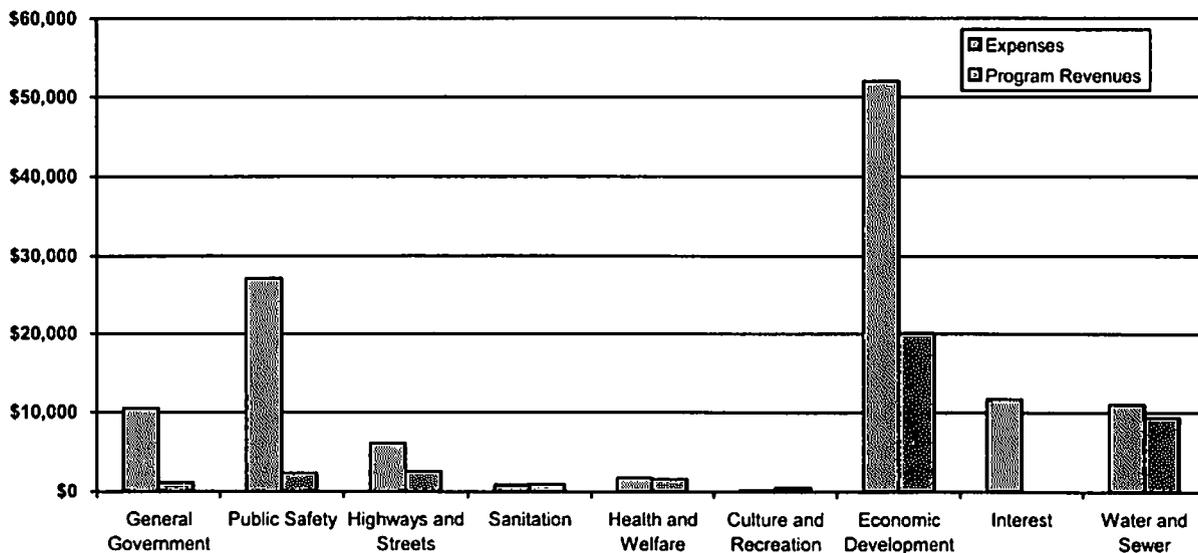
Another major revenue component for this revenue classification is fees from the Village's water and sewer utility. Water and sewer fee revenue was \$9,386,132 in 2006 compared to \$10,240,821 in 2005. The decrease in these revenues is primarily due to the fact that 2005 was a high demand year in terms of water usage. This is also reflected in the decrease in the payments

(See independent auditor's report.)

to JAWA for water during 2006. There was a 5.8 percent rate increase on December 1, 2005 and another similar increase on December 1, 2006.

As you can see by the chart below, very few Village programs are self-funded through program revenues. This is where general revenues like property taxes and sales taxes come in. These non-program revenues are what make it possible to fund necessary functions within the Village.

Chart 2
Expenses and Program Revenues
For the Fiscal Year Ended December 31, 2006
(Dollars in Thousands)

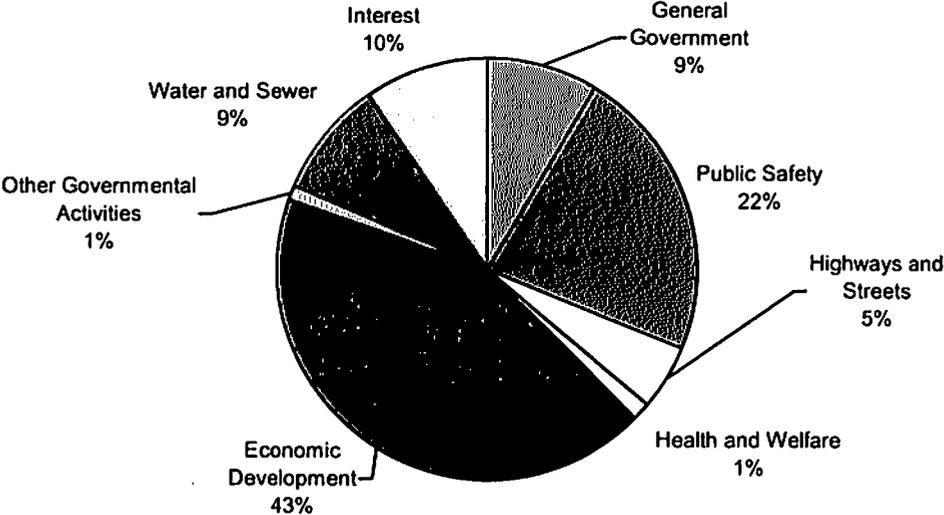


Village expenses amounted to \$121.4 million in 2006. Accounting for the largest share of the total expenses are Economic Development expenses related to the one-time payout of over \$50 million in 2005A bond proceeds to the developer of the Sears Centre. Public Safety expenses related to the operations of the Police and Fire Departments accounted for next largest share of the total. In 2006, the Police and Fire Departments added two Police Officers, one Police Sergeant, one Firefighter and one Fire Prevention Bureau Manager. The Public Works Department added two Maintenance I positions, one in the General Fund and one in the Water & Sewer Fund.

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 2006 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 2006. Those agreements provided for various step (seniority) and general cost of living increases.

(See independent auditor's report.)

Chart 3
Expenses by Function
For the Fiscal Year Ended December 31, 2006



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 \$24,287,504, 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 2005 and 1991. The amount of the contribution from the retailer in the current year was \$18,173,967. On the expense side, the Village recognized interest expense of \$7,800,366 related to the Senior Lien Bonds as well as \$1,585,065 of infrastructure improvements to the EDA. Removing this activity from the governmental activities results in the following:

(See independent auditor's report.)

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

Table 2-a
Changes in Net Assets Excluding EDA TIF Activity
For the Fiscal Year Ended December 31, 2006

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2005</i>	<i>2005</i>	<i>2005</i>	<i>2005</i>	<i>2005</i>	<i>2006</i>
REVENUES						
Program Revenues:						
Charges for Services	\$ 6,942,377	\$ 8,644,275	\$ 10,240,821	\$ 9,386,132	\$ 17,183,198	\$ 18,030,407
Operating Grants	1,918,772	1,822,158	-	-	1,918,772	1,822,158
Capital Grants	687,300	-	-	-	687,300	-
General Revenues:						
Property Taxes	16,449,238	17,842,815	-	-	16,449,238	17,842,815
Other Taxes	21,019,916	22,417,282	-	-	21,019,916	22,417,282
Other	7,547,057	5,220,555	2,355,407	2,087,447	9,902,464	7,308,002
Total Revenues	54,564,660	55,947,085	12,596,228	11,473,579	67,160,888	67,420,664
EXPENSES						
General Government	4,977,318	10,482,846	-	-	4,977,318	10,482,846
Public Safety	25,173,738	27,142,353	-	-	25,173,738	27,142,353
Highways and Streets	11,532,401	4,555,019	-	-	11,532,401	4,555,019
Sanitation	930,335	864,300	-	-	930,335	864,300
Health and Welfare	1,662,082	1,774,857	-	-	1,662,082	1,774,857
Culture and Recreation	226,608	239,480	-	-	226,608	239,480
Economic Development	1,303,688	52,011,995	-	-	1,303,688	52,011,995
Water and Sewer	-	-	10,584,059	11,054,468	10,584,059	11,054,468
Interest on Long-Term Debt	2,073,221	3,895,783	-	-	2,073,221	3,895,783
Loss on Sale of Capital Assets	-	-	-	-	-	-
Total Expenses	47,879,391	100,966,633	10,584,059	11,054,468	58,463,450	112,021,101
Change in Net Assets	\$ 6,685,269	\$ (45,019,548)	\$ 2,012,169	\$ 419,111	\$ 8,697,438	\$ (44,600,437)

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, 2006, the governmental funds reported combined ending fund balances of \$58.1 million. This represents a decrease of approximately \$39.4 million from the prior year. The primary reason for the large decrease is due to the payout of the 2005A bond proceeds from the Sears Centre Capital Projects Fund. This fund was used to account for the resources that were for the development of a multi-purpose indoor arena. Under the terms of the Redevelopment Financing Agreement between the Village and the Developer, the moneys held in this fund would be paid to the Developer after development had been completed, which happened in 2006.

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 \$14,302,062, while total fund balance equaled

(See independent auditor's report.)

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

\$15,011,896. 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 39.3 percent of the total General Fund expenditures, while total fund balance represents 41.3 percent of that same amount.

Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended December 31, 2006

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	
			<i>2006</i>	<i>2005</i>
<i>REVENUES</i>				
Taxes	\$21,502,996	\$21,502,996	\$20,909,646	\$21,358,959
Inter-Governmental	11,129,770	11,537,970	11,781,393	10,191,818
Other	6,718,290	6,860,570	7,804,077	7,092,830
Total Revenues	39,351,056	39,901,536	40,495,116	38,643,607
<i>EXPENDITURES AND TRANSFERS</i>				
Expenditures	(36,626,716)	(37,194,696)	(36,383,366)	(33,871,258)
Transfers Out	(4,340,495)	(5,228,575)	(5,127,209)	(2,403,077)
Total Expenditures and Transfers	(40,967,211)	(42,423,271)	(41,510,575)	(36,274,335)
Change in Fund Balance	(\$1,616,155)	(\$2,521,735)	(\$1,015,459)	\$2,369,272

The fund balance of the Village's General Fund decreased by \$1,015,459 during the current fiscal year, which was a planned decrease due to the positive fund balance growth that occurred during 2005. 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 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. Since actual General Fund revenues exceeded expenditures for fiscal year 2005, a transfer was done during 2006 from the General Fund to the Capital Improvements Fund and the Municipal Waste System Fund.

Actual General Fund revenues exceeded original budgeted revenues by \$1,144,060 during fiscal year 2006, which is due to the combination of several minor overages among several revenue sources. Actual General Fund expenditures and transfers were more than the original budget by \$543,364 and were less than the amended budget by \$912,696.

(See independent auditor's report.)

The 1991 EDA TIF Bond Fund decreased the combined fund balance of the governmental funds by \$11,639. This fund has a total fund balance of \$6,516 which is reserved for the payment of debt service.

The 2005 EDA TIF Refunding Bond Fund has a total fund balance of \$22,866,828. All of this fund balance is reserved for the payment of debt service. This amount includes a debt service reserve investment contract in the amount of \$12,098,000, 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 \$10,676,955 which is primarily due to the accumulation of funds needed for the principal payment that occurred in January, 2007.

The Sears Centre Capital Project Fund decreased the combined fund balance of the governmental funds by \$48,869,181. As was mentioned above, this money was held by the Village until a certificate of occupancy is issued for the arena. At that time, the funds were paid to the Developer to reimburse them for their development costs.

With respect to the business-type activities, the Water and Sewer Fund recorded an increase in net assets in the amount of \$419,111, which was significantly higher than the \$5.1 million decrease that was originally projected. This more positive outcome is due to significant reductions of budgeted projects which were unable to be completed during 2006. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$9,228,469.

The Village Board amended the fiscal year 2006 budget once. This budget amendment was primarily for the following purposes related to the General Fund:

- The Public Works Department had to increase their budget for gas & oil in the amount of \$120,000 due to actual market prices.
- Due to the results of the 2005 Fund Balance Policy Transfer, the operating transfer from the General Fund to the Municipal Waste System Fund had to be increased by \$284,310 and the transfer to the Capital Improvements Fund was increased by \$603,770.

Of the total increases of \$54,793,860, \$51,024,120 was to be funded from available fund balance in various funds. The remaining \$3,769,740 was funded out of miscellaneous increases in various revenues.

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, 2006 amounts to \$128,397,899 (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 increased 1.3 percent from 2005.

Major capital asset events during 2006 included the following:

(See independent auditor's report.)

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

- Five streets were reconstructed as part of the 2006 Street Revitalization Program. This resulted in \$1,842,714 being added to infrastructure assets.
- The Winding Trails subdivision was accepted into the Village, adding \$933,397 to land right of way and infrastructure assets and \$282,844 to water main and sanitary sewer assets.
- Poplar Creek Crossing was accepted into the Village, adding \$883,280 to water main and sanitary sewer assets.
- Prairie Stone Parkway was extended for LifeChangers Church and accepted into the Village, adding \$175,054 to infrastructure assets and \$52,850 to water main assets.
- The Sears Centre was accepted into the Village, adding \$107,840 to water main assets.
- The traffic signals at Prairie Stone Parkway and Beverly Road were accepted into the Village and added \$220,502 to infrastructure assets.
- The Police Department purchased 11 new vehicles, totaling \$231,495.
- The Public Works Department purchased a dump truck for \$100,057 and replaced a Front-end Loader in the amount of \$133,753.
- A security access control system was installed in all the Village buildings for \$138,068.

The following schedule reflects the Village's capital asset balances as of December 31, 2006.

Table 4
Capital Assets
As of December 31, 2006

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
Land and Land Right of Way	\$ 38,872,360	\$ 39,197,133	\$ 474,000	\$ 474,000	\$ 39,346,360	\$ 39,671,133
Buildings and Improvements	17,172,036	17,427,256	39,926,128	41,612,783	57,098,164	59,040,039
Machinery, Vehicles and Equipment	9,531,639	10,038,242	1,304,442	1,502,396	10,836,081	11,540,638
Infrastructure	82,353,209	85,156,337	-	-	82,353,209	85,156,337
Construction in Progress	-	-	-	-	-	-
Less:						
Accumulated Depreciation	(44,719,772)	(47,792,825)	(18,135,606)	(19,217,423)	(62,855,378)	(67,010,248)
Total	103,209,472	104,026,143	23,568,964	24,371,756	126,778,436	128,397,899

Additional information on the Village's capital assets can be found in note 4 on pages 45 and 46 of this report.

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

(See independent auditor's report.)

Table 5
Bonded and Similar Indebtedness
As of December 31, 2006

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
General Obligation Bonds	\$ 76,170,000	\$ 73,020,000	\$ -	\$ -	\$ 76,170,000	\$ 73,020,000
TIF Revenue Bonds	105,856,847	77,247,623	-	-	105,856,847	77,247,623
TIF Revenue Notes	92,730,674	95,914,221	-	-	92,730,674	95,914,221
Total	\$ 274,757,521	\$ 246,181,844	\$ -	\$ -	\$ 274,757,521	\$ 246,181,844

At the end of the current fiscal year, the Village had total debt outstanding of \$246,181,844 (excluding compensated absences, Net Pension Obligation, and Net Other Post-Employment Benefit Obligations). Of this amount, \$73,020,000 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 EDA TIF district.

In 2006, the Village's total debt decreased by \$28,575,677 which was 10.4 percent. The Village issued no new bonds during 2006.

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. 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 5 on pages 47 through 56 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 2006. The food and beverage tax was increased by 1.0 percent to a total of 2.0 percent and the hotel tax was increased by 1.0 percent to a total of 5.0 percent. Both of these increases were effective January 1, 2006.

The unemployment rate for the Village is currently 3.4 percent, which compares favorably to the county's average unemployment rate of 9.4 percent and the state's average rate of 7.9 percent.

(See independent auditor's report.)

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

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 51,496, 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 2007 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund stayed stable in the amount of \$14,302,062. The Village has appropriated \$1,091,040 of this amount for spending in the 2007 fiscal year budget.

The water and sewer rates were increased in December 2005 by an average of 5.8 percent for all customers, and again in December 2006 by the same amount. 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 60169.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 61,447,185	\$ 8,554,011	\$ 70,001,196
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	14,403,709	-	14,403,709
Accounts	84,793	1,453,182	1,537,975
Accrued Interest	164,476	33,727	198,203
Other	1,108,840	27,555	1,136,395
Deposits	59,200	-	59,200
Prepaid Expenses	693,767	10,551	704,318
Inventory	188,866	199,831	388,697
Due from Other Governments	3,742,078	-	3,742,078
Due to/from Other Funds	74,119	(74,119)	-
Advance to Fiduciary Funds	4,000	-	4,000
Net Pension Asset	337,374	-	337,374
Capital Assets			
Not Depreciated	39,197,133	474,000	39,671,133
Depreciated (Net of Accumulated Depreciation)	64,829,010	23,897,756	88,726,766
Deferred Charges	2,478,981	-	2,478,981
Total Assets	188,813,531	34,576,494	223,390,025
LIABILITIES			
Accounts Payable	2,671,635	644,686	3,316,321
Accrued Payroll	940,956	78,238	1,019,194
Accrued Interest Payable	447,949	-	447,949
Claims Payable	1,179,992	-	1,179,992
Benefits Payable	56,799	-	56,799
Unearned Revenues	14,987,874	-	14,987,874
Due to Fiduciary Funds	25,707	-	25,707
Deposits Payable	2,412,181	36,113	2,448,294
Long-Term Liabilities			
Due Within One Year	37,273,194	114,299	37,387,493
Due in More than One Year	211,424,428	102,933	211,527,361
Unamortized Bond Premium	(227,162)	-	(227,162)
Total Liabilities	271,193,553	976,269	272,169,822
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Restricted for	85,941,143	24,371,756	110,312,899
Highways and Streets	222,347	-	222,347
Emergency Equipment	1,011,980	-	1,011,980
Public Safety	211,458	-	211,458
Economic Development	6,087,296	-	6,087,296
Bridge Maintenance and Repairs	365,850	-	365,850
Debt Service	26,682,454	-	26,682,454
Unrestricted (Deficit)	(202,902,550)	9,228,469	(193,674,081)
TOTAL NET ASSETS	\$ (82,380,022)	\$ 33,600,225	\$ (48,779,797)

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 10,482,846	\$ 1,133,556	\$ 3,180	\$ -
Public Safety	27,142,353	2,183,630	150,669	-
Highways and Streets	6,140,084	882,063	1,658,914	-
Sanitation	864,300	896,554	-	-
Health and Welfare	1,774,857	1,616,373	-	-
Culture and Recreation	239,480	571,287	-	-
Economic Development	52,011,995	20,107,123	9,395	-
Interest	11,696,149	-	-	-
Total Governmental Activities	110,352,064	27,390,586	1,822,158	-
Business-Type Activities				
Waterworks and Sewerage	11,054,468	9,386,132	-	-
Total Business-Type Activities	11,054,468	9,386,132	-	-
TOTAL PRIMARY GOVERNMENT	\$ 121,406,532	\$ 36,776,718	\$ 1,822,158	\$ -

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (9,346,110)	\$ -	\$ (9,346,110)
	(24,808,054)	-	(24,808,054)
	(3,599,107)	-	(3,599,107)
	32,254	-	32,254
	(158,484)	-	(158,484)
	331,807	-	331,807
	(31,895,477)	-	(31,895,477)
	(11,696,149)	-	(11,696,149)
	(81,139,320)	-	(81,139,320)
	-	(1,668,336)	(1,668,336)
	-	(1,668,336)	(1,668,336)
	(81,139,320)	(1,668,336)	(82,807,656)
General Revenues			
Taxes			
Property	42,130,319	-	42,130,319
Sales	6,332,164	-	6,332,164
Home Rule Sales	3,268,927	-	3,268,927
Real Estate Transfer	1,111,758	-	1,111,758
Income and Local Use	4,809,651	-	4,809,651
Hotel/Motel	1,070,456	-	1,070,456
Telecommunications	3,753,103	-	3,753,103
Food and Beverage	1,631,322	-	1,631,322
Entertainment	153,314	-	153,314
Replacement	271,512	-	271,512
Other	15,075	-	15,075
Investment Income	4,312,040	395,450	4,707,490
Miscellaneous	788,180	39,832	828,012
Contributions	1,158,480	1,654,795	2,813,275
Transfers In (Out)	2,630	(2,630)	-
Total	70,808,931	2,087,447	72,896,378
CHANGE IN NET ASSETS	(10,330,389)	419,111	(9,911,278)
NET ASSETS (DEFICIT), JANUARY 1	(72,049,633)	33,181,114	(38,868,519)
NET ASSETS (DEFICIT), DECEMBER 31	\$ (82,380,022)	\$ 33,600,225	\$ (48,779,797)

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2006

	General	1991 EDA TIF Bond	2005 EDA TIF Refunding Bond	Sears Centre Capital Projects	Nonmajor Governmental Funds	Total
ASSETS						
Cash and Investments	\$ 14,501,358	\$ 6,490	\$ 22,930,416	\$ -	\$ 22,507,540	\$ 59,945,804
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)						
Property Taxes	12,061,945	-	-	-	2,341,764	14,403,709
Accounts	84,793	-	-	-	-	84,793
Accrued Interest	55,154	26	42,534	-	66,762	164,476
Other	410,277	-	-	-	646,662	1,056,939
Prepaid Items	17,324	-	-	-	676,443	693,767
Inventory	188,866	-	-	-	-	188,866
Due from Other Governments	3,619,080	-	-	-	122,998	3,742,078
Due from Other Funds	113,418	-	-	-	73,777	187,195
Advance to Other Funds	287,849	-	-	-	-	287,849
Advance to Fiduciary Funds	4,000	-	-	-	-	4,000
TOTAL ASSETS	\$ 31,344,064	\$ 6,516	\$ 22,972,950	\$ -	\$ 26,435,946	\$ 80,759,476
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 1,041,934	\$ -	\$ 106,122	\$ -	\$ 1,425,132	\$ 2,573,188
Accrued Payroll	851,509	-	-	-	71,881	923,390
Deferred Revenues	12,905,051	-	-	-	3,316,409	16,221,460
Due to Other Funds	129,309	-	-	-	108,730	238,039
Due to Fiduciary Funds	25,707	-	-	-	-	25,707
Advance from Other Funds	-	-	-	-	287,849	287,849
Deposits Payable	1,378,658	-	-	-	1,033,523	2,412,181
Total Liabilities	16,332,168	-	106,122	-	6,243,524	22,681,814
FUND BALANCES						
Reserved for Prepaid Items	17,324	-	-	-	676,443	693,767
Reserved for Inventory	188,866	-	-	-	-	188,866
Reserved for Advances to Other Funds	291,849	-	-	-	-	291,849
Reserved for Employee Loan Program	89,998	-	-	-	-	89,998
Reserved for Highways and Streets	-	-	-	-	222,347	222,347
Reserved for Emergency Equipment	-	-	-	-	1,011,980	1,011,980
Reserved for Public Safety	121,797	-	-	-	89,661	211,458
Reserved for Economic Development	-	-	-	-	6,086,296	6,086,296
Reserved for Bridge Maintenance and Repairs	-	-	-	-	365,850	365,850
Reserved for Debt Service	-	6,516	22,866,828	-	3,809,110	26,682,454
Unreserved						
Designated for Compensated Absences						
General Fund	1,923,346	-	-	-	-	1,923,346
Special Revenue Funds	-	-	-	-	16,493	16,493
Designated for Capital Projects	161,874	-	-	-	7,371,999	7,533,873
Undesignated - Special Revenue Funds	-	-	-	-	542,243	542,243
Undesignated - General Fund	12,216,842	-	-	-	-	12,216,842
Total Fund Balances	15,011,896	6,516	22,866,828	-	20,192,422	58,077,662
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,344,064	\$ 6,516	\$ 22,972,950	\$ -	\$ 26,435,946	\$ 80,759,476

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, 2006

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 58,077,662
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	
Capital Assets	104,026,143
Less Capital Assets of Internal Service Funds Included Below	(37,933)
Net Pension Asset is Reported as an Asset on the Statement of Net Assets	337,374
Unamortized Loss on Refunding is Shown as a Deferred Charge on the Statement of Net Assets	548,728
Unamortized Bond Issuance Cost is Shown as a Deferred Charge on the Statement of Net Assets	1,930,253
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	(1,957,599)
Plus Compensated Absences of Internal Service Funds Included Above	17,760
Termination Benefit	(19,838)
Net Other Post-Employment Benefit Obligation	(304,119)
Plus Net Other Post-Employment Benefit Obligation of Internal Service Funds Included Above	2,781
Net Pension Obligation	(234,222)
Unamortized Bond Premium	227,162
General Obligation Bonds Payable	(73,020,000)
Tax Increment Financing Bonds Payable	(77,247,623)
Tax Increment Financing Notes Payable	(95,914,221)
Accrued Interest on Long-Term Liabilities is Shown as a Liability on the Statement of Net Assets	(447,949)
Certain Revenues that are Deferred in Governmental Funds are Recognized as Revenue on the Statement of Net Assets	1,233,586
The Net Assets of the Internal Service Funds are Included in the Governmental Activities in the Statement of Net Assets	<u>402,033</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (82,380,022)</u></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, 2006

	General	1991 EDA TIF Bond	2005 EDA TIF Refunding Bond	Sears Centre Capital Projects	Nonmajor Governmental Funds	Total
REVENUES						
Taxes	\$ 20,909,646	\$ 2,483,072	\$ 21,804,432	\$ -	\$ 7,608,480	\$ 52,805,630
Licenses and Permits	1,974,164	-	-	-	-	1,974,164
Intergovernmental	11,781,393	-	-	-	1,703,087	13,484,480
Charges for Services	4,100,996	18,592,592	-	-	1,104,454	23,798,042
Fines and Forfeits	825,005	-	-	-	148,632	973,637
Investment Income	745,136	22,697	714,560	1,621,727	1,207,920	4,312,040
Miscellaneous	151,937	-	-	-	1,660,275	1,812,212
Total Revenues	40,488,277	21,098,361	22,518,992	1,621,727	13,432,848	99,160,205
EXPENDITURES						
Current						
General Government	5,096,565	-	-	-	226,966	5,323,531
Public Safety	23,836,847	-	-	-	2,866,491	26,703,338
Highways and Streets	4,436,085	-	-	-	1,433,537	5,869,622
Sanitation	-	-	-	-	864,300	864,300
Health and Welfare	1,800,992	-	-	-	-	1,800,992
Culture and Recreation	241,172	-	-	-	-	241,172
Economic Development	971,705	-	-	-	640,008	1,611,713
Capital Outlay	-	-	-	50,398,777	5,837,682	56,236,459
Debt Service						
Principal Retirement	-	21,110,000	9,500,000	-	3,150,000	33,760,000
Interest and Fiscal Charges	-	-	2,342,037	92,131	3,680,864	6,115,032
Total Expenditures	36,383,366	21,110,000	11,842,037	50,490,908	18,699,848	138,526,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,104,911	(11,639)	10,676,955	(48,869,181)	(5,267,000)	(39,365,954)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	5,518,910	5,518,910
Transfers (Out)	(5,127,209)	-	-	-	(437,055)	(5,564,264)
Sale of Capital Assets	6,839	-	-	-	-	6,839
Total Other Financing Sources (Uses)	(5,120,370)	-	-	-	5,081,855	(38,515)
NET CHANGE IN FUND BALANCES	(1,015,459)	(11,639)	10,676,955	(48,869,181)	(185,145)	(39,404,469)
FUND BALANCES, JANUARY 1	16,027,355	18,155	12,189,873	48,869,181	20,377,567	97,482,131
FUND BALANCES, DECEMBER 31	\$ 15,011,896	\$ 6,516	\$ 22,866,828	\$ -	\$ 20,192,422	\$ 58,077,662

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, 2006

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (39,404,469)
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	3,324,192
Contributions of Capital Assets are Reported Only in the Statement of Activities	1,158,480
Sales of Capital Assets are Reported as a Proceed in Governmental Funds but as a Gain (Loss) from Sale on the Statement of Activities	(28,058)
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	33,760,000
Certain Items are Reported as Interest Expense on the Statement of Activities:	
Accretion of Interest on Bonds	(5,184,323)
Change in Accrued Interest Payable	59,687
Amortization of Certain Deferred Charges	(456,481)
Depreciation Expense does not Require the Use of Current Financial Resources and, Therefore, is not Reported as Expenditures in Governmental Funds	(3,637,943)
Certain Revenues Recognition is Different on the Full Accrual Basis Than on the Modified Accrual Basis	548,110
The Termination Benefit is Shown as a Increase in Expense on the Statement of Activities	(19,838)
The Increase in the Net Other Post-Employment Benefit Obligation is Shown as an Increase in Expense on the Statement of Activities	(301,338)
The Increase in the Net Pension Obligation is Shown as a Increase in Expense on the Statement of Activities	(13,512)
The Increase in the Net Pension Asset is Shown as a Decrease in Expense on the Statement of Activities	879
The Change in Compensated Absences Payable is Shown as an Expense on the Statement of Activities	(224,531)
The Change in Net Assets of Certain Activities of Internal Service Funds (Excluding Depreciation Included Above) is in Governmental Funds	<u>88,756</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (10,330,389)</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2006

	Business-Type Activities Waterworks and Sewerage	Governmental Activities Internal Service
CURRENT ASSETS		
Cash and Investments	\$ 8,554,011	\$ 1,501,381
Receivables		
Accounts	1,453,182	-
Accrued Interest	33,727	-
Other	27,555	51,901
Deposits	-	59,200
Prepaid Expenses	10,551	-
Inventories	199,831	-
Due from Other Funds	-	165,753
Total Current Assets	<u>10,278,857</u>	<u>1,778,235</u>
CAPITAL ASSETS		
Not Depreciated	474,000	-
Depreciated	43,115,179	182,463
Accumulated Depreciation	<u>(19,217,423)</u>	<u>(144,530)</u>
Net Capital Assets	<u>24,371,756</u>	<u>37,933</u>
Total Assets	<u>34,650,613</u>	<u>1,816,168</u>
CURRENT LIABILITIES		
Accounts Payable	644,686	98,447
Accrued Payroll	78,238	17,566
Claims Payable	-	1,179,992
Benefits Payable	-	56,799
Due to Other Funds	74,119	40,790
Deposits Payable	36,113	-
Compensated Absences Payable	<u>114,299</u>	<u>17,760</u>
Total Current Liabilities	<u>947,455</u>	<u>1,411,354</u>
LONG-TERM LIABILITIES		
Compensated Absences Payable	76,510	-
Other Post-Employment Benefit Obligations	<u>26,423</u>	<u>2,781</u>
Total Long-Term Liabilities	<u>102,933</u>	<u>2,781</u>
Total Liabilities	<u>1,050,388</u>	<u>1,414,135</u>
NET ASSETS		
Invested in Capital Assets	24,371,756	37,933
Unrestricted	<u>9,228,469</u>	<u>364,100</u>
TOTAL NET ASSETS	<u>\$ 33,600,225</u>	<u>\$ 402,033</u>

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, 2006

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
OPERATING REVENUES		
Charges for Services	\$ 9,386,132	\$ 2,857,012
Total Operating Revenues	<u>9,386,132</u>	<u>2,857,012</u>
OPERATING EXPENSES		
Operations	-	922,577
Claims and Insurance	-	1,957,560
Water Division	8,328,622	-
Sewer Division	1,644,029	-
Depreciation	1,081,817	20,199
Total Operating Expenses	<u>11,054,468</u>	<u>2,900,336</u>
OPERATING INCOME (LOSS)	<u>(1,668,336)</u>	<u>(43,324)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	395,450	54,765
Miscellaneous Revenue	39,832	-
Grants	-	9,092
Recoveries	-	40
Total Nonoperating Revenues (Expenses)	<u>435,282</u>	<u>63,897</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(1,233,054)</u>	<u>20,573</u>
TRANSFERS		
Transfers In	21,330	47,984
Transfers (Out)	(23,960)	-
Total Transfers	<u>(2,630)</u>	<u>47,984</u>
CONTRIBUTIONS	<u>1,654,795</u>	<u>-</u>
CHANGE IN NET ASSETS	419,111	68,557
NET ASSETS, JANUARY 1	<u>33,181,114</u>	<u>333,476</u>
NET ASSETS, DECEMBER 31	<u>\$ 33,600,225</u>	<u>\$ 402,033</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2006

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 9,363,522	\$ -
Receipts from Interfund Services Transactions	-	2,906,904
Payments to Suppliers	(6,433,932)	(2,294,038)
Payments for Interfund Services Transactions	(938,411)	-
Payments to Employees	(2,359,550)	(628,155)
	<u>(368,371)</u>	<u>(15,289)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In	21,330	47,984
Transfers (Out)	(23,960)	-
	<u>(2,630)</u>	<u>47,984</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants	-	9,092
Capital Assets Purchased	(229,814)	-
	<u>(229,814)</u>	<u>9,092</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,474,994)	-
Sale of Investments	940,510	300,000
Interest Received	406,887	56,281
	<u>(127,597)</u>	<u>356,281</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	(728,412)	398,068
CASH AND CASH EQUIVALENTS, JANUARY 1		
	<u>3,882,926</u>	<u>1,103,313</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31		
	<u>\$ 3,154,514</u>	<u>\$ 1,501,381</u>
CASH AND INVESTMENTS		
Cash	\$ 3,154,514	\$ 1,501,381
Investments	5,399,497	-
	<u>\$ 8,554,011</u>	<u>\$ 1,501,381</u>
TOTAL CASH AND INVESTMENTS		

(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, 2006

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,668,336)	\$ (43,324)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash from Operating Activities		
Depreciation and Amortization	1,081,817	20,199
Miscellaneous Revenue	39,832	40
Changes in Assets and Liabilities		
Receivables	(47,393)	68,587
Prepaid Expenses	4,255	30,468
Due from Other Funds	-	(143,970)
Inventory	34,288	-
Accounts Payable	164,884	(131,669)
Accrued Payroll	1,025	787
Claims Payable	-	179,358
Benefits Payable	-	(6,508)
Due to Other Funds	8,021	8,763
Deposits Payable	(15,049)	-
Compensated Absences Payable	1,862	(801)
Other Post-Employment Benefits Payable	26,423	2,781
NET CASH FROM OPERATING ACTIVITIES	\$ (368,371)	\$ (15,289)
NONCASH TRANSACTIONS		
Developer Contributions	\$ 1,654,795	\$ -

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2006

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Short-Term Investments	\$ 3,357,826	\$ 7,717,363
Investments, at Fair Value		
U.S. Treasury Securities	23,763,485	-
U.S. Agency Securities	20,177,551	-
Illinois Metropolitan Investment Trust	689,351	-
Mutual Funds	21,194,859	-
Money Market Mutual Funds	2,910,915	-
Equity Securities	15,944,669	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accrued Interest	507,269	-
Due from General Fund	25,707	-
Assets Held by Agents	-	19,959
Total Assets	88,571,632	7,737,322
LIABILITIES		
Accounts Payable	19,550	-
Escrow Payable	2,264	-
Due to Participants	-	15,959
Advances From Other Funds	-	4,000
Due to Other Entities	-	7,717,363
Total Liabilities	21,814	\$ 7,737,322
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 88,549,818	

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, 2006

ADDITIONS	
Contributions	
Employer Contributions	\$ 2,818,235
Employee Contributions	1,385,730
Other Contributions	<u>20,362</u>
Total Contributions	<u>4,224,327</u>
Investment Income	
Net Appreciation in Fair Value of Investments	3,391,638
Interest	<u>3,229,711</u>
Total Investment Income	6,621,349
Less Investment Expense	<u>(214,921)</u>
Net Investment Income	<u>6,406,428</u>
Total Additions	<u>10,630,755</u>
DEDUCTIONS	
Benefits and Refunds	3,556,780
Miscellaneous	<u>44,131</u>
Total Deductions	<u>3,600,911</u>
NET INCREASE	7,029,844
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>81,519,974</u>
December 31	<u><u>\$ 88,549,818</u></u>

See accompanying notes to financial statements.

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

December 31, 2006

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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 changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds is 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 fund.

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 2005 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 2005 tax increment revenue refunding bond issue.

The Sears Centre Capital Projects Fund is used to account for the resources that are for the development of a multi-purpose indoor arena. Under the terms of the Redevelopment Financing Agreement between the Village and the Developer, the moneys held in this fund may not be paid to the Developer until certain conditions have been met, including but not limited to completion of construction and issuance of a certificate of occupancy.

The Village reports the following major proprietary fund:

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 internal service funds:

Internal service funds account for the Village's self-insured property, casualty and worker's compensation 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (pension funds) fund financial statements. Agency funds use the accrual basis of accounting but have no measurement focus. 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports deferred/unearned revenue on its financial statements. Deferred revenues arise when 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes

Property taxes for 2006 attach as an enforceable lien on January 1, 2006 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, 2007 and August 1, 2007, and are payable in two installments, on or about March 1, 2007 and September 1, 2007. The County collects such taxes and remits them periodically. Since the 2006 levy is intended to finance the 2007 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 inventories are recorded as expenditures when consumed rather than when purchased.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

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 are 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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as 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 expenditures.

O. Fund Balance/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. None of the Village’s restricted net assets are restricted as a result of enabling legislation adopted by the Village.

2. DEPOSITS AND INVESTMENTS

The Village's investment policy authorizes the Village to invest in debt securities guaranteed by the United States (explicitly or implicitly), debt securities of the United States or its agencies, interest bearing savings accounts, time deposits and certificates of deposit of a bank that is insured by the FDIC, certain insured short-term obligations of corporations organized in the United States, certain money market mutual funds, interest bearing bonds of other local governments, and Illinois Funds (a money market fund created by the State legislature under the control of the State Treasurer that maintains a \$1 share value). In addition, the pension funds may invest in certain tax anticipation warrants, certain savings and loan institutions, certain credit unions, certain mutual funds, certain obligations of the State of Israel (Fire Pension only) and life insurance contracts and separate accounts.

It is the policy of the Village and pension funds to invest their funds in a manner which will provide the highest investment return with the maximum security while meeting the operating demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

The Village maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the Village's funds.

A. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village, police and fire pension investment policies require pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name.

B. Investments

Village

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2006:

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

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Village (Continued)

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Agency Obligations	\$ 1,472,832	\$ 1,472,832	\$ -	\$ -	\$ -
U.S. Agency Notes	1,884,000	1,884,000	-	-	-
Money Market Mutual Funds	22,890,005	22,890,005	-	-	-
Investment Contracts	12,098,000	12,098,000	-	-	-
Illinois Funds	19,860,002	19,860,002	-	-	-
IMET	2,188,466	1,052,698	1,135,768	-	-
TOTAL	\$ 60,393,305	\$ 59,257,537	\$ 1,135,768	\$ -	\$ -

Police Pension

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2006:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 10,689,944	\$ 1,442,949	\$ 5,030,198	\$ 4,216,797	\$ -
U.S. Agency Obligations	10,929,899	927,849	3,916,951	4,107,324	1,977,775
Money Market Mutual Funds	571,975	571,975	-	-	-
Illinois Funds	1,326,013	1,326,013	-	-	-
TOTAL	\$ 23,517,831	\$ 4,268,786	\$ 8,947,149	\$ 8,324,121	\$ 1,977,775

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

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Fire Pension

The following table presents the investments and maturities of the Fire Pension Fund's debt securities as of December 31, 2006:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 13,073,541	\$ -	\$ 252,909	\$ 10,531,772	\$ 2,288,860
U.S. Agency Obligations	9,247,652	-	1,436,391	2,790,805	5,020,456
Money Market Mutual Funds	2,338,940	2,338,940	-	-	-
Illinois Funds	2,031,803	2,031,803	-	-	-
IMET	689,351	689,351	-	-	-
TOTAL	\$ 27,381,287	\$ 5,060,094	\$ 1,689,300	\$ 13,322,577	\$ 7,309,316

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed currently. The investment policy limits the maximum maturity lengths of most investments to two years. There are no specified maximum maturity lengths for the pension funds. The Police Pension policy has an investment horizon for its investments of three years. The Fire Pension has an investment horizon for its investments of three to five years. Also, up to 5% of police plan assets may be invested in non-liquid, long-term investments.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. The Illinois Funds and IMET are rated AAA by a national rating agency. Additionally, the U.S. Agency Obligations that consist of FHLMC securities are rated AAA by a national rating agency. For the pension funds, the U.S. Agency Obligations consist of FHLMC, FNMA, FHLB, GNMA and FFCB securities. For ratings that were available, these securities were rated AAA by a national rating agency.

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

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village, police and fire pension investment policies require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased.

Concentration of credit risk -. The Village's investment policy has the following diversification guidelines: No more than 40% of the Village's investments can be held at any one financial institution, exclusive of bonds, notes debenture or other obligations of the United States or its agencies. The Police Pension Fund has the following limitations: 10% to 45% of the overall portfolio should be invested in equities, 40% to 80% should be invested in fixed income securities and 1% to 10% should be invested in cash and cash equivalents. The Police Pension fund had greater than 5% of its overall portfolio invested in FNMA, FFCB and FHLMC securities implicitly guaranteed by the United States Government. The Fire Pension Fund does not have specific benchmarks for diversification other than as defined in Illinois Compiled Statutes. The Fire Pension fund had greater than 5% of its overall portfolio invested in FNMA and FHLMC securities implicitly guaranteed by the United States Government.

3. RECEIVABLES

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

GOVERNMENTAL ACTIVITIES	
Hotel Tax	\$ 202,635
Cable Franchise Fees	77,782
Grants	27,271
Entertainment Tax	27,869
911 Surcharge	34,235
Tipping Fees	43,429
Food and Beverage Tax	154,728
Employee Computer Program	89,998
Reinsurance	51,901
Installment Note	390,821
Other Miscellaneous	<u>8,171</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,108,840</u>

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

3. RECEIVABLES (Continued)

BUSINESS-TYPE ACTIVITIES	
Repair Reimbursement	\$ 21,180
Other Miscellaneous	6,375
	<u>27,555</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 27,555</u>

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

GOVERNMENTAL ACTIVITIES	
Sales Tax	\$ 1,510,758
Home Rule Sales Tax	797,591
Income Tax	253,909
Local Use Tax	160,193
Motor Fuel Tax	122,998
Simplified Telecommunications Tax	793,039
Court Fines	103,590
	<u>3,742,078</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 3,742,078</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balances January 1	Increases	Decreases	Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 4,249,750	\$ -	\$ -	\$ 4,249,750
Land Right of Way	34,622,610	324,773	-	34,947,383
Total Capital Assets not Being Depreciated	<u>38,872,360</u>	<u>324,773</u>	<u>-</u>	<u>39,197,133</u>
Capital Assets Being Depreciated				
Buildings and Improvements	17,172,036	255,220	-	17,427,256
Department Equipment	1,513,005	242,996	130,418	1,625,583
Vehicles	7,855,266	426,105	20,775	8,260,596
Office Furniture	15,225	-	-	15,225
Office Equipment	148,143	-	11,305	136,838
Infrastructure	82,353,209	3,233,578	430,450	85,156,337
Total Capital Assets Being Depreciated	<u>109,056,884</u>	<u>4,157,899</u>	<u>592,948</u>	<u>112,621,835</u>
Less Accumulated Depreciation for				
Buildings and Improvements	6,547,549	428,676	-	6,976,225
Department Equipment	1,052,545	99,767	118,980	1,033,332
Vehicles	3,602,134	639,892	4,155	4,237,871
Office Furniture	8,120	9,123	-	17,243
Office Equipment	102,530	1,015	11,305	92,240
Infrastructure	33,406,894	2,459,470	430,450	35,435,914
Total Accumulated Depreciation	<u>44,719,772</u>	<u>3,637,943</u>	<u>564,890</u>	<u>47,792,825</u>
Total Capital Assets Being Depreciated, Net	<u>64,337,112</u>	<u>519,956</u>	<u>28,058</u>	<u>64,829,010</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 103,209,472</u>	<u>\$ 844,729</u>	<u>\$ 28,058</u>	<u>\$ 104,026,143</u>

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

4. CAPITAL ASSETS (Continued)

	Balances January 1	Increases	Decreases	Balances December 31
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	39,926,128	1,686,655	-	41,612,783
Vehicles	834,345	84,909	-	919,254
Department Equipment	470,097	113,045	-	583,142
Total Capital Assets Being Depreciated	41,230,570	1,884,609	-	43,115,179
Less Accumulated Depreciation for				
Plant System and Equipment	17,007,245	1,019,430	-	18,026,675
Vehicles	761,900	48,840	-	810,740
Department Equipment	366,461	13,547	-	380,008
Total Accumulated Depreciation	18,135,606	1,081,817	-	19,217,423
Total Capital Assets Being Depreciated, Net	23,094,964	802,792	-	23,897,756
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 23,568,964	\$ 802,792	\$ -	\$ 24,371,756

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

GOVERNMENTAL ACTIVITIES

General Government	\$ 206,539
Public Safety	615,827
Highways and Streets, including Depreciation of General Infrastructure Assets	2,780,905
Health and Welfare	16,789
Culture and Recreation	2,106
Economic Development	15,777
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 3,637,943

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

5. 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	\$ 3,220,000	\$ -	\$ 400,000	\$ -	\$ 2,820,000	\$ 415,000
\$10,760,000 General Obligation Refunding Bonds, Series 2001, dated July 15, 2001 with interest at 4.00% to 4.50%.	Debt Service	7,360,000	-	1,265,000	-	6,095,000	1,375,000
\$6,155,000 General Obligation Refunding Bonds, Series 2003, dated September 1, 2003 with interest at 2.00% to 3.35%.	Debt Service	4,755,000	-	725,000	-	4,030,000	745,000
\$6,765,000 General Obligation Refunding Bonds, Series 2004, dated October 15, 2004 with interest at 3.00% to 3.75%.	Debt Service	5,900,000	-	760,000	-	5,140,000	785,000
\$54,935,000 General Obligation Taxable Bonds, Series 2005A, dated August 1, 2005 with interest at 4.40% to 5.40%.	Debt Service	54,935,000	-	-	-	54,935,000	1,030,000
TOTAL GENERAL OBLIGATION BONDS		\$ 76,170,000	\$ -	\$ 3,150,000	\$ -	\$ 73,020,000	\$ 4,350,000

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

5. 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	Refundings	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	\$ 40,456,847	\$ 2,000,776	\$ 21,110,000	\$ -	\$ 21,347,623	\$ 21,347,623
\$65,400,000 Tax Increment Revenue Refunding Bonds Series 2005, dated July 1, 2005 with interest of varied rates.	Debt Service	65,400,000	-	9,500,000	-	55,900,000	10,300,000
TOTAL TAX INCREMENT FINANCING BONDS		\$105,856,847	\$ 2,000,776	\$30,610,000	\$ -	\$ 77,247,623	\$ 31,647,623
Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.	Debt Service	\$ 89,145,834	\$ 3,183,547	\$ -	\$ -	\$ 92,329,381	\$ -
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		\$ 92,730,674	\$ 3,183,547	\$ -	\$ -	\$ 95,914,221	\$ -

The increase of \$2,000,776 in the 1991 Tax Increment Revenue Bonds reflects the increase in the accumulated value during the year ended December 31, 2006. The \$3,183,547 of the increase in the Tax Increment Revenue Notes represents interest due March 31 and September 30, 2006 that accrues to the principal balance if not paid. There were no new Tax Increment Revenue Notes issued in 2006.

5. LONG-TERM DEBT (Continued)

B. Tax Increment Financing Bonds and Notes (Continued)

2005 Tax Increment Revenue Refunding Bonds - Interest Rate Swap

Objective As a means to lower its borrowing costs, when compared against fixed-rate bonds at time of issuance in July 2005, the Village entered into an interest rate swap in connection with its \$65,400,000 Tax Increment Revenue Refunding Bonds, Series 2005. The intention of the swap was to effectively change the Village's variable interest rate to a synthetic fixed rate of 3.185%.

Terms The bonds and the related swap agreement mature on January 1, 2010 and the swap's notional amount of \$65,400,000 matches the \$65,400,000 variable-rate bonds. The swap was entered into at the same time the bonds were issued (July 2005). The notional value of the swap and the principal amount of the associated debt decline beginning in 2006 by equal principal amounts as noted in the debt service requirements to maturity schedule. Under the swap, the Village pays the counterparty a fixed payment of 3.185% and receives a variable payment equal to The Bond Market Associated Municipal Swap Index (BMA). The bond's variable rate coupons fluctuate weekly. As of December 31, 2006, rates were as follows:

Interest rate swap		
Fixed payment to counterparty	Fixed	3.185%
Variable payment from counterparty	BMA Index	(3.910)%
Net interest rate swap payments		(0.725)%
Variable-rate bond coupon payments	Variable	3.930%
Synthetic variable interest rate on bonds		3.205%

Fair value As of December 31, 2006, the swap had a positive fair value of \$288,878. The fair value of the swap may be countered by reductions in interest rate payments required under the variable-rate bond, creating a lower synthetic rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk The swap's fair value represented the Village's credit exposure to the counterparty as of December 31, 2006. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the Village faced a maximum possible loss equivalent to the swap's fair value. The swap counterparty was rated AA- by Fitch Ratings and Standard and Poor's and Aa1 by Moody's Investors Service as of December 31, 2006.

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

5. LONG-TERM DEBT (Continued)

B. Tax Increment Financing Bonds and Notes (Continued)

Termination risk The Village or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Village would be liable to the counterparty for a payment equal to the swap's fair value.

Debt service requirements to maturity for the debt are disclosed at the net interest rate of 3.205% at December 31, 2006. As rates vary in the future, variable rate bond interest payments will change.

C. 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
2007	\$ 4,350,000	\$ 3,565,876	\$ 31,647,623	\$ 2,056,368
2008	4,610,000	3,399,305	10,700,000	1,147,123
2009	4,920,000	3,215,543	11,100,000	792,436
2010	4,530,000	3,016,052	23,800,000	63,566
2011	3,840,000	2,831,009	-	-
2012-2016	8,550,000	12,460,653	-	-
2017-2021	9,075,000	10,412,233	-	-
2022-2026	11,750,000	7,740,430	-	-
2027-2031	15,270,000	4,214,430	-	-
2032-2033	6,125,000	468,990	-	-
TOTALS	\$ 73,020,000	\$ 51,324,521	\$ 77,247,623	\$ 4,059,493

Year Ending December 31	Tax Increment Financing Notes*	
	Principal	Interest
2007	\$	\$
2008		
2009		
2010		
2011		
2012		
TOTALS	\$	\$

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

5. LONG-TERM DEBT (Continued)

C. Debt Service Requirements to Maturity (Continued)

* 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%.

D. 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	\$ 76,170,000	\$ -	\$ 3,150,000	\$ -	\$ 73,020,000	\$ 4,350,000
Tax Increment Financing						
Bonds Payable	105,856,847	2,000,776	30,610,000	-	77,247,623	31,647,623
Notes Payable	92,730,674	3,183,547	-	-	95,914,221	-
Net Pension Obligation	220,710	13,512	-	-	234,222	-
Compensated Absences Payable - Governmental Funds *	1,715,308	1,373,861	1,149,330	-	1,939,839	1,243,172
Compensated Absences Payable - Internal Services Fund	18,561	17,760	18,561	-	17,760	17,760
Net Other Post-Employment Benefit Obligations	-	528,985	227,647	-	301,338	-
Net Other Post-Employment Benefit Obligations - Internal Service Fund	-	4,374	1,593	-	2,781	-
Termination Benefit**	36,620	-	16,782	-	19,838	14,639
TOTAL GOVERNMENTAL ACTIVITIES	\$276,748,720	\$ 7,122,815	\$ 35,173,913	\$ -	\$248,697,622	\$ 37,273,194

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

5. LONG-TERM DEBT (Continued)

D. Changes in Long-Term Liabilities (Continued)

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

** The General Fund has typically been used in prior years to liquidate the Termination Benefit Payable.

During the fiscal year the following changes occurred in liabilities reported in the Business-Type Activities:

	Balances January 1	Issuances or Accretions	Reductions	Balances December 31	Current Portion
Compensated Absences Payable	\$ 188,947	\$ 125,501	\$ 123,639	\$ 190,809	\$ 114,299
Net Other Post-Employment Benefit Obligations	-	41,554	15,131	26,423	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 188,947	\$ 167,055	\$ 138,770	\$ 217,232	\$ 114,299

E. 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.

F. Tax Increment Revenue Bond Ordinance Disclosures

The ordinances authorizing the issuance of the Series 2005 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:

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

5. LONG-TERM DEBT (Continued)

F. Tax Increment Revenue Bond Ordinance Disclosures (Continued)

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
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

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.

5. LONG-TERM DEBT (Continued)

F. Tax Increment Revenue Bond Ordinance Disclosures (Continued)

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) 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

5. LONG-TERM DEBT (Continued)

F. Tax Increment Revenue Bond Ordinance Disclosures (Continued)

7) The General Account (Continued)

- 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 145-160.

G. 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 2005 and Series 1991 tax increment revenue bonds.

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.

H. 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.

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

5. LONG-TERM DEBT (Continued)

H. Noncommitment Debt (Continued)

Material industrial development bonds outstanding at December 31, 2006 are as follows:

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

I. Termination Benefits

In fiscal year 2006, the Village implemented GASB Statement No. 47, *Accounting for Termination Benefits*. This pronouncement required the Village to calculate and record a termination benefit liability at December 31, 2006. The Termination Benefit liability is, in general, the future costs to the Village to fund costs associated with termination benefit.

J. Net Other Post-Employment Benefit Obligation

In fiscal year 2006, the Village implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. This pronouncement required the Village to calculate and record a net other post-employment benefit obligation (NOPEBO) at December 31, 2006. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2006.

6. INTERFUND ACCOUNTS

Due from/to other funds at December 31, 2006 consist of the following:

	Due From	Due To
General	\$ 113,418	\$ 155,016
Waterworks and Sewerage	-	74,119
Nonmajor Governmental	73,777	108,730
Fiduciary	25,707	-
Internal Service	165,753	40,790
TOTAL	\$ 378,655	\$ 378,655

All of the above Due From/Due To amounts outstanding primarily relate to the allocation of health, dental and worker's compensation insurance expenses and tax revenue allocation.

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

6. INTERFUND ACCOUNTS (Continued)

Advances from/to other funds at December 31, 2006 consisted of the following:

	Advance To	Advance From
General	\$ -	\$ 291,849
Nonmajor Governmental	287,849	-
Fiduciary	4,000	-
TOTAL	\$ 291,849	\$ 291,849

The purposes of significant advances from/to other funds are as follows:

\$287,849 Advance to Nonmajor Governmental Funds from other funds. This balance relates to 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. Repayment is not expected within one year

Interfund transfers during the year ended December 31, 2006 consisted of the following:

	Transfer In	Transfer Out
General	\$ -	\$ 5,127,209
Nonmajor Governmental	5,518,910	437,055
Waterworks and Sewerage	21,330	23,960
Internal Service	47,984	-
TOTAL	\$ 5,588,224	\$ 5,588,224

The purposes of significant interfund transfers are as follows:

- \$5,127,209 Transferred to other funds from the General Fund. This relates to routine transfers from the General Fund to the 2001 GO Debt Service Fund (\$234,180), 1997A GO Debt Service Fund (\$428,660), 2004 GO Debt Service Fund (\$567,060), Capital Improvements Fund (\$2,375,320), Capital Replacement Fund (\$907,960), Capital Vehicle & Equipment Fund (\$223,905), Insurance Fund (\$7,602), Information Systems Fund (\$40,382), Water & Sewer Fund (\$21,330), and Municipal Waste Fund (\$320,810) for the payment of debt service, capital project costs, and the subsidization of refuse rate increases. The transfers will not be repaid.

6. INTERFUND ACCOUNTS (Continued)

- \$5,518,910 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 (\$234,180), 1997A GO Debt Service Fund (\$428,660), 2004 GO Debt Service Fund (\$567,060), Capital Improvements Fund (\$2,375,320), Capital Replacement Fund (\$907,960), Capital Vehicle & Equipment Fund (\$223,905), and Municipal Waste Fund (\$320,810), transfers from the Motor Fuel Tax Fund to the 2004 GO Debt Service Fund (\$169,290), transfers from the EDA Administration Fund to the 1997A GO Debt Service Fund (\$34,430), Capital Vehicle & Equipment Fund (\$20,765), and Capital Replacement Fund (\$54,750), transfers from the E-911 Fund to the 1997A GO Debt Service Fund (\$85,000), transfers from the Roselle Road TIF Fund to the Capital Improvements Fund (\$72,820), and transfers from the Water & Sewer Fund to the Capital Improvements Fund (\$11,460) and Capital Vehicle & Equipment Fund (\$12,500) all for the payment of debt service and capital project costs. The transfers will not be repaid.
- \$437,055 Transferred to other funds from the Nonmajor Governmental Funds. This relates primarily to transfers from the Motor Fuel Tax Fund to the 2004 GO Debt Service Fund (\$169,290), transfers from the EDA Administration Fund to the 1997A GO Debt Service Fund (\$34,430), Capital Vehicle & Equipment Fund (\$20,765), and Capital Replacement Fund (\$54,750), transfers from the E-911 Fund to the 1997A GO Debt Service Fund (\$85,000), and transfers from the Roselle Road TIF Fund to the Capital Improvements Fund (\$72,820) all for the payment of debt service and capital project costs. The transfers will not be repaid.

7. 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 general liability and workers compensation, and has established a risk financing Insurance Fund (the Fund) for those 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, \$300,000 for each workers compensation claim in 2004, \$350,000 for each workers compensation claims in 2005 and \$500,000 for each workers compensation claims in 2006. The Fund provided coverage up to a maximum of \$50,000 for each health claim through 2004. As of January 1, 2005, the Village joined the Intergovernmental Personnel Benefit Cooperative (IPBC) for health claims. 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.

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

7. RISK MANAGEMENT (Continued)

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:

	2006	2005
UNPAID CLAIMS, BEGINNING OF YEAR	\$ 1,000,634	\$ 1,513,241
Incurred claims (including IBNR)	1,390,583	1,240,262
Claim payments	<u>(1,211,225)</u>	<u>(1,752,869)</u>
UNPAID CLAIMS, END OF YEAR	<u>\$ 1,179,992</u>	<u>\$ 1,000,634</u>

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.

7. RISK MANAGEMENT (Continued)

High-Level Excess Liability Pool (Continued)

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.

Intergovernmental Personnel Benefit Cooperative (IPBC)

Effective January 1, 2005, the Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental and nonprofit public service entities.

The IPBC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers: a Benefit Administrator and a Treasurer. The Village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

8. 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.

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.

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

9. 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>
2007	\$ 191,030
2008	210,130

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

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>
2007	\$ 4,801,000
2008	4,801,000
2009	4,801,000
2010	4,801,000
2011	4,801,000
2012-2016	24,005,000
2017-2021	24,005,000
2022	4,801,000

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.

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

9. CONTRACTUAL COMMITMENTS (Continued)

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>
2007	\$ 52,320
2008	64,005
2009	62,086
2010	60,168
2011	58,250
2012-2015	230,034

These amounts have been estimated based upon the Village's commitment for 2006. In future years, the annual expense will be subject to change based upon the actual tonnage of refuse disposed of and current SWANCC costs.

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 \$3,735,000 (\$467,872 paid as of December 31, 2006) 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, 2006, the Village has accrued an estimated rebate liability of \$73,765 for amounts collected by the state through December 31, 2006. The amounts to be reimbursed annually are limited to various percentages of sales taxes generated by the commercial entities.

10. JOINT VENTURES

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

Description of Joint Venture

The Village is a member of the 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.

JAWA is governed by a board of directors which consists 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 \$4,486,536 to JAWA for 2006. The Village does not have an equity interest in JAWA at December 31, 2006.

10. JOINT VENTURES (Continued)

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

The Village is a member of the 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.

10. JOINT VENTURES (Continued)

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

In accordance with the contract, the Village made payments totaling \$784,787 to SWANCC in 2006. The payments have been recorded in the Municipal Waste System Fund. The Village does not have an equity interest in SWANCC at December 31, 2006.

11. 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, 2006 was 10.75% of covered payroll.

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

11. 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, 2005, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	48
Terminated Employees Entitled to Benefits but not yet Receiving Them	1
Current Employees	
Vested	66
Nonvested	32
	<hr/>
TOTAL	<u>147</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, 2005, the Village's contribution was 20.02% of covered payroll.

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

11. 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, 2005, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	35
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	56
Nonvested	44
	<hr/>
TOTAL	<u>135</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, 2005, the Village's contribution was 18.95% of covered payroll.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. Significant Investments

Investments in Vanguard mutual funds exceed 5.00% of plan net assets for both the Police and Firefighters' Pension Plans. There are no other 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 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, 2004	December 31, 2004	December 31, 2004
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	28 Years, Closed	28 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)

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

Employer annual pension cost (APC), 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 Pension Cost (APC)	2004	\$ 872,022	2003	\$ 1,200,412	\$ 948,818
	2005	956,952	2004	1,336,949	1,182,673
	2006	1,090,910	2005	1,354,615	1,276,028
Actual Contribution	2004	\$ 872,022	2003	\$ 1,228,908	\$ 951,957
	2005	956,952	2004	1,373,666	1,194,531
	2006	1,090,910	2005	1,355,494	1,262,516
Percentage of APC Contributed	2004	100.00%	2003	102.40%	100.30%
	2005	100.00	2004	102.70	101.00
	2006	100.00	2005	100.06	98.94
NPO (Asset)	2004	\$ -	2003	\$ (299,778)	\$ 232,568
	2005	-	2004	(336,495)	220,710
	2006	-	2005	(337,374)	234,222

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

	Police Pension	Firefighters' Pension
Annual Required Contributions	\$ 1,363,653	\$ 1,270,100
Interest on Net Pension Obligation	(25,237)	16,553
Adjustment to Annual Required Contribution	16,199	(10,625)
Annual Pension Cost	1,354,615	1,276,028
Contributions Made	1,355,494	1,262,516
Change in Net Pension Obligation (Asset)	(879)	13,512
Net Pension Obligation (Asset), Beginning of Year	(336,495)	220,710
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ (337,374)	\$ 234,222

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Segment Information

Fiduciary Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 1,326,018	\$ 2,031,808	\$ 3,357,826
Investments, at Fair Value			
U.S. Treasury Securities	10,689,944	13,073,541	23,763,485
U.S. Agency Securities	10,929,899	9,247,652	20,177,551
Illinois Metropolitan Investment Trust	-	689,351	689,351
Mutual Funds	18,196,703	2,998,156	21,194,859
Money Market Mutual Funds	571,975	2,338,940	2,910,915
Equities	-	15,944,669	15,944,669
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	243,384	263,885	507,269
Due from General Fund	12,199	13,508	25,707
Total Assets	41,970,122	46,601,510	88,571,632
LIABILITIES			
Accounts Payable	1,912	17,638	19,550
Escrow Payable	-	2,264	2,264
Total Liabilities	1,912	19,902	21,814
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 41,968,210	\$ 46,581,608	\$ 88,549,818

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Segment Information (Continued)

Changes in Plan Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 1,471,015	\$ 1,347,220	\$ 2,818,235
Employee Contributions	736,842	648,888	1,385,730
Other Contributions	20,349	13	20,362
Total Contributions	2,228,206	1,996,121	4,224,327
Investment Income			
Net Appreciation in Fair Value of Investments	2,209,993	1,181,645	3,391,638
Interest	1,377,312	1,852,399	3,229,711
Total Investment Income	3,587,305	3,034,044	6,621,349
Less Investment Expense	(75,462)	(139,459)	(214,921)
Net Investment Income	3,511,843	2,894,585	6,406,428
Total Additions	5,740,049	4,890,706	10,630,755
DEDUCTIONS			
Benefits and Refunds	1,952,493	1,604,287	3,556,780
Miscellaneous	16,749	27,382	44,131
Total Deductions	1,969,242	1,631,669	3,600,911
NET INCREASE	3,770,807	3,259,037	7,029,844
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	38,197,403	43,322,571	81,519,974
December 31	\$ 41,968,210	\$ 46,581,608	\$ 88,549,818

12. TERMINATION BENEFITS

On September 22, 2003 and November 19, 2004, the Village entered into two separate agreements providing for the payment of 39 and 44 months of health insurance costs, respectively. Employees were required to resign as of a designated date and to maintain the same coverage as they were provided during their employment. Under the agreement, the Village contributed 100% of the employee's health insurance premiums for the period covered, July 1, 2004 - September 30, 2007 and January 1, 2005 - August 31, 2008, respectively. The Village has calculated the premium payments for the remaining period of the benefit based on the 2007 premium rates for 2007 and assuming an 8% medical inflation rate for premiums to be paid in 2008. The Village makes monthly insurance payments for the premium amount in conjunction with their regular health insurance premium payments. As of December 31, 2006, the Village's remaining contributions due under the agreements was \$19,453.

13. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described, the Village provides post-employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental and business-type activities.

B. Benefits Provided

The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan.

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

13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

C. Membership

At December 31, 2006, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	73
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>334</u>
TOTAL	<u>407</u>
Participating Employers	<u>1</u>

D. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

E. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of December 31, 2005 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2006. The Village's annual OPEB cost (expense) of \$574,913 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of December 31, 2005. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2006 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of December 31, 2005):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2006	\$ 574,913	\$ 244,371	42.51%	\$ 330,542

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

13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of December 31, 2006, was calculated as follows:

Annual Required Contribution	\$ 574,913
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
	<hr/>
Annual OPEB Cost	574,913
Contributions Made	244,371
	<hr/>
Increase (Decrease) in Net OPEB Obligation	330,542
Net OPEB Obligation Beginning of Year	-
	<hr/>
NET OPEB OBLIGATION END OF YEAR	<u>\$ 330,542</u>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2006, was as follows:

Actuarial accrued liability (AAL)	\$ 8,678,983
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	8,678,983
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return and an annual healthcare cost trend rate of 8.0%. Both rates include a 5.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was twenty-nine years.

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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 21,502,996	\$ 21,502,996	\$ 20,909,646	\$ 21,358,959
Licenses and Permits	1,744,140	1,744,140	1,974,164	2,032,103
Intergovernmental	11,129,770	11,537,970	11,781,393	10,191,818
Charges for Services	3,703,050	3,789,750	4,100,996	3,754,742
Fines and Forfeits	651,000	651,000	825,005	597,037
Investment Income	450,100	488,180	745,136	426,348
Miscellaneous	166,000	183,500	151,937	279,439
Total Revenues	39,347,056	39,897,536	40,488,277	38,640,446
EXPENDITURES				
Current				
General Government	4,978,150	5,255,530	5,096,565	4,559,935
Public Safety	23,774,846	24,046,546	23,836,847	21,932,451
Highways and Streets	4,738,240	4,743,340	4,436,085	4,265,588
Health and Welfare	1,842,520	1,842,520	1,800,992	1,671,142
Culture and Recreation	257,330	257,330	241,172	223,112
Economic Development	1,035,630	1,049,430	971,705	1,219,030
Total Expenditures	36,626,716	37,194,696	36,383,366	33,871,258
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,720,340	2,702,840	4,104,911	4,769,188
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(4,340,495)	(5,228,575)	(5,127,209)	(2,403,077)
Sale of Capital Assets	4,000	4,000	6,839	3,161
Total Other Financing Sources (Uses)	(4,336,495)	(5,224,575)	(5,120,370)	(2,399,916)
NET CHANGE IN FUND BALANCE	\$ (1,616,155)	\$ (2,521,735)	(1,015,459)	2,369,272
FUND BALANCE, JANUARY 1			16,027,355	13,658,083
FUND BALANCE, DECEMBER 31			\$ 15,011,896	\$ 16,027,355

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2006

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 department/fund level. During the year one budget amendment was 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 (excluding the Arena Reserve Fund), enterprise, internal service and all trust funds. All annual budgets lapse at year end.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2006

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)
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%
2005	24,975,810	28,864,113	86.53%	3,888,303	9,607,953	40.47%
2006	27,262,318	30,742,302	88.68%	3,479,984	10,148,000	34.29%

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

POLICE PENSION FUND

December 31, 2006

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
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	36,312,217	52,154,449	69.62%	15,842,232	6,624,855	239.13%
2005	38,197,403	57,086,394	66.91%	18,888,991	6,771,593	278.94%
2006	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

FIREFIGHTERS' PENSION FUND

December 31, 2006

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
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	40,731,107	49,152,952	82.87%	8,421,845	6,340,870	132.82%
2005	43,322,571	53,329,382	81.24%	10,006,811	6,661,577	150.22%
2006	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

OTHER POST-EMPLOYMENT BENEFIT PLAN

December 31, 2006

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2006	\$ -	\$ 8,678,983	0.00%	\$ 8,678,983	N/A	N/A

N/A - Information not available.

The Village implemented GASB Statement No. 45 for the fiscal year ended December 31, 2006.

Information for prior years is not available.

(See independent auditor's report.)

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

December 31, 2006

<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2005	956,952	956,952	100.00%
2006	1,090,910	1,090,910	100.00%

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 POLICE PENSION FUND

December 31, 2006

<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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	1,345,336	102.11%
2005	1,355,494	1,363,653	99.40%
2006	1,471,015	N/A	N/A

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FIREFIGHTERS' PENSION FUND

December 31, 2006

<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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	1,176,166	101.56%
2005	1,262,516	1,270,100	99.40%
2006	1,347,220	N/A	N/A

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN

December 31, 2006

<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2006	\$ 244,371	\$ 574,913	42.51%

The Village implemented GASB Statement No. 45 for the fiscal year ended December 31, 2006.

Information for prior years is not available.

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMPARATIVE BALANCE SHEET

GENERAL FUND

December 31, 2006
(with comparative totals for 2005)

	2006	2005
ASSETS		
Cash and Investments	\$ 14,501,358	\$ 14,366,578
Receivables		
Property Taxes	12,061,945	11,426,163
Accounts	84,793	40,584
Accrued Interest	55,154	81,970
Other	410,277	429,213
Prepaid Items	17,324	16,993
Inventory	188,866	166,857
Due from Other Governments	3,619,080	3,192,471
Due from Other Funds	113,418	52,416
Advance to Other Funds	287,849	1,237,885
Advance to Fiduciary Funds	4,000	-
TOTAL ASSETS	\$ 31,344,064	\$ 31,011,130
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 1,041,934	\$ 716,456
Accrued Payroll	851,509	786,865
Deferred Revenues	12,905,051	12,082,680
Due to Other Funds	129,309	2,363
Due to Fiduciary Funds	25,707	58,588
Deposits Payable	1,378,658	1,336,823
Total Liabilities	16,332,168	14,983,775
FUND BALANCE		
Reserved for Prepaid Items	17,324	16,993
Reserved for Inventory	188,866	166,857
Reserved for Advances to Other Funds	291,849	1,237,885
Reserved for Public Safety	121,797	142,319
Reserved for Employee Loan Program	89,998	99,468
Unreserved - Designated for Compensated Absences	1,923,346	1,696,714
Unreserved - Designated for Capital Projects	161,874	-
Unreserved - Undesignated	12,216,842	12,667,119
Total Fund Balance	15,011,896	16,027,355
TOTAL LIABILITIES AND FUND BALANCE	\$ 31,344,064	\$ 31,011,130

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
GENERAL GOVERNMENT				
Legislative	\$ 293,780	\$ 328,780	\$ 323,699	\$ 273,676
Administration	710,690	698,690	673,677	619,548
Legal	286,830	291,230	290,152	418,212
Finance	706,810	718,810	718,325	708,149
Village Clerk	177,400	177,400	164,591	155,490
Human Resources Management	346,530	361,430	359,376	276,079
Special Projects	149,780	149,780	146,134	-
Buildings and Grounds	800,150	800,150	708,278	746,783
Equipment and Supply	1,241,360	1,401,360	1,400,608	1,246,769
Police and Fire Commission	105,130	151,930	151,863	28,394
Emergency Operations	-	16,280	16,191	-
Miscellaneous Boards and Commissions	159,690	159,690	143,671	86,835
Total General Government	4,978,150	5,255,530	5,096,565	4,559,935
PUBLIC SAFETY				
Police Department				
Administration	1,490,450	1,490,450	1,491,231	1,299,989
Juvenile Investigations	667,330	667,330	635,360	629,732
Problem Oriented Policing	216,000	216,000	215,214	202,767
Tactical	784,680	784,680	709,234	743,683
Patrol and Response	6,607,420	6,607,420	6,572,603	5,939,544
Traffic Control	825,420	825,420	828,643	795,030
Investigations	945,460	945,460	982,912	875,866
Community Relations	229,880	229,880	231,503	220,927
Communications	586,600	586,600	602,995	563,546
Canine	234,060	234,060	230,548	179,070
Special Services	116,640	203,340	142,575	58,538
Records	238,250	238,250	226,233	224,925
Administrative Services	712,210	712,210	695,693	646,090
Total Police Department	13,654,400	13,741,100	13,564,744	12,379,707
Fire Department				
Administration	696,970	696,970	702,677	598,207
Public Education	113,110	113,110	92,447	119,170
Suppression	5,036,006	5,201,006	5,288,997	4,889,256
Emergency Medical Services	3,757,840	3,757,840	3,727,879	3,596,576
Fire Prevention	381,130	381,130	336,590	248,966
E.S.D.A.	72,460	72,460	45,691	39,412
Fire Stations	62,930	82,930	77,822	61,157
Total Fire Department	10,120,446	10,305,446	10,272,103	9,552,744
Total Public Safety	23,774,846	24,046,546	23,836,847	21,932,451

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
HIGHWAYS AND STREETS				
Administration - Public Works	\$ 298,160	\$ 298,160	\$ 295,088	\$ 266,207
Snow and Ice Control	1,256,450	1,256,450	1,093,431	1,334,374
Asphalt	329,710	329,710	298,026	246,009
Forestry	865,900	865,900	774,863	642,436
Maintenance	244,340	244,340	240,325	217,554
Storm Sewers	171,280	173,880	173,783	155,765
Utilities	538,890	538,890	524,779	544,003
Engineering	1,033,510	1,036,010	1,035,790	451,231
Transportation	-	-	-	408,009
Total Highways and Streets	4,738,240	4,743,340	4,436,085	4,265,588
HEALTH AND WELFARE				
Health and Human Services	694,150	694,150	674,889	648,862
Code Enforcement	1,148,370	1,148,370	1,126,103	1,022,280
Total Health and Welfare	1,842,520	1,842,520	1,800,992	1,671,142
CULTURE AND RECREATION				
Cable T.V.	142,220	142,220	127,868	116,070
4th of July	115,110	115,110	113,304	107,042
Total Culture and Recreation	257,330	257,330	241,172	223,112
ECONOMIC DEVELOPMENT				
Administration - Community Development	179,530	179,530	176,207	201,202
Planning	574,040	587,840	587,759	593,520
Economic Development	282,060	282,060	207,739	424,308
Total Economic Development	1,035,630	1,049,430	971,705	1,219,030
TOTAL EXPENDITURES	\$ 36,626,716	\$ 37,194,696	\$ 36,383,366	\$ 33,871,258

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 6,070,000	\$ 6,070,000	\$ 2,483,072	\$ 694,247
Investment Income	80,000	80,000	22,697	44,624
Miscellaneous	14,000,000	14,000,000	18,592,592	12,461,716
Total Revenues	20,150,000	20,150,000	21,098,361	13,200,587
EXPENDITURES				
Debt Service				
Principal Retirement	21,110,000	21,110,000	21,110,000	18,210,000
Total Expenditures	21,110,000	21,110,000	21,110,000	18,210,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(960,000)	(960,000)	(11,639)	(5,009,413)
OTHER FINANCING SOURCES (USES)				
Transfer In	960,000	960,000	-	963,281
Transfer (Out)	-	-	-	(30,000)
Total Other Financing Sources (Uses)	960,000	960,000	-	933,281
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(11,639)	(4,076,132)
FUND BALANCE, JANUARY 1			18,155	4,094,287
FUND BALANCE, DECEMBER 31			\$ 6,516	\$ 18,155

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

2005 EDA TIF REFUNDING BOND FUND

For the Year Ended December 31, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 10,570,226	\$ 10,870,226	\$ 21,804,432	\$ 432,011
Investment Income	975,000	975,000	714,560	594,435
Total Revenues	11,545,226	11,845,226	22,518,992	1,026,446
EXPENDITURES				
Debt Service				
Principal Retirement	9,500,000	9,500,000	9,500,000	-
Interest and Fiscal Charges	1,085,226	1,385,226	2,342,037	4,460,772
Total Expenditures	10,585,226	10,885,226	11,842,037	4,460,772
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	960,000	960,000	10,676,955	(3,434,326)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	30,000
Transfer (Out)	(960,000)	(960,000)	-	(963,281)
Bond Issued, at Par	-	-	-	65,400,000
Payment to Escrow Agent	-	-	-	(66,518,105)
Total Other Financing Sources (Uses)	(960,000)	(960,000)	-	(2,051,386)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	10,676,955	(5,485,712)
FUND BALANCE, JANUARY 1			12,189,873	17,675,585
FUND BALANCE, DECEMBER 31			\$ 22,866,828	\$ 12,189,873

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

SEARS CENTRE CAPITAL PROJECTS FUND

For the Year Ended December 31, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ -	\$ 1,621,730	\$ 1,621,727	\$ 745,159
Total Revenues	-	1,621,730	1,621,727	745,159
EXPENDITURES				
Capital Outlay	-	50,398,800	50,398,777	-
Debt Service	-	92,130	92,131	976,316
Interest and Fiscal Charges	-	92,130	92,131	976,316
Total Expenditures	-	50,490,930	50,490,908	976,316
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(48,869,200)	(48,869,181)	(231,157)
OTHER FINANCING SOURCES (USES)				
Bond Issued, at Par	-	-	-	49,521,242
Discount on Issuance of Bonds	-	-	-	(420,904)
Total Other Financing Sources (Uses)	-	-	-	49,100,338
NET CHANGE IN FUND BALANCE	\$ -	\$ (48,869,200)	(48,869,181)	48,869,181
FUND BALANCE, JANUARY 1			48,869,181	-
FUND BALANCE, DECEMBER 31			\$ -	\$ 48,869,181

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2006

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 3,962,652	\$ 3,791,960	\$ 14,752,928	\$ 22,507,540
Receivables				
Property Taxes	787,996	1,553,768	-	2,341,764
Accrued Interest	1,114	6,081	59,567	66,762
Other	478,000	77,364	91,298	646,662
Prepaid Items	57,710	-	618,733	676,443
Due from Other Governments	122,998	-	-	122,998
Due from Other Funds	422	-	73,355	73,777
TOTAL ASSETS	\$ 5,410,892	\$ 5,429,173	\$ 15,595,881	\$ 26,435,946
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 52,190	\$ 3,292	\$ 1,369,650	\$ 1,425,132
Accrued Payroll	71,881	-	-	71,881
Deferred Revenues	1,772,993	1,543,416	-	3,316,409
Due from Other Funds	35,375	73,355	-	108,730
Advance from Other Funds	287,849	-	-	287,849
Deposits Payable	31,490	-	1,002,033	1,033,523
Total Liabilities	2,251,778	1,620,063	2,371,683	6,243,524
FUND BALANCES				
Reserved for Prepaid Items	57,710	-	618,733	676,443
Reserved for Highways and Streets	222,347	-	-	222,347
Reserved for Emergency Equipment	1,011,980	-	-	1,011,980
Reserved for Public Safety	89,661	-	-	89,661
Reserved for Debt Service	-	3,809,110	-	3,809,110
Reserved for Economic Development	1,218,680	-	4,867,616	6,086,296
Reserved for Bridge Maintenance and Repairs	-	-	365,850	365,850
Unreserved - Designated for Compensated Absences	16,493	-	-	16,493
Unreserved - Designated for Capital Projects	-	-	7,371,999	7,371,999
Unreserved - Undesignated	542,243	-	-	542,243
Total Fund Balances	3,159,114	3,809,110	13,224,198	20,192,422
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,410,892	\$ 5,429,173	\$ 15,595,881	\$ 26,435,946

(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, 2006

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 4,362,182	\$ 2,352,484	\$ 893,814	\$ 7,608,480
Intergovernmental	1,703,087	-	-	1,703,087
Charges for Services	896,554	-	207,900	1,104,454
Fines and Forfeits	148,632	-	-	148,632
Investment Income	242,625	236,620	728,675	1,207,920
Miscellaneous	82,546	1,380,038	197,691	1,660,275
Total Revenues	7,435,626	3,969,142	2,028,080	13,432,848
EXPENDITURES				
Current				
General Government	226,966	-	-	226,966
Public Safety	2,866,491	-	-	2,866,491
Highways and Streets	1,433,537	-	-	1,433,537
Sanitation	864,300	-	-	864,300
Economic Development	640,008	-	-	640,008
Capital Outlay	-	-	5,837,682	5,837,682
Debt Service				
Principal Retirement	-	3,150,000	-	3,150,000
Interest and Fiscal Charges	-	3,680,864	-	3,680,864
Total Expenditures	6,031,302	6,830,864	5,837,682	18,699,848
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,404,324	(2,861,722)	(3,809,602)	(5,267,000)
OTHER FINANCING SOURCES (USES)				
Transfers In	320,810	1,518,620	3,679,480	5,518,910
Transfers (Out)	(437,055)	-	-	(437,055)
Total Other Financing Sources (Uses)	(116,245)	1,518,620	3,679,480	5,081,855
NET CHANGE IN FUND BALANCES	1,288,079	(1,343,102)	(130,122)	(185,145)
FUND BALANCES, JANUARY 1	1,871,035	5,152,212	13,354,320	20,377,567
FUND BALANCES, DECEMBER 31	\$ 3,159,114	\$ 3,809,110	\$ 13,224,198	\$ 20,192,422

(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.

Community Development Block Grant Fund - to account for revenues and expenditures related to the Village's Community Development Block Grant.

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, and 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, 2006

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration
ASSETS				
Cash and Investments	\$ 101,745	\$ -	\$ 689,066	\$ 1,196,974
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Other	-	9,395	-	120
Prepaid Items	-	-	-	-
Due from Other Governments	122,998	-	-	-
Due from Other Funds	-	-	-	422
TOTAL ASSETS	\$ 224,743	\$ 9,395	\$ 689,066	\$ 1,197,516
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 2,396	\$ -	\$ 212	\$ 31,434
Accrued Payroll	-	-	2,547	69,334
Deferred Revenues	-	-	596,646	-
Due to Other Funds	-	9,395	-	25,980
Advance from Other Funds	-	-	-	287,849
Deposits Payable	-	-	-	31,490
Total Liabilities	2,396	9,395	599,405	446,087
FUND BALANCES				
Reserved for Prepaid Items	-	-	-	-
Reserved for Highways and Streets	222,347	-	-	-
Reserved for Emergency Equipment	-	-	-	-
Reserved for Economic Development	-	-	-	734,936
Reserved for Public Safety	-	-	89,661	-
Unreserved				
Designated for Compensated Absences	-	-	-	16,493
Undesignated	-	-	-	-
Total Fund Balances	222,347	-	89,661	751,429
TOTAL LIABILITIES AND FUND BALANCES	\$ 224,743	\$ 9,395	\$ 689,066	\$ 1,197,516

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ 976,631	\$ 507,520	\$ 490,716	\$ 3,962,652
-	-	787,996	787,996
1,114	-	-	1,114
34,235	43,429	390,821	478,000
-	57,710	-	57,710
-	-	-	122,998
-	-	-	422
<u>\$ 1,011,980</u>	<u>\$ 608,659</u>	<u>\$ 1,669,533</u>	<u>\$ 5,410,892</u>
\$ -	\$ 8,706	\$ 9,442	\$ 52,190
-	-	-	71,881
-	-	1,176,347	1,772,993
-	-	-	35,375
-	-	-	287,849
-	-	-	31,490
-	8,706	1,185,789	2,251,778
-	57,710	-	57,710
-	-	-	222,347
1,011,980	-	-	1,011,980
-	-	483,744	1,218,680
-	-	-	89,661
-	-	-	16,493
-	542,243	-	542,243
<u>1,011,980</u>	<u>599,953</u>	<u>483,744</u>	<u>3,159,114</u>
<u>\$ 1,011,980</u>	<u>\$ 608,659</u>	<u>\$ 1,669,533</u>	<u>\$ 5,410,892</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, 2006

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 3,611,523
Intergovernmental	1,482,856	9,395	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	148,632	-
Investment Income	9,518	-	3,170	139,770
Miscellaneous	-	-	-	12,661
Total Revenues	1,492,374	9,395	151,802	3,763,954
EXPENDITURES				
Current				
General Government	-	-	-	226,966
Public Safety	-	-	152,771	2,704,215
Highways and Streets	1,310,234	-	-	123,303
Sanitation	-	-	-	-
Economic Development	-	9,395	-	-
Total Expenditures	1,310,234	9,395	152,771	3,054,484
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	182,140	-	(969)	709,470
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	(169,290)	-	-	(109,945)
Total Other Financing Sources (Uses)	(169,290)	-	-	(109,945)
NET CHANGE IN FUND BALANCES	12,850	-	(969)	599,525
FUND BALANCES, JANUARY 1	209,497	-	90,630	151,904
FUND BALANCES, DECEMBER 31	\$ 222,347	\$ -	\$ 89,661	\$ 751,429

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ -	\$ 308	\$ 750,351	\$ 4,362,182
210,836	-	-	1,703,087
-	896,554	-	896,554
-	-	-	148,632
36,206	17,545	36,416	242,625
-	2,183	67,702	82,546
247,042	916,590	854,469	7,435,626
-	-	-	226,966
9,505	-	-	2,866,491
-	-	-	1,433,537
-	864,300	-	864,300
-	-	630,613	640,008
9,505	864,300	630,613	6,031,302
237,537	52,290	223,856	1,404,324
-	320,810	-	320,810
(85,000)	-	(72,820)	(437,055)
(85,000)	320,810	(72,820)	(116,245)
152,537	373,100	151,036	1,288,079
859,443	226,853	332,708	1,871,035
\$ 1,011,980	\$ 599,953	\$ 483,744	\$ 3,159,114

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 1,510,790	\$ 1,510,790	\$ 1,482,856	\$ 1,502,581
Investment Income	4,480	4,480	9,518	5,567
Total Revenues	<u>1,515,270</u>	<u>1,515,270</u>	<u>1,492,374</u>	<u>1,508,148</u>
EXPENDITURES				
Current				
Highways and Streets	<u>1,323,800</u>	<u>1,323,800</u>	<u>1,310,234</u>	<u>1,298,726</u>
Total Expenditures	<u>1,323,800</u>	<u>1,323,800</u>	<u>1,310,234</u>	<u>1,298,726</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>191,470</u>	<u>191,470</u>	<u>182,140</u>	<u>209,422</u>
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	<u>(169,290)</u>	<u>(169,290)</u>	<u>(169,290)</u>	<u>(164,360)</u>
Total Other Financing Sources (Uses)	<u>(169,290)</u>	<u>(169,290)</u>	<u>(169,290)</u>	<u>(164,360)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 22,180</u>	<u>\$ 22,180</u>	12,850	45,062
FUND BALANCE, JANUARY 1			<u>209,497</u>	<u>164,435</u>
FUND BALANCE, DECEMBER 31			<u>\$ 222,347</u>	<u>\$ 209,497</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

For the Year Ended December 31, 2006

	2006		
	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 9,400	\$ 9,395
Total Revenues	-	9,400	9,395
EXPENDITURES			
Current			
Economic Development	-	9,400	9,395
Total Expenditures	-	9,400	9,395
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

ASSET SEIZURE FUND

For the Year Ended December 31, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Fines and Forfeits	\$ 547,790	\$ 547,790	\$ 148,632	\$ 166,152
Investment Income	1,610	1,610	3,170	1,933
Total Revenues	549,400	549,400	151,802	168,085
EXPENDITURES				
Current				
Public Safety	367,790	367,790	152,771	174,354
Total Expenditures	367,790	367,790	152,771	174,354
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	181,610	181,610	(969)	(6,269)
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	(180,000)	(180,000)	-	-
Total Other Financing Sources (Uses)	(180,000)	(180,000)	-	-
NET CHANGE IN FUND BALANCE	\$ 1,610	\$ 1,610	(969)	(6,269)
FUND BALANCE, JANUARY 1			90,630	96,899
FUND BALANCE, DECEMBER 31			\$ 89,661	\$ 90,630

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 3,435,168	\$ 3,435,168	\$ 3,611,523	\$ 3,284,102
Investment Income	55,800	97,800	139,770	69,329
Miscellaneous	-	-	12,661	15,199
Total Revenues	3,490,968	3,532,968	3,763,954	3,368,630
EXPENDITURES				
Current				
General Government	201,090	243,090	226,966	196,760
Public Safety	2,951,830	2,951,830	2,704,215	2,821,778
Highways and Streets	128,300	128,300	123,303	117,158
Total Expenditures	3,281,220	3,323,220	3,054,484	3,135,696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	209,748	209,748	709,470	232,934
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	(109,945)	(109,945)	(109,945)	(95,530)
Total Other Financing Sources (Uses)	(109,945)	(109,945)	(109,945)	(95,530)
NET CHANGE IN FUND BALANCE	\$ 99,803	\$ 99,803	599,525	137,404
FUND BALANCE, JANUARY 1			151,904	14,500
FUND BALANCE, DECEMBER 31			\$ 751,429	\$ 151,904

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 210,836	\$ 217,698
Investment Income	20,200	20,200	36,206	24,050
Total Revenues	250,200	250,200	247,042	241,748
EXPENDITURES				
Current				
Public Safety	-	9,600	9,505	-
Total Expenditures	-	9,600	9,505	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	250,200	240,600	237,537	241,748
OTHER FINANCING SOURCES (USES)				
Transfer (Out)	(85,000)	(85,000)	(85,000)	(85,000)
Total Other Financing Sources (Uses)	(85,000)	(85,000)	(85,000)	(85,000)
NET CHANGE IN FUND BALANCE	\$ 165,200	\$ 155,600	152,537	156,748
FUND BALANCE, JANUARY 1			859,443	702,695
FUND BALANCE, DECEMBER 31			\$ 1,011,980	\$ 859,443

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 308	\$ 3
Charges for Services	908,160	908,160	896,554	880,637
Investment Income	8,400	8,400	17,545	9,404
Miscellaneous	2,400	2,400	2,183	2,334
Total Revenues	918,960	918,960	916,590	892,378
EXPENDITURES				
Current				
Sanitation	923,880	923,880	864,300	930,335
Total Expenditures	923,880	923,880	864,300	930,335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,920)	(4,920)	52,290	(37,957)
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	36,500	36,500	320,810	-
Total Other Financing Sources (Uses)	36,500	36,500	320,810	-
NET CHANGE IN FUND BALANCE	\$ 31,580	\$ 31,580	373,100	(37,957)
FUND BALANCE, JANUARY 1			226,853	264,810
FUND BALANCE, DECEMBER 31			\$ 599,953	\$ 226,853

(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, 2006
(with comparative actual for 2005)

	2006		Actual	2005
	Original Budget	Final Budget		Actual
REVENUES				
Taxes	\$ 580,000	\$ 750,000	\$ 750,351	\$ 526,252
Investment Income	100	100	36,416	1,148
Miscellaneous Income	-	67,700	67,702	-
Total Revenues	580,100	817,800	854,469	527,400
EXPENDITURES				
Current				
Economic Development	345,000	705,000	630,613	76,316
Total Expenditures	345,000	705,000	630,613	76,316
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	235,100	112,800	223,856	451,084
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	-	-	(72,820)	-
Total Other Financing Sources (Uses)	-	-	(72,820)	-
NET CHANGE IN FUND BALANCE	\$ 235,100	\$ 112,800	151,036	451,084
FUND BALANCE (DEFICIT), JANUARY 1			332,708	(118,376)
FUND BALANCE, DECEMBER 31			\$ 483,744	\$ 332,708

(See independent auditor's report.)

NONMAJOR DEBT SERVICE FUNDS

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.

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.

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.

2005A General Obligation Debt Service Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2005A general obligation bond issue.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2006

	1997A & B General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
ASSETS			
Cash and Investments	\$ 3,291	\$ 240,937	\$ 154,632
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	-	468,013	867,918
Accrued Interest	-	15	28
Other	-	77,364	-
TOTAL ASSETS	\$ 3,291	\$ 786,329	\$ 1,022,578
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 300	\$ 2,992	\$ -
Deferred Revenues	-	464,938	862,148
Due to Other Funds	-	73,355	-
Total Liabilities	300	541,285	862,148
FUND BALANCES			
Reserved for Debt Service	2,991	245,044	160,430
Total Fund Balances	2,991	245,044	160,430
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,291	\$ 786,329	\$ 1,022,578

2004 General Obligation Refunding Bond	2005A General Obligation Debt Service	Total
\$ 110,600	\$ 3,282,500	\$ 3,791,960
217,837	-	1,553,768
7	6,031	6,081
-	-	77,364
<u>\$ 328,444</u>	<u>\$ 3,288,531</u>	<u>\$ 5,429,173</u>
\$ -	\$ -	\$ 3,292
216,330	-	1,543,416
-	-	73,355
<u>216,330</u>	<u>-</u>	<u>1,620,063</u>
<u>112,114</u>	<u>3,288,531</u>	<u>3,809,110</u>
<u>112,114</u>	<u>3,288,531</u>	<u>3,809,110</u>
<u>\$ 328,444</u>	<u>\$ 3,288,531</u>	<u>\$ 5,429,173</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, 2006

	1997A & B General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
REVENUES			
Taxes	\$ -	\$ 1,271,230	\$ 857,116
Investment Income	2,427	32,655	24,308
Miscellaneous	-	-	-
Total Revenues	2,427	1,303,885	881,424
EXPENDITURES			
Debt Service			
Principal Retirement	400,000	1,265,000	725,000
Interest and Fiscal Charges	148,688	325,200	135,873
Total Expenditures	548,688	1,590,200	860,873
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(546,261)	(286,315)	20,551
OTHER FINANCING SOURCES (USES)			
Transfers In	548,090	234,180	-
Total Other Financing Sources (Uses)	548,090	234,180	-
NET CHANGE IN FUND BALANCES	1,829	(52,135)	20,551
FUND BALANCES, JANUARY 1	1,162	297,179	139,879
FUND BALANCES, DECEMBER 31	\$ 2,991	\$ 245,044	\$ 160,430

	2004 General Obligation Refunding Bond	2005A General Obligation Debt Service	Total
\$	224,138	\$ -	\$ 2,352,484
	11,778	165,452	236,620
	-	1,380,038	1,380,038
	235,916	1,545,490	3,969,142
	760,000	-	3,150,000
	201,550	2,869,553	3,680,864
	961,550	2,869,553	6,830,864
	(725,634)	(1,324,063)	(2,861,722)
	736,350	-	1,518,620
	736,350	-	1,518,620
	10,716	(1,324,063)	(1,343,102)
	101,398	4,612,594	5,152,212
\$	112,114	\$ 3,288,531	\$ 3,809,110

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 600	\$ 600	\$ 2,427	\$ 1,822
Total Revenues	600	600	2,427	1,822
EXPENDITURES				
Debt Service				
Principal Retirement	400,000	400,000	400,000	380,000
Interest and Fiscal Charges	148,690	148,690	148,688	166,088
Total Expenditures	548,690	548,690	548,688	546,088
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(548,090)	(548,090)	(546,261)	(544,266)
OTHER FINANCING SOURCES (USES)				
Transfer In	548,090	548,090	548,090	545,190
Total Other Financing Sources (Uses)	548,090	548,090	548,090	545,190
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,829	924
FUND BALANCE, JANUARY 1			1,162	238
FUND BALANCE, DECEMBER 31			\$ 2,991	\$ 1,162

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 1,358,420	\$ 1,358,420	\$ 1,271,230	\$ 1,274,505
Investment Income	10,000	10,000	32,655	20,244
Total Revenues	1,368,420	1,368,420	1,303,885	1,294,749
EXPENDITURES				
Debt Service				
Principal Retirement	1,265,000	1,265,000	1,265,000	1,165,000
Interest and Fiscal Charges	325,200	325,200	325,200	371,800
Total Expenditures	1,590,200	1,590,200	1,590,200	1,536,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(221,780)	(221,780)	(286,315)	(242,051)
OTHER FINANCING SOURCES (USES)				
Transfer In	234,180	234,180	234,180	245,110
Total Other Financing Sources (Uses)	234,180	234,180	234,180	245,110
NET CHANGE IN FUND BALANCE	\$ 12,400	\$ 12,400	(52,135)	3,059
FUND BALANCE, JANUARY 1			297,179	294,120
FUND BALANCE, DECEMBER 31			\$ 245,044	\$ 297,179

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 864,273	\$ 864,273	\$ 857,116	\$ 796,643
Investment Income	8,000	8,000	24,308	13,722
Total Revenues	872,273	872,273	881,424	810,365
EXPENDITURES				
Debt Service				
Principal Retirement	725,000	725,000	725,000	665,000
Interest and Fiscal Charges	135,873	135,873	135,873	150,835
Total Expenditures	860,873	860,873	860,873	815,835
NET CHANGE IN FUND BALANCE	\$ 11,400	\$ 11,400	20,551	(5,470)
FUND BALANCE, JANUARY 1			139,879	145,349
FUND BALANCE, DECEMBER 31			\$ 160,430	\$ 139,879

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 225,700	\$ 225,700	\$ 224,138	\$ 225,210
Investment Income	4,000	4,000	11,778	5,166
Total Revenues	<u>229,700</u>	<u>229,700</u>	<u>235,916</u>	<u>230,376</u>
EXPENDITURES				
Debt Service				
Principal Retirement	760,000	760,000	760,000	735,000
Interest and Fiscal Charges	201,650	201,650	201,550	223,600
Total Expenditures	<u>961,650</u>	<u>961,650</u>	<u>961,550</u>	<u>958,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(731,950)</u>	<u>(731,950)</u>	<u>(725,634)</u>	<u>(728,224)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	736,350	736,350	736,350	728,090
Total Other Financing Sources (Uses)	<u>736,350</u>	<u>736,350</u>	<u>736,350</u>	<u>728,090</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,400</u>	<u>\$ 4,400</u>	10,716	(134)
FUND BALANCE, JANUARY 1			<u>101,398</u>	<u>101,532</u>
FUND BALANCE, DECEMBER 31			<u>\$ 112,114</u>	<u>\$ 101,398</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

2005A GENERAL OBLIGATION DEBT SERVICE FUND

For the Year Ended December 31, 2006
(with comparative actual for 2005)

	2006		Actual	2005
	Original Budget	Final Budget		Actual
REVENUES				
Investment Income	\$ 175,000	\$ 175,000	\$ 165,452	\$ 83,615
Miscellaneous	-	100	1,380,038	-
Total Revenues	175,000	175,100	1,545,490	83,615
EXPENDITURES				
Debt Service				
Interest and Fiscal Charges	2,869,550	2,869,650	2,869,553	884,779
Total Expenditures	2,869,550	2,869,650	2,869,553	884,779
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,694,550)	(2,694,550)	(1,324,063)	(801,164)
OTHER FINANCING SOURCES (USES)				
Bond Issued, at Par	-	-	-	5,413,758
Total Other Financing Sources (Uses)	-	-	-	5,413,758
NET CHANGE IN FUND BALANCE	\$ (2,694,550)	\$ (2,694,550)	(1,324,063)	4,612,594
FUND BALANCE, JANUARY 1			4,612,594	-
FUND BALANCE, DECEMBER 31			\$ 3,288,531	\$ 4,612,594

(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.

Arena Reserve Fund - to account for financial resources arising from activities at the Sears Centre and build a reserve for future costs of the Village that will arise due to the impact of the Arena.

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, 2006

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project
ASSETS				
Cash and Investments	\$ 279,128	\$ 235,696	\$ 733,473	\$ 5,702,157
Receivables				
Accrued Interest	-	-	1,770	14,197
Other	-	-	-	-
Prepaid Items	-	-	-	1,000
Due from Other Funds	-	-	-	-
TOTAL ASSETS	\$ 279,128	\$ 235,696	\$ 735,243	\$ 5,717,354
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 25,135	\$ -	\$ 1,313	\$ 848,738
Deposits Payable	145,103	-	-	-
Total Liabilities	170,238	-	1,313	848,738
FUND BALANCES				
Reserved for Prepaid Items	-	-	-	1,000
Reserved for Economic Development	-	-	-	4,867,616
Reserved for Bridge Maintenance and Repairs	-	-	-	-
Unreserved - Designated for Capital Projects	108,890	235,696	733,930	-
Total Fund Balances	108,890	235,696	733,930	4,868,616
TOTAL LIABILITIES AND FUND BALANCES	\$ 279,128	\$ 235,696	\$ 735,243	\$ 5,717,354

Western Area Traffic Improvement	Capital Improvements	Arena Reserve	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Columbine Bridge Maintenance	Capital Replacement	Western Corridor	Total
\$ 370,620	\$ 858,665	\$ 62,723	\$ 1,092,258	\$ 491,679	\$ 365,850	\$ 4,269,145	\$ 291,534	\$ 14,752,928
-	11,979	141	1,273	-	-	30,207	-	59,567
-	77,364	13,934	-	-	-	-	-	91,298
-	-	-	-	-	-	617,733	-	618,733
-	73,355	-	-	-	-	-	-	73,355
\$ 370,620	\$ 1,021,363	\$ 76,798	\$ 1,093,531	\$ 491,679	\$ 365,850	\$ 4,917,085	\$ 291,534	\$ 15,595,881
\$ 3,166	\$ 434,228	\$ -	\$ 25,135	\$ 15,902	\$ -	\$ 16,033	\$ -	\$ 1,369,650
-	299,267	-	557,663	-	-	-	-	1,002,033
3,166	733,495	-	582,798	15,902	-	16,033	-	2,371,683
-	-	-	-	-	-	617,733	-	618,733
-	-	-	-	-	-	-	-	4,867,616
-	-	-	-	-	365,850	-	-	365,850
367,454	287,868	76,798	510,733	475,777	-	4,283,319	291,534	7,371,999
367,454	287,868	76,798	510,733	475,777	365,850	4,901,052	291,534	13,224,198
\$ 370,620	\$ 1,021,363	\$ 76,798	\$ 1,093,531	\$ 491,679	\$ 365,850	\$ 4,917,085	\$ 291,534	\$ 15,595,881

(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, 2006

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	4,932	-	-	153,719
Investment Income	10,622	11,097	34,197	303,518
Miscellaneous	669	-	43,073	-
Total Revenues	16,223	11,097	77,270	457,237
EXPENDITURES				
Capital Outlay	-	-	-	1,585,065
Total Expenditures	-	-	-	1,585,065
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,223	11,097	77,270	(1,127,828)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	16,223	11,097	77,270	(1,127,828)
FUND BALANCES, JANUARY 1	92,667	224,599	656,660	5,996,444
FUND BALANCES, DECEMBER 31	\$ 108,890	\$ 235,696	\$ 733,930	\$ 4,868,616

Western Area Traffic Improvement	Capital Improvements	Arena Reserve	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Columbine Bridge Maintenance	Capital Replacement	Western Corridor	Total
\$ -	\$ 817,157	\$ 76,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 893,814
-	22,532	-	-	-	-	-	26,717	207,900
17,294	69,044	141	41,788	22,947	18,028	187,405	12,594	728,675
38,725	47,518	-	67,706	-	-	-	-	197,691
56,019	956,251	76,798	109,494	22,947	18,028	187,405	39,311	2,028,080
-	3,757,473	-	-	184,173	19,844	291,127	-	5,837,682
-	3,757,473	-	-	184,173	19,844	291,127	-	5,837,682
56,019	(2,801,222)	76,798	109,494	(161,226)	(1,816)	(103,722)	39,311	(3,809,602)
-	2,459,600	-	-	257,170	-	962,710	-	3,679,480
-	2,459,600	-	-	257,170	-	962,710	-	3,679,480
56,019	(341,622)	76,798	109,494	95,944	(1,816)	858,988	39,311	(130,122)
311,435	629,490	-	401,239	379,833	367,666	4,042,064	252,223	13,354,320
\$ 367,454	\$ 287,868	\$ 76,798	\$ 510,733	\$ 475,777	\$ 365,850	\$ 4,901,052	\$ 291,534	\$ 13,224,198

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 52,500	\$ 52,500	\$ 4,932	\$ 292,038
Investment Income	7,600	7,600	10,622	8,062
Miscellaneous Income	-	-	669	-
Total Revenues	60,100	60,100	16,223	300,100
EXPENDITURES				
Capital Outlay	70,000	70,000	-	290,416
Total Expenditures	70,000	70,000	-	290,416
NET CHANGE IN FUND BALANCE	\$ (9,900)	\$ (9,900)	16,223	9,684
FUND BALANCE, JANUARY 1			92,667	82,983
FUND BALANCE, DECEMBER 31			\$ 108,890	\$ 92,667

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 5,580	\$ 5,580	\$ 11,097	\$ 6,822
Total Revenues	5,580	5,580	11,097	6,822
EXPENDITURES				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 5,580	\$ 5,580	11,097	6,822
FUND BALANCE, JANUARY 1			224,599	217,777
FUND BALANCE, DECEMBER 31			\$ 235,696	\$ 224,599

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 20,720	\$ 20,720	\$ 34,197	\$ 20,621
Miscellaneous Income	-	-	43,073	-
Total Revenues	20,720	20,720	77,270	20,621
EXPENDITURES				
Capital Outlay	417,500	417,500	-	100,602
Total Expenditures	417,500	417,500	-	100,602
NET CHANGE IN FUND BALANCE	\$ (396,780)	\$ (396,780)	77,270	(79,981)
FUND BALANCE, JANUARY 1			656,660	736,641
FUND BALANCE, DECEMBER 31			\$ 733,930	\$ 656,660

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 175,000	\$ 175,000	\$ 153,719	\$ 576,572
Investment Income	140,000	140,000	303,518	197,252
Total Revenues	315,000	315,000	457,237	773,824
EXPENDITURES				
Capital Outlay	615,000	1,615,000	1,585,065	1,538,197
Total Expenditures	615,000	1,615,000	1,585,065	1,538,197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(300,000)	(1,300,000)	(1,127,828)	(764,373)
OTHER FINANCING SOURCES (USES)				
Note Proceeds	30,000	30,000	-	-
Total Other Financing Sources (Uses)	30,000	30,000	-	-
NET CHANGE IN FUND BALANCE	\$ (270,000)	\$ (1,270,000)	(1,127,828)	(764,373)
FUND BALANCE, JANUARY 1			5,996,444	6,760,817
FUND BALANCE, DECEMBER 31			\$ 4,868,616	\$ 5,996,444

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 10,000	\$ 10,000	\$ 17,294	\$ 10,246
Miscellaneous Income	-	-	38,725	-
Total Revenues	10,000	10,000	56,019	10,246
EXPENDITURES				
Capital Outlay	97,500	97,500	-	100,602
Total Expenditures	97,500	97,500	-	100,602
NET CHANGE IN FUND BALANCE	\$ (87,500)	\$ (87,500)	56,019	(90,356)
FUND BALANCE, JANUARY 1			311,435	401,791
FUND BALANCE, DECEMBER 31			\$ 367,454	\$ 311,435

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 953,310	\$ 953,310	\$ 817,157	\$ -
Intergovernmental	-	-	-	145
Charges for Services	-	-	22,532	21,143
Investment Income	64,770	64,770	69,044	58,415
Miscellaneous	266,320	266,320	47,518	54,718
Total Revenues	1,284,400	1,284,400	956,251	134,421
EXPENDITURES				
Capital Outlay	3,272,870	3,775,640	3,757,473	1,119,929
Total Expenditures	3,272,870	3,775,640	3,757,473	1,119,929
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,988,470)	(2,491,240)	(2,801,222)	(985,508)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,872,550	2,375,320	2,459,600	328,780
Total Other Financing Sources (Uses)	1,872,550	2,375,320	2,459,600	328,780
NET CHANGE IN FUND BALANCE	\$ (115,920)	\$ (115,920)	(341,622)	(656,728)
FUND BALANCE, JANUARY 1			629,490	1,286,218
FUND BALANCE, DECEMBER 31			\$ 287,868	\$ 629,490

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 70,000	\$ 70,000	\$ -	\$ 358,199
Investment Income	18,300	18,300	41,788	22,206
Miscellaneous Income	-	-	67,706	-
Total Revenues	88,300	88,300	109,494	380,405
EXPENDITURES				
Capital Outlay	70,000	70,000	-	271,999
Total Expenditures	70,000	70,000	-	271,999
NET CHANGE IN FUND BALANCE	\$ 18,300	\$ 18,300	109,494	108,406
FUND BALANCE, JANUARY 1			401,239	292,833
FUND BALANCE, DECEMBER 31			\$ 510,733	\$ 401,239

(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, 2006
(with comparative actual for 2005)

	2006		2005	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 43,690	\$ 43,690	\$ -	\$ -
Investment Income	20,000	20,000	22,947	18,500
Total Revenues	63,690	63,690	22,947	18,500
EXPENDITURES				
Capital Outlay	300,860	300,860	184,173	364,558
Total Expenditures	300,860	300,860	184,173	364,558
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(237,170)	(237,170)	(161,226)	(346,058)
OTHER FINANCING SOURCES (USES)				
Transfers In	257,170	257,170	257,170	73,390
Total Other Financing Sources (Uses)	257,170	257,170	257,170	73,390
NET CHANGE IN FUND BALANCE	<u>\$ 20,000</u>	<u>\$ 20,000</u>	95,944	(272,668)
FUND BALANCE, JANUARY 1			379,833	652,501
FUND BALANCE, DECEMBER 31			<u>\$ 475,777</u>	<u>\$ 379,833</u>

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 10,100	\$ 10,100	\$ 18,028	\$ 11,554
Total Revenues	10,100	10,100	18,028	11,554
EXPENDITURES				
Capital Outlay	-	20,000	19,844	-
Total Expenditures	-	20,000	19,844	-
NET CHANGE IN FUND BALANCE	\$ 10,100	\$ (9,900)	(1,816)	11,554
FUND BALANCE, JANUARY 1			367,666	356,112
FUND BALANCE, DECEMBER 31			\$ 365,850	\$ 367,666

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 99,600	\$ 99,600	\$ 187,405	\$ 119,541
Total Revenues	99,600	99,600	187,405	119,541
EXPENDITURES				
Capital Outlay	480,910	480,910	291,127	40,928
Total Expenditures	480,910	480,910	291,127	40,928
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(381,310)	(381,310)	(103,722)	78,613
OTHER FINANCING SOURCES (USES)				
Transfers In	962,710	962,710	962,710	727,670
Sale of Capital Assets	-	-	-	58,923
Total Other Financing Sources (Uses)	962,710	962,710	962,710	786,593
NET CHANGE IN FUND BALANCE	\$ 581,400	\$ 581,400	858,988	865,206
FUND BALANCE, JANUARY 1			4,042,064	3,176,858
FUND BALANCE, DECEMBER 31			<u>\$ 4,901,052</u>	<u>\$ 4,042,064</u>

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 80,960	\$ 80,960	\$ 26,717	\$ 43,446
Investment Income	5,640	5,640	12,594	6,816
Total Revenues	86,600	86,600	39,311	50,262
EXPENDITURES				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 86,600	\$ 86,600	39,311	50,262
FUND BALANCE, JANUARY 1			252,223	201,961
FUND BALANCE, DECEMBER 31			\$ 291,534	\$ 252,223

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

WATERWORKS AND SEWERAGE FUND

December 31, 2006
(with comparative totals for 2005)

	2006	2005
CURRENT ASSETS		
Cash and Investments	\$ 8,554,011	\$ 8,747,938
Receivables		
Accounts - Billed	727,737	675,988
Accounts - Unbilled	725,445	688,919
Accrued Interest	33,727	45,165
Other	27,555	68,437
Prepaid Expenses	10,551	14,806
Inventories	199,831	234,119
Total Current Assets	10,278,857	10,475,372
CAPITAL ASSETS		
Not Depreciated	474,000	474,000
Depreciated	43,115,179	41,230,570
Accumulated Depreciation	(19,217,423)	(18,135,606)
Net Capital Assets	24,371,756	23,568,964
Total Assets	34,650,613	34,044,336
CURRENT LIABILITIES		
Accounts Payable	644,686	479,802
Accrued Payroll	78,238	77,213
Due to Other Funds	74,119	66,098
Deposits Payable	36,113	51,162
Compensated Absences Payable	114,299	123,639
Total Current Liabilities	947,455	797,914
LONG-TERM LIABILITIES		
Compensated Absences Payable	76,510	65,308
Other Post-Employment Benefit Obligations	26,423	-
Total Long-Term Liabilities	102,933	65,308
Total Liabilities	1,050,388	863,222
NET ASSETS		
Invested in Capital Assets	24,371,756	23,568,964
Unrestricted	9,228,469	9,612,150
TOTAL NET ASSETS	\$ 33,600,225	\$ 33,181,114

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 9,913,000	\$ 9,913,000	\$ 9,386,132	\$ 10,240,821
Total Operating Revenues	9,913,000	9,913,000	9,386,132	10,240,821
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water Division	10,359,160	10,359,160	8,328,622	8,166,406
Sewer Division	3,785,880	3,785,880	1,644,029	1,342,416
Total Operating Expenses Excluding Depreciation	14,145,040	14,145,040	9,972,651	9,508,822
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(4,232,040)	(4,232,040)	(586,519)	731,999
DEPRECIATION	1,169,720	1,169,720	1,081,817	1,075,237
OPERATING INCOME (LOSS)	(5,401,760)	(5,401,760)	(1,668,336)	(343,238)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	250,000	250,000	395,450	251,322
Miscellaneous Revenue	6,500	6,500	39,832	27,455
Total Nonoperating Revenues (Expenses)	256,500	256,500	435,282	278,777
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(5,145,260)	(5,145,260)	(1,233,054)	(64,461)
TRANSFERS				
Transfers In	21,330	21,330	21,330	50,500
Transfers (Out)	(12,500)	(12,500)	(23,960)	-
Total Transfers	8,830	8,830	(2,630)	50,500
CONTRIBUTIONS	-	-	1,654,795	2,026,130
CHANGE IN NET ASSETS	\$ (5,136,430)	\$ (5,136,430)	419,111	2,012,169
NET ASSETS, JANUARY 1			33,181,114	31,168,945
NET ASSETS, DECEMBER 31			\$ 33,600,225	\$ 33,181,114

(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, 2006

	Information Systems	Insurance	Total
CURRENT ASSETS			
Cash and Investments	\$ 462,428	\$ 1,038,953	\$ 1,501,381
Receivables			
Other	-	51,901	51,901
Deposits	-	59,200	59,200
Due from Other Funds	10,886	154,867	165,753
Total Current Assets	473,314	1,304,921	1,778,235
CAPITAL ASSETS			
Depreciated	182,463	-	182,463
Accumulated Depreciation	(144,530)	-	(144,530)
Net Capital Assets	37,933	-	37,933
Total Assets	511,247	1,304,921	1,816,168
LIABILITIES			
Current Liabilities			
Accounts Payable	57,274	41,173	98,447
Accrued Payroll	14,835	2,731	17,566
Claims Payable	-	1,179,992	1,179,992
Benefits Payable	-	56,799	56,799
Due to Other Funds	40,790	-	40,790
Compensated Absences Payable	16,685	1,075	17,760
Total Current Liabilities	129,584	1,281,770	1,411,354
Long-Term Liabilities			
Other Post-Employment Benefit Obligation	2,781	-	2,781
Total Liabilities	132,365	1,281,770	1,414,135
NET ASSETS			
Invested in Capital Assets	37,933	-	37,933
Unrestricted	340,949	23,151	364,100
TOTAL NET ASSETS	\$ 378,882	\$ 23,151	\$ 402,033

(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, 2006

	Information Systems	Insurance	Total
OPERATING REVENUES			
Charges for Services	\$ 1,029,420	\$ 1,827,592	\$ 2,857,012
Total Operating Revenues	1,029,420	1,827,592	2,857,012
OPERATING EXPENSES			
Operations	922,577	-	922,577
Claims and Insurance	-	1,957,560	1,957,560
Depreciation	20,199	-	20,199
Total Operating Expenses	942,776	1,957,560	2,900,336
OPERATING INCOME (LOSS)	86,644	(129,968)	(43,324)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	13,205	41,560	54,765
Grants	9,092	-	9,092
Recoveries	40	-	40
Total Nonoperating Revenues (Expenses)	22,337	41,560	63,897
INCOME (LOSS) BEFORE TRANSFERS	108,981	(88,408)	20,573
TRANSFERS			
Transfers In	40,382	7,602	47,984
Total Transfers	40,382	7,602	47,984
CHANGES IN NET ASSETS	149,363	(80,806)	68,557
NET ASSETS, JANUARY 1	229,519	103,957	333,476
NET ASSETS, DECEMBER 31	\$ 378,882	\$ 23,151	\$ 402,033

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2006

	Information Systems	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Services Transactions	\$ 1,192,002	\$ 1,714,902	\$ 2,906,904
Payments to Suppliers	(483,651)	(1,810,387)	(2,294,038)
Payments to Employees	(532,151)	(96,004)	(628,155)
Net Cash from Operating Activities	176,200	(191,489)	(15,289)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	40,382	7,602	47,984
Net Cash from Noncapital Financing Activities	40,382	7,602	47,984
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants	9,092	-	9,092
Net Cash from Capital and Related Financing Activities	9,092	-	9,092
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	-	300,000	300,000
Interest Received	13,205	43,076	56,281
Net Cash from Investing Activities	13,205	343,076	356,281
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	238,879	159,189	398,068
CASH AND CASH EQUIVALENTS, JANUARY 1	223,549	879,764	1,103,313
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 462,428	\$ 1,038,953	\$ 1,501,381
CASH AND INVESTMENTS			
Cash	\$ 462,428	\$ 1,038,953	\$ 1,501,381

(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, 2006

	Information Systems	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 86,644	\$ (129,968)	\$ (43,324)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	20,199	-	20,199
Miscellaneous Revenue	40	-	40
Changes in Assets and Liabilities			
Receivables	-	68,587	68,587
Prepaid Expenses	30,468	-	30,468
Due from Other Funds	5,307	(149,277)	(143,970)
Accounts Payable	(9,460)	(122,209)	(131,669)
Accrued Payroll	684	103	787
Claims Payable	-	179,358	179,358
Benefits Payable	-	(6,508)	(6,508)
Due to Other Funds	40,763	(32,000)	8,763
Compensated Absences Payable	(1,226)	425	(801)
Other Post-Employment Benefits Payable	2,781	-	2,781
NET CASH FROM OPERATING ACTIVITIES	\$ 176,200	\$ (191,489)	\$ (15,289)

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 1,029,420	\$ 1,029,420	\$ 1,029,420	\$ 766,280
Total Operating Revenues	1,029,420	1,029,420	1,029,420	766,280
OPERATING EXPENSES				
Operations	1,235,320	1,235,320	922,577	898,277
Depreciation	21,190	21,190	20,199	19,262
Total Operating Expenses	1,256,510	1,256,510	942,776	917,539
OPERATING INCOME (LOSS)	(227,090)	(227,090)	86,644	(151,259)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	6,300	6,300	13,205	6,427
Grants	-	-	9,092	-
Recoveries	-	-	40	2,348
Total Nonoperating Revenues (Expenses)	6,300	6,300	22,337	8,775
INCOME (LOSS) BEFORE TRANSFERS	(220,790)	(220,790)	108,981	(142,484)
TRANSFERS				
Transfers In	220,790	220,790	40,382	36,077
Total Transfers	220,790	220,790	40,382	36,077
CHANGES IN NET ASSETS	\$ -	\$ -	149,363	(106,407)
NET ASSETS, JANUARY 1			229,519	335,926
NET ASSETS, DECEMBER 31			\$ 378,882	\$ 229,519

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF NET ASSETS - BY PROGRAM

INSURANCE FUND

December 31, 2006
(with comparative totals for 2005)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Eliminations	Totals	
						2006	2005
ASSETS							
Cash and Investments	\$ 14,106	\$ 57,285	\$ 819,584	\$ 147,978	\$ -	\$ 1,038,953	\$ 1,179,764
Receivables							
Accrued Interest	-	-	-	-	-	-	1,516
Other	-	-	51,901	-	-	51,901	120,488
Deposits	-	-	20,000	39,200	-	59,200	59,200
Due from General Fund	-	-	136,462	-	(7,575)	128,887	-
Due from EDA Administration Fund	-	-	25,980	-	-	25,980	5,590
Total Assets	14,106	57,285	1,053,927	187,178	(7,575)	1,304,921	1,366,558
LIABILITIES							
Accounts Payable	1,985	486	38,702	-	-	41,173	163,382
Accrued Payroll	2,731	-	-	-	-	2,731	2,628
Claims Payable	-	-	1,015,225	164,767	-	1,179,992	1,000,634
Benefits Payable	-	56,799	-	-	-	56,799	63,307
Due to General Fund	7,575	-	-	-	(7,575)	-	32,000
Compensated Absences Payable	1,075	-	-	-	-	1,075	650
Total Liabilities	13,366	57,285	1,053,927	164,767	(7,575)	1,281,770	1,262,601
NET ASSETS							
Unrestricted	740	-	-	22,411	-	23,151	103,957
TOTAL NET ASSETS	\$ 740	\$ -	\$ -	\$ 22,411	\$ -	\$ 23,151	\$ 103,957

(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, 2006
(with comparative actual for 2005)

	2006			2005
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 1,665,020	\$ 1,827,580	\$ 1,827,592	\$ 1,589,340
Total Operating Revenues	1,665,020	1,827,580	1,827,592	1,589,340
OPERATING EXPENSES				
Claims and Insurance	1,704,580	1,964,580	1,957,560	1,814,567
Total Operating Expenses	1,704,580	1,964,580	1,957,560	1,814,567
OPERATING INCOME (LOSS)	(39,560)	(137,000)	(129,968)	(225,227)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	32,000	32,000	41,560	32,029
Total Nonoperating Revenues (Expenses)	32,000	32,000	41,560	32,029
INCOME (LOSS) BEFORE TRANSFERS	(7,560)	(105,000)	(88,408)	(193,198)
TRANSFERS				
Transfers In	7,560	7,560	7,602	10,810
Total Transfers	7,560	7,560	7,602	10,810
CHANGES IN NET ASSETS	\$ -	\$ (97,440)	(80,806)	(182,388)
NET ASSETS, JANUARY 1			103,957	286,345
NET ASSETS, DECEMBER 31			\$ 23,151	\$ 103,957

(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, 2006
(with comparative actual for 2005)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Eliminations	Totals	
						2006	2005
OPERATING REVENUES							
Charges for Services	\$ 95,159	\$ -	\$ 1,007,787	\$ 724,646	\$ -	\$ 1,827,592	\$ 1,589,340
Total Operating Revenues	95,159	-	1,007,787	724,646	-	1,827,592	1,589,340
OPERATING EXPENSES							
Claims and Insurance	105,709	-	1,231,721	727,263	(107,133)	1,957,560	1,814,567
Total Operating Expenses	105,709	-	1,231,721	727,263	(107,133)	1,957,560	1,814,567
OPERATING INCOME (LOSS)	(10,550)	-	(223,934)	(2,617)	107,133	(129,968)	(225,227)
NONOPERATING REVENUES (EXPENSES)							
Investment Income	2,948	3,322	26,569	8,721	-	41,560	32,029
Miscellaneous	-	7,133	100,000	-	(107,133)	-	-
Total Nonoperating Revenues (Expenses)	2,948	10,455	126,569	8,721	(107,133)	41,560	32,029
INCOME (LOSS) BEFORE TRANSFERS	(7,602)	10,455	(97,365)	6,104	-	(88,408)	(193,198)
TRANSFERS							
Transfers In	7,602	-	10,455	-	(10,455)	7,602	10,810
Transfers (Out)	-	(10,455)	-	-	10,455	-	-
Total Transfers	7,602	(10,455)	10,455	-	-	7,602	10,810
CHANGES IN NET ASSETS	-	-	(86,910)	6,104	-	(80,806)	(182,388)
NET ASSETS, JANUARY 1	740	-	86,910	16,307	-	103,957	286,345
NET ASSETS, DECEMBER 31	\$ 740	\$ -	\$ -	\$ 22,411	\$ -	\$ 23,151	\$ 103,957

(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 PLAN NET ASSETS

PENSION TRUST FUNDS

December 31, 2006

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 1,326,018	\$ 2,031,808	\$ 3,357,826
Investments, at Fair Value			
U.S. Treasury Securities	10,689,944	13,073,541	23,763,485
U.S. Agency Securities	10,929,899	9,247,652	20,177,551
Illinois Metropolitan Investment Trust	-	689,351	689,351
Mutual Funds	18,196,703	2,998,156	21,194,859
Money Market Mutual Funds	571,975	2,338,940	2,910,915
Equities	-	15,944,669	15,944,669
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	243,384	263,885	507,269
Due from General Fund	12,199	13,508	25,707
Total Assets	41,970,122	46,601,510	88,571,632
LIABILITIES			
Accounts Payable	1,912	17,638	19,550
Escrow Payable	-	2,264	2,264
Total Liabilities	1,912	19,902	21,814
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 41,968,210	\$ 46,581,608	\$ 88,549,818

(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, 2006

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 1,471,015	\$ 1,347,220	\$ 2,818,235
Employee Contributions	736,842	648,888	1,385,730
Other Contributions	20,349	13	20,362
Total Contributions	2,228,206	1,996,121	4,224,327
Investment Income			
Net Appreciation in Fair Value of Investments	2,209,993	1,181,645	3,391,638
Interest	1,377,312	1,852,399	3,229,711
Total Investment Income	3,587,305	3,034,044	6,621,349
Less Investment Expense	(75,462)	(139,459)	(214,921)
Net Investment Income	3,511,843	2,894,585	6,406,428
Total Additions	5,740,049	4,890,706	10,630,755
DEDUCTIONS			
Benefits and Refunds	1,952,493	1,604,287	3,556,780
Miscellaneous	16,749	27,382	44,131
Total Deductions	1,969,242	1,631,669	3,600,911
NET INCREASE	3,770,807	3,259,037	7,029,844
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	38,197,403	43,322,571	81,519,974
December 31	\$ 41,968,210	\$ 46,581,608	\$ 88,549,818

(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, 2006
(with comparative actual for 2005)

	2006		2005	
	Original Budget	Final Budget	Actual	Actual
ADDITIONS				
Contributions				
Employer Contributions				
Taxes	\$ 1,387,620	\$ 1,387,620	\$ 1,380,776	\$ 1,270,585
Intergovernmental	89,120	89,120	90,239	84,909
Employee Contributions	743,790	743,790	736,842	682,919
Other Contributions	16,700	16,700	20,349	14,483
Total Contributions	<u>2,237,230</u>	<u>2,237,230</u>	<u>2,228,206</u>	<u>2,052,896</u>
Investment Income				
Net Appreciation in Fair Value of Investments	-	-	2,209,993	488,135
Interest	985,000	1,088,000	1,377,312	1,219,397
Total Investment Income	985,000	1,088,000	3,587,305	1,707,532
Less Investment Expense	(75,000)	(75,000)	(75,462)	(78,016)
Net Investment Income	<u>910,000</u>	<u>1,013,000</u>	<u>3,511,843</u>	<u>1,629,516</u>
Total Additions	<u>3,147,230</u>	<u>3,250,230</u>	<u>5,740,049</u>	<u>3,682,412</u>
DEDUCTIONS				
Benefits and Refunds	1,849,340	1,952,340	1,952,493	1,767,133
Miscellaneous	19,930	19,930	16,749	30,093
Total Deductions	<u>1,869,270</u>	<u>1,972,270</u>	<u>1,969,242</u>	<u>1,797,226</u>
NET INCREASE	<u>\$ 1,277,960</u>	<u>\$ 1,277,960</u>	<u>3,770,807</u>	<u>1,885,186</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
January 1			<u>38,197,403</u>	<u>36,312,217</u>
December 31			<u>\$ 41,968,210</u>	<u>\$ 38,197,403</u>

(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, 2006
(with comparative actual for 2005)

	2006		Actual	2005
	Original Budget	Final Budget		Actual
ADDITIONS				
Contributions				
Employer Contributions				
Taxes	\$ 1,068,266	\$ 1,068,266	\$ 1,080,331	\$ 1,015,877
Intergovernmental	265,770	265,770	266,889	246,639
Employee Contributions	677,690	677,690	648,888	622,956
Other Contributions	-	-	13	47,047
Total Contributions	2,011,726	2,011,726	1,996,121	1,932,519
Investment Income				
Net Appreciation in Fair Value of Investments	-	-	1,181,645	628,839
Interest	1,289,200	1,429,200	1,852,399	1,604,063
Total Investment Income	1,289,200	1,429,200	3,034,044	2,232,902
Less Investment Expense	(120,000)	(120,000)	(139,459)	(175,736)
Net Investment Income	1,169,200	1,309,200	2,894,585	2,057,166
Total Additions	3,180,926	3,320,926	4,890,706	3,989,685
DEDUCTIONS				
Benefits and Refunds	1,496,360	1,636,360	1,604,287	1,363,667
Miscellaneous	19,760	19,760	27,382	34,554
Total Deductions	1,516,120	1,656,120	1,631,669	1,398,221
NET INCREASE	\$ 1,664,806	\$ 1,664,806	3,259,037	2,591,464
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
January 1			43,322,571	40,731,107
December 31			\$ 46,581,608	\$ 43,322,571

(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, 2006

	Balances January 1	Additions	Deletions	Balances December 31
ALL FUNDS				
ASSETS				
Cash and Investments	\$ 15,470,534	\$ 25,444,140	\$ 33,197,311	\$ 7,717,363
Assets Held by Agents	26,655	142,825	149,521	19,959
TOTAL ASSETS	\$ 15,497,189	\$ 25,586,965	\$ 33,346,832	\$ 7,737,322
LIABILITIES				
Due to Participants	\$ 26,655	\$ 138,825	\$ 149,521	\$ 15,959
Advance from Other Funds	-	4,000	-	4,000
Due to Other Entities	15,470,534	25,444,140	33,197,311	7,717,363
TOTAL LIABILITIES	\$ 15,497,189	\$ 25,586,965	\$ 33,346,832	\$ 7,737,322
BARRINGTON/HIGGINS TIF FUND				
ASSETS				
Cash and Investments	\$ 491,195	\$ 746,441	\$ 720,852	\$ 516,784
TOTAL ASSETS	\$ 491,195	\$ 746,441	\$ 720,852	\$ 516,784
LIABILITIES				
Due to Other Entities	\$ 491,195	\$ 746,441	\$ 720,852	\$ 516,784
TOTAL LIABILITIES	\$ 491,195	\$ 746,441	\$ 720,852	\$ 516,784

(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, 2006

	Balances January 1	Additions	Deletions	Balances December 31
EDA SPECIAL TAX ALLOCATION FUND				
ASSETS				
Cash and Investments	\$ 14,979,339	\$ 24,697,699	\$ 32,476,459	\$ 7,200,579
TOTAL ASSETS	\$ 14,979,339	\$ 24,697,699	\$ 32,476,459	\$ 7,200,579
LIABILITIES				
Due to Other Entities	\$ 14,979,339	\$ 24,697,699	\$ 32,476,459	\$ 7,200,579
TOTAL LIABILITIES	\$ 14,979,339	\$ 24,697,699	\$ 32,476,459	\$ 7,200,579
FLEXIBLE SPENDING ACCOUNT FUND				
ASSETS				
Assets Held by Agents	\$ 26,655	\$ 142,825	\$ 149,521	\$ 19,959
TOTAL ASSETS	\$ 26,655	\$ 142,825	\$ 149,521	\$ 19,959
LIABILITIES				
Due to Participants	\$ 26,655	\$ 138,825	\$ 149,521	\$ 15,959
Advance from Other Funds	-	4,000	-	4,000
TOTAL LIABILITIES	\$ 26,655	\$ 142,825	\$ 149,521	\$ 19,959

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2006

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	\$ 42,039,770	St. Paul Fire and Marine Insurance Co.	01/01/2008
General Liability, Employee Benefits, Law Enforcement Liability	100,000 *	\$ 2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2008
Auto Liability	100,000 *	2,000,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2008
Employee Dishonesty, Crime	10,000 *	100,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2008
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)	07/01/2007
Boiler and Machinery	1,000	55,000,000	55,000,000	Kemper Insurance	01/01/2008
Public Officials' Liability	25,000	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2008
Ambulance Attendants' Liability	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2008
Health Division Malpractice	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2008
Pollution Legal Liability	5,000	2,000,000	3,000,000	Agricultural Excess and Surplus Insurance Co.	01/01/2008
Position Surety Bonds					
William McLeod Village President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2008
Karen Mills Deputy President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2008
Virginia Hayter Village Clerk	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2008
James Norris Village Manager	N/A	5,000	5,000	Fidelity & Deposit Co.	01/01/2008
Michael DuCharme, Treasurer	N/A	150,000	150,000	Fidelity & Deposit Co.	01/01/2008
Police and Fire Commission Members	N/A	500	500	Fidelity & Deposit Co.	01/01/2008
Excess Workers' Compensation	500,000	Statutory	Statutory	Safety National	12/31/2007
Social Service Agency Professional Liability	N/A	1,000,000	1,000,000	American Home Assurance Co.	05/01/2007

* All retentions subject to a maximum \$400,000 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, 2006

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
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>\$ 2,820,000</u>	<u>\$ 476,676</u>	<u>\$ 3,296,676</u>		<u>\$ 238,338</u>		<u>\$ 238,338</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2001

December 31, 2006

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
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>\$ 6,095,000</u>	<u>\$ 724,438</u>	<u>\$ 6,819,438</u>		<u>\$ 362,219</u>		<u>\$ 362,219</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2003

December 31, 2006

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
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>\$ 4,030,000</u>	<u>\$ 366,576</u>	<u>\$ 4,396,576</u>		<u>\$ 183,288</u>		<u>\$ 183,288</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004

December 31, 2006

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
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>\$ 5,140,000</u>	<u>\$ 656,388</u>	<u>\$ 5,796,388</u>		<u>\$ 328,194</u>		<u>\$ 328,194</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION TAXABLE BOND SERIES OF 2005A

December 31, 2006

Date of Issue	August 1, 2005
Date of Maturity	December 1, 2033
Authorized Issue	\$ 54,935,000
Denomination of Bonds	\$ 5,000
Interest Rates	2007 4.40%
	2008 4.50%
	2009 4.60%
	2010 4.65%
	2011 4.70%
	2012 4.80%
	2013 4.90%
	2014 4.95%
	2015 5.00%
	2016 5.05%
	2017 5.15%
	2018 5.25%
	2022 5.375%
	2026 5.40%

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
2006	\$ 1,030,000	\$ 2,869,552	\$ 3,899,552	2007	\$ 1,434,776	2007	\$ 1,434,776
2007	1,075,000	2,824,233	3,899,233	2008	1,412,117	2008	1,412,116
2008	1,120,000	2,775,857	3,895,857	2009	1,387,929	2009	1,387,928
2009	1,175,000	2,724,338	3,899,338	2010	1,362,169	2010	1,362,169
2010	1,230,000	2,669,700	3,899,700	2011	1,334,850	2011	1,334,850
2011	1,285,000	2,611,890	3,896,890	2012	1,305,945	2012	1,305,945
2012	1,345,000	2,550,210	3,895,210	2013	1,275,105	2013	1,275,105
2013	1,415,000	2,484,305	3,899,305	2014	1,242,153	2014	1,242,152
2014	1,485,000	2,414,263	3,899,263	2015	1,207,132	2015	1,207,131
2015	1,555,000	2,340,012	3,895,012	2016	1,170,006	2016	1,170,006
2016	1,635,000	2,261,485	3,896,485	2017	1,130,743	2017	1,130,742
2017	1,720,000	2,177,283	3,897,283	2018	1,088,642	2018	1,088,641
2018	1,810,000	2,087,842	3,897,842	2019	1,043,921	2019	1,043,921
2019	1,905,000	1,992,818	3,897,818	2020	996,409	2020	996,409
2020	2,005,000	1,892,805	3,897,805	2021	946,403	2021	946,402
2021	2,110,000	1,787,542	3,897,542	2022	893,771	2022	893,771
2022	2,225,000	1,674,130	3,899,130	2023	837,065	2023	837,065
2023	2,345,000	1,554,536	3,899,536	2024	777,268	2024	777,268
2024	2,470,000	1,428,492	3,898,492	2025	714,246	2025	714,246
2025	2,600,000	1,295,730	3,895,730	2026	647,865	2026	647,865
2026	2,740,000	1,155,330	3,895,330	2027	577,665	2027	577,665
2027	2,890,000	1,007,370	3,897,370	2028	503,685	2028	503,685
2028	3,045,000	851,310	3,896,310	2029	425,655	2029	425,655
2029	3,210,000	686,880	3,896,880	2030	343,440	2030	343,440
2030	3,385,000	513,540	3,898,540	2031	256,770	2031	256,770
2031	3,565,000	330,750	3,895,750	2032	165,375	2032	165,375
2032	2,560,000	138,240	2,698,240	2033	69,120	2033	69,120
	<u>\$ 54,935,000</u>	<u>\$49,100,443</u>	<u>\$ 104,035,443</u>		<u>\$24,550,225</u>		<u>\$24,550,218</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

TAX INCREMENT REVENUE BOND SERIES OF 1991

December 31, 2006

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
2007	20926-25308	\$ 7,308,215	\$ 14,606,785	\$ 21,915,000	2007	\$ 14,606,785
		\$ 7,308,215	\$ 14,606,785	\$ 21,915,000		\$ 14,606,785

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, 2006

Year	Current Capital Bonds	Accretion	Total
2007	\$ (21,915,000)	\$ 567,377	\$ 21,347,623
			-

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 2005

December 31, 2006

Date of Issue	June 30, 2005
Date of Maturity	January 1, 2010
Authorized Issue	\$ 65,400,000
Denomination of Bonds	\$ 5,000
Interest Rates	Variable (3.205% at December 31, 2006)
Interest Dates	Monthly
Principal Maturity Date	January 1
Payable at	The Northern Trust Company

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 10,300,000	\$ 1,488,990	\$ 11,788,990
2008	10,700,000	1,147,123	11,847,123
2009	11,100,000	792,436	11,892,436
2010	23,800,000	63,566	23,863,566
	<u>\$ 55,900,000</u>	<u>\$ 3,492,115</u>	<u>\$ 59,392,115</u>

(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, 2006

	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	563,394	128,620	466,157	78,701	-	-
Subtotal	1,296,974	325,305	1,734,787	222,948	1,693,397	5,009,329
Previous Payments	-	-	1,176,743	-	-	-
Adjusted Principal Balance	\$ 1,296,974	\$ 325,305	\$ 558,044	\$ 222,948	\$ 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 - 5,228,265	\$ 4,800,779 - 4,800,779	\$ 4,293,238 - 4,293,238	\$ 752,859 511,799 1,264,658	\$ 47,972 30,207 78,179	\$ 318,441 198,823 517,264	\$ 284,177 175,575 459,752	\$ 121,202 74,004 195,206	\$ 144,548 86,181 230,729
-	-	-	256,953	-	-	-	-	-
<u>\$ 5,228,265</u>	<u>\$ 4,800,779</u>	<u>\$ 4,293,238</u>	<u>\$ 1,007,705</u>	<u>\$ 78,179</u>	<u>\$ 517,264</u>	<u>\$ 459,752</u>	<u>\$ 195,206</u>	<u>\$ 230,729</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, 2006

	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	\$ 72,725	\$ 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	25,485	42,340	9,178	8,147	3,049,504	508,572
Subtotal	68,934	115,065	25,093	22,462	8,638,766	1,440,704
Previous Payments	-	-	-	-	-	-
Adjusted Principal Balance	\$ 68,934	\$ 115,065	\$ 25,093	\$ 22,462	\$ 8,638,766	\$ 1,440,704

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 6,639,545 18,808,789	\$ 5,248,409 2,863,535 8,111,944	\$ 4,347,908 2,372,221 6,720,129	\$ 354,035 193,162 547,197	\$ 288,720 157,526 446,246	\$ 2,244,798 980,454 3,225,252	\$ 336,341 146,903 483,244	\$ 814,106 297,291 1,111,397	\$ 1,435,686 421,477 1,857,163
-	-	-	-	-	-	-	-	-
<u>\$ 18,808,789</u>	<u>\$ 8,111,944</u>	<u>\$ 6,720,129</u>	<u>\$ 547,197</u>	<u>\$ 446,246</u>	<u>\$ 3,225,252</u>	<u>\$ 483,244</u>	<u>\$ 1,111,397</u>	<u>\$ 1,857,163</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, 2006

	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	185,162	2,496,721	44,885	52,592	22,808,161
Subtotal	893,823	13,272,744	267,652	355,663	93,763,077
Previous Payments	-	-	-	-	1,433,696
Adjusted Principal Balance	\$ 893,823	\$ 13,272,744	\$ 267,652	\$ 355,663	\$ 92,329,381

(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, 2006

	EDA Special Tax Allocation Fund			Totals
	Unallocated	Government Share Account	Sears Portion of PVS	
REVENUES				
Incremental Taxes	\$ 16,630,262	\$ 6,570,619	\$ -	\$ 23,200,881
Investment Income	469,381	-	-	469,381
Sears Debt Service Payment	-	-	-	-
Total Revenues	17,099,643	6,570,619	-	23,670,262
EXPENDITURES				
Principal, Bonds and Notes	-	-	-	-
Interest, Bonds and Notes	-	-	-	-
Professional Services	-	-	-	-
Trustee Fees	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,099,643	6,570,619	-	23,670,262
OTHER FINANCING SOURCES (USES)				
Transfers In	1,027,437	-	-	1,027,437
Transfers (Out)	(25,487,215)	-	-	(25,487,215)
Distribution of Surplus	-	(2,959,096)	-	(2,959,096)
Distribution of Sears PVS	(2,899)	-	(415,726)	(418,625)
Transfer to EDA Administration Fund	-	(3,611,523)	-	(3,611,523)
Total Other Financing Sources (Uses)	(24,462,677)	(6,570,619)	(415,726)	(31,449,022)
NET CHANGE IN FUND BALANCES	(7,363,034)	-	(415,726)	(7,778,760)
FUND BALANCES (DEFICIT), JANUARY 1	14,563,613	-	415,726	14,979,339
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 7,200,579	\$ -	\$ -	\$ 7,200,579

Program Expenses Account	Sears 2005 EDA TIF Refunding Bond Fund			1991 Junior Lien Bond and Interest Account	Totals (Memorandum Only)
	Series 2005 Bond and Interest Account	Series 2005 Reserve and Redemption Account	Totals		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,200,881
18,801	54,143	484,905	539,048	6,685	1,033,915
-	-	-	-	18,173,967	18,173,967
18,801	54,143	484,905	539,048	18,180,652	42,408,763
-	9,500,000	-	9,500,000	21,110,000	30,610,000
428,496	1,827,696	-	1,827,696	-	2,256,192
61,454	22,291	-	22,291	-	83,745
300	1,350	-	1,350	-	1,650
490,250	11,351,337	-	11,351,337	21,110,000	32,951,587
(471,449)	(11,297,194)	484,905	(10,812,289)	(2,929,348)	9,457,176
896,287	22,845,239	-	22,845,239	2,499,084	27,268,047
(363,867)	(891,544)	(525,421)	(1,416,965)	-	(27,268,047)
-	-	-	-	-	(2,959,096)
-	-	-	-	418,625	-
-	-	-	-	-	(3,611,523)
532,420	21,953,695	(525,421)	21,428,274	2,917,709	(6,570,619)
60,971	10,656,501	(40,516)	10,615,985	(11,639)	2,886,557
(2,625,396)	2,636,374	12,178,894	14,815,268	18,155	27,187,366
\$ (2,564,425)	\$ 13,292,875	\$ 12,138,378	\$ 25,431,253	\$ 6,516	\$ 30,073,923

(See independent auditor's report.)

STATISTICAL SECTION

This part of the Village of Hoffman Estates' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	162-169
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	170-175
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	176-180
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	181-182
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	183-185

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NET ASSETS BY COMPONENT

Last Four Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 74,079,702	\$ 76,288,971	\$ 81,974,472	\$ 85,941,143
Restricted	31,736,142	30,610,435	25,510,851	34,581,385
Unrestricted	(208,737,371)	(191,260,938)	(179,534,956)	(202,902,550)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (102,921,527)	\$ (84,361,532)	\$ (72,049,633)	\$ (82,380,022)
BUSINESS-TYPE ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 23,216,582	\$ 22,574,239	\$ 23,568,964	\$ 24,371,756
Restricted	-	-	-	-
Unrestricted	8,759,802	8,594,706	9,612,150	9,228,469
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 31,976,384	\$ 31,168,945	\$ 33,181,114	\$ 33,600,225
PRIMARY GOVERNMENT				
Invested in Capital Assets, Net of Related Debt	\$ 97,296,284	\$ 98,863,210	\$ 105,543,436	\$ 110,312,899
Restricted	31,736,142	30,610,435	25,510,851	34,581,385
Unrestricted	(199,977,569)	(182,666,232)	(169,922,806)	(193,674,081)
TOTAL PRIMARY GOVERNMENT	\$ (70,945,143)	\$ (53,192,587)	\$ (38,868,519)	\$ (48,779,797)

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NET ASSETS BY COMPONENT EXCLUDING EDA TIF ACTIVITY

Last Four Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 74,079,702	\$ 76,288,971	\$ 81,974,472	\$ 85,941,143
Restricted	1,953,699	2,079,746	7,306,379	6,839,425
Unrestricted	21,850,479	20,136,069	17,632,151	(34,503,578)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 97,883,880	\$ 98,504,786	\$ 106,913,002	\$ 58,276,990
BUSINESS-TYPE ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 23,216,582	\$ 22,574,239	\$ 23,568,964	\$ 24,371,756
Restricted	-	-	-	-
Unrestricted	8,759,802	8,594,706	9,612,150	9,228,469
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 31,976,384	\$ 31,168,945	\$ 33,181,114	\$ 33,600,225
PRIMARY GOVERNMENT				
Invested in Capital Assets, Net of Related Debt	\$ 97,296,284	\$ 98,863,210	\$ 105,543,436	\$ 110,312,899
Restricted	1,953,699	2,079,746	7,306,379	6,839,425
Unrestricted	30,610,281	28,730,775	27,244,301	(25,275,109)
TOTAL PRIMARY GOVERNMENT	\$ 129,860,264	\$ 129,673,731	\$ 140,094,116	\$ 91,877,215

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS

Last Four Fiscal Years

	2003	2004	2005	2006
EXPENSES				
Governmental Activities				
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353
Highways and Streets	8,729,150	9,286,945	11,532,401	6,140,084
Sanitation	531,458	600,961	930,335	864,300
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857
Culture and Recreation	246,447	229,402	226,608	239,480
Economic Development	6,107,232	1,406,319	1,303,688	52,011,995
Interest	13,342,322	11,971,027	11,447,448	11,696,149
Total Governmental Activities Expenses	<u>57,404,774</u>	<u>53,744,895</u>	<u>57,253,618</u>	<u>110,352,064</u>
Business-Type Activities				
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468
Total Business-Type Activities Expenses	<u>9,892,227</u>	<u>10,259,599</u>	<u>10,584,059</u>	<u>11,054,468</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 67,297,001</u>	<u>\$ 64,004,494</u>	<u>\$ 67,837,677</u>	<u>\$ 121,406,532</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for Services				
General Government	\$ 1,102,884	\$ 1,093,124	\$ 1,075,793	\$ 1,133,556
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630
Highways and Streets	876,053	1,023,264	1,415,253	882,063
Sanitation	73,499	816,056	880,637	896,554
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373
Culture and Recreation	469,330	493,933	513,635	571,287
Economic Development	10,212,855	11,093,955	12,585,713	20,107,123
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158
Capital Grants and Contributions	579,609	700,558	687,300	-
Total Governmental Activities Program Revenues	<u>17,861,070</u>	<u>20,008,976</u>	<u>22,586,737</u>	<u>29,212,744</u>
Business-Type Activities				
Charges for Services				
Water/Sewer	8,404,183	8,919,572	10,240,821	9,386,132
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>8,404,183</u>	<u>8,919,572</u>	<u>10,240,821</u>	<u>9,386,132</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 26,265,253</u>	<u>\$ 28,928,548</u>	<u>\$ 32,827,558</u>	<u>\$ 38,598,876</u>
NET (EXPENSES) REVENUES				
Governmental Activities	\$ (39,543,704)	\$ (33,735,919)	\$ (34,666,881)	\$ (81,139,320)
Business-Type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)
TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES	<u>\$ (41,031,748)</u>	<u>\$ (35,075,946)</u>	<u>\$ (35,010,119)</u>	<u>\$ (82,807,656)</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Four Fiscal Years

	2003	2004	2005	2006
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental Activities				
Taxes				
Property	\$ 32,689,908	\$ 31,996,121	\$ 17,575,496	\$ 42,130,319
Sales	5,531,118	4,960,882	5,059,287	6,332,164
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103
Other	1,557,709	1,679,970	1,807,840	3,141,679
Investment Earnings	1,473,816	1,547,181	2,526,601	4,312,040
Miscellaneous	213,611	297,218	236,165	788,180
Gain (Loss) on Sale of Capital Assets	(133,415)	-	-	-
Contributions	668,807	1,013,507	5,671,102	1,158,480
Transfers In	-	-	-	2,630
Transfers (Out)	-	-	(50,500)	-
Total Governmental Activities	51,968,112	52,295,914	46,978,780	70,808,931
Business-Type Activities				
Investment Earnings	126,699	105,028	251,322	395,450
Miscellaneous	8,278	310,810	27,455	39,832
Contributions	-	116,750	2,026,130	1,654,795
Transfers In	-	-	50,500	-
Transfers (Out)	-	-	-	(2,630)
Total Business-Type Activities	134,977	532,588	2,355,407	2,087,447
TOTAL PRIMARY GOVERNMENT	\$ 52,103,089	\$ 52,828,502	\$ 49,334,187	\$ 72,896,378
CHANGE IN NET ASSETS				
Governmental Activities	\$ 12,424,408	\$ 18,559,995	\$ 12,311,899	\$ (10,330,389)
Business-Type Activities	(1,353,067)	(807,439)	2,012,169	419,111
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ 11,071,341	\$ 17,752,556	\$ 14,324,068	\$ (9,911,278)

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS EXCLUDING EDA TIF ACTIVITY

Last Four Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
EXPENSES				
Governmental Activities				
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353
Highways and Streets	8,729,150	9,286,945	11,532,401	4,555,019
Sanitation	531,458	600,961	930,335	864,300
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857
Culture and Recreation	246,447	229,402	226,608	239,480
Economic Development	1,158,602	1,406,319	1,303,688	52,011,995
Interest	1,237,618	978,608	2,073,221	3,895,783
Total Governmental Activities Expenses	<u>40,351,440</u>	<u>42,752,476</u>	<u>47,879,391</u>	<u>100,966,633</u>
Business-Type Activities				
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468
Total Business-Type Activities Expenses	<u>9,892,227</u>	<u>10,259,599</u>	<u>10,584,059</u>	<u>11,054,468</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 50,243,667</u>	<u>\$ 53,012,075</u>	<u>\$ 58,463,450</u>	<u>\$ 112,021,101</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for Services				
General Government	\$ 1,102,884	\$ 1,093,124	\$ 1,075,793	1,133,556
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630
Highways and Streets	754,997	601,295	838,681	728,344
Sanitation	73,499	816,056	880,637	896,554
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373
Culture and Recreation	469,330	493,933	513,635	571,287
Economic Development	77,552	248,944	123,997	1,514,531
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158
Capital Grants and Contributions	579,609	700,558	687,300	-
Total Governmental Activities Program Revenues	<u>7,604,711</u>	<u>8,741,996</u>	<u>9,548,449</u>	<u>10,466,433.00</u>
Business-Type Activities				
Charges for Services				
Water/Sewer	8,404,183	8,919,572	10,240,821	9,386,132
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>8,404,183</u>	<u>8,919,572</u>	<u>10,240,821</u>	<u>9,386,132.00</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 16,008,894</u>	<u>\$ 17,661,568</u>	<u>\$ 19,789,270</u>	<u>\$ 19,852,565</u>
NET (EXPENSES) REVENUES				
Governmental Activities	\$ (32,746,729)	\$ (34,010,480)	\$ (38,330,942)	\$ (90,500,200)
Business-Type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)
TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES	<u>\$ (34,234,773)</u>	<u>\$ (35,350,507)</u>	<u>\$ (38,674,180)</u>	<u>\$ (92,168,536)</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS EXCLUDING EDA TIF ACTIVITY (Continued)

Last Four Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental Activities				
Taxes				
Property	\$ 14,878,186	\$ 15,754,259	\$ 16,449,238	\$ 17,842,815
Sales	5,531,118	4,960,882	5,059,287	6,332,164
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927
Other	1,557,709	1,679,970	1,807,840	3,141,679
Investment Earnings	429,786	359,295	1,690,290	3,271,265
Miscellaneous	213,611	297,218	236,165	788,180
Gain (Loss) on Sale of Capital Assets	(133,415)	-	-	-
Contributions	668,807	1,013,507	5,671,102	1,158,480
Transfers (Out)	-	-	(50,500)	2,630
Total Governmental Activities	33,112,360	34,866,166	45,016,211	45,480,652
Business-Type Activities				
Investment Earnings	126,699	105,028	251,322	395,450
Miscellaneous	8,278	310,810	27,455	39,832
Contributions	-	116,750	2,026,130	1,654,795
Transfers In	-	-	50,500	(2,630)
Total Business-Type Activities	134,977	532,588	2,355,407	2,087,447
TOTAL PRIMARY GOVERNMENT	\$ 33,247,337	\$ 35,398,754	\$ 47,371,618	\$ 47,568,099
CHANGE IN NET ASSETS				
Governmental Activities	\$ 365,631	\$ 855,686	\$ 6,685,269	\$ (45,019,548)
Business-Type Activities	(1,353,067)	(807,439)	2,012,169	419,111
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ (987,436)	\$ 48,247	\$ 8,697,438	\$ (44,600,437)

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
GENERAL FUND										
Reserved	\$ 133,122	\$ 296,924	\$ 373,857	\$ 1,348,922	\$ 1,433,427	\$ 1,508,813	\$ 1,517,642	\$ 1,578,110	\$ 1,663,522	\$ 709,834 ^c
Unreserved	9,216,521	11,771,884	12,998,113	14,451,493	12,681,774	14,207,167	13,134,103	12,079,973	14,363,833	14,302,062
TOTAL GENERAL FUND	\$ 9,349,643	\$ 12,068,808	\$ 13,371,970	\$ 15,800,415	\$ 14,115,201	\$ 15,715,980	\$ 14,651,745	\$ 13,658,083	\$ 16,027,355	\$ 15,011,896
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 18,668,249	\$ 24,573,473 ^a	\$ 22,508,851	\$ 23,007,555	\$ 23,012,632	\$ 23,199,554	\$ 31,243,263	\$ 30,566,218	\$ 74,687,887 ^b	\$ 35,135,031 ^d
Unreserved, Reported In										
Special Revenue Funds	549,340	223,281	(213,373)	(104,052)	(14,036)	(299,539)	(251,801)	(13,215)	198,221	558,736
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	19,087,451	25,480,934	21,712,401	17,836,298	17,927,093	14,176,932	8,026,692	7,049,563	6,568,668	7,371,999
Permanent Funds	-	-	-	-	-	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENT FUNDS	\$ 38,305,040	\$ 50,277,688	\$ 44,007,879	\$ 40,739,801	\$ 40,925,689	\$ 37,076,947	\$ 39,018,154	\$ 37,602,566	\$ 81,454,776	\$ 43,065,766

Note:

- ^a The substantial increase in reserved fund balance in the Other Governmental Funds for 1998 is due to the issuance of the 1997B G.O. Bonds.
- ^b The substantial increase in reserved fund balance in the Other Governmental Funds for 2005 is due to the issuance of the 2005A Taxable Bond Series and is talked about further within the Management's Discussion & Analysis.
- ^c The substantial decrease in reserved fund balance in the General Fund for 2006 is due to the repayment of a significant portion of the interfund loan to the EDA Administration Fund.
- ^d The substantial decrease in reserved fund balance in the Other Governmental Funds for 2006 is due to the payout of bond proceeds to the developer of the Sears Centre and is talked about further within the Management's Discussion & Analysis.

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES										
Taxes	\$ 25,991,885	\$ 40,458,774	\$ 34,251,533	\$ 35,714,069	\$ 36,460,544	\$ 38,651,515	\$ 40,418,162	\$ 40,333,960	\$ 28,591,932	\$ 52,805,630
Licenses and Permits	686,244	1,651,549	797,930	820,302	1,201,939	1,182,921	1,417,756	1,613,441	2,032,103	1,974,164
Intergovernmental	9,594,456	9,958,260	10,786,179	12,342,108	12,968,152	13,119,641	12,320,841	11,091,829	11,912,242	13,484,480
Charges for Services	2,314,175	2,640,033	2,816,962	2,977,115	3,379,183	3,399,336	12,769,318	15,405,160	18,388,493	23,798,042
Fines and Forfeitures	547,066	591,229	704,552	880,466	855,569	902,403	760,890	808,496	763,189	973,637
Investment Income	2,735,866	3,432,246	3,250,394	3,857,703	3,326,084	1,955,541	1,437,372	1,547,181	2,526,601	4,312,040
Miscellaneous	806,624	842,068	1,846,250	3,546,503	6,158,921	6,496,890	401,198	677,244	444,639	1,812,212
Total Revenues	42,676,316	59,574,159	54,453,800	60,138,266	64,350,392	65,708,247	69,525,537	71,477,311	\$ 64,659,199	\$ 99,160,205
EXPENDITURES										
General Government	4,167,861	4,024,006	4,240,530	4,621,492	4,849,198	5,029,222	4,083,605	4,395,369	4,756,695	5,323,531
Public Safety	13,918,394	15,507,937	16,962,656	18,316,851	19,416,766	19,812,212	20,780,224	23,254,403	24,928,583	26,703,338
Highways and Streets	3,850,221	2,800,917	3,054,066	3,595,352	3,727,237	3,986,615	5,124,716	5,480,075	5,681,472	5,869,622
Sanitation	-	655,379	651,965	632,735	579,592	554,997	531,458	600,961	930,335	864,300
Health and Welfare	1,122,806	1,148,930	1,197,488	1,250,002	1,358,477	1,460,730	1,534,247	1,637,951	1,671,142	1,800,992
Culture and Recreation	187,038	220,106	225,658	268,791	283,906	281,344	235,705	222,720	223,112	241,172
Economic Development	441,867	449,153	530,550	592,027	789,035	714,776	1,109,856	1,367,588	1,295,346	1,611,713
Capital Outlay	12,774,889	7,621,640	10,626,087	15,161,470	14,149,269	23,896,355	7,929,784	2,992,795	3,827,231	56,236,459
Debt Service										
Principal	3,402,471	12,603,561	13,822,251	15,393,884	19,443,868	22,209,005	26,644,297	29,114,750	21,249,471	33,760,000
Interest and Other Charges	11,880,823	10,560,023	9,675,731	8,878,275	8,373,126	6,743,789	5,658,811	4,916,657	7,235,018	6,115,032
Total Expenditures	51,746,370	55,591,652	60,986,982	68,710,879	72,970,474	84,689,045	73,632,703	73,983,269	71,798,405	138,526,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,070,054)	3,982,507	(6,533,182)	(8,572,613)	(8,620,082)	(18,980,798)	(4,107,166)	(2,505,958)	(7,139,206)	(39,365,954)
OTHER FINANCING SOURCES (USES)										
Transfers In	5,040,494	11,691,285	6,150,276	12,477,951	8,024,415	7,051,353	5,170,417	5,291,988	3,643,861	5,518,910
Transfers Out	(4,294,552)	(11,294,155)	(6,907,286)	(12,484,201)	(8,402,639)	(7,201,070)	(5,159,253)	(5,333,431)	(3,741,248)	(5,564,264)
Sale of Capital Assets	-	-	-	208,448	64,500	72,952	73,014	61,789	62,084	6,839
Bonds Issued, at Par	124,795,000	10,000,000	-	-	10,760,000	-	6,155,000	6,765,000	120,335,000	-
Note Proceeds	-	-	2,581,139	7,516,832	7,372,612	15,576,802	4,819,075	-	-	-
Payment to Escrow Agent	(114,891,025)	-	-	-	(10,757,630)	-	(6,118,307)	(6,852,230)	(66,518,105)	-
Premium (Discount) on Issuance of Bonds	739,129	(63,740)	-	-	59,498	-	44,192	163,592	(420,904)	-
Total Other Financing Sources (Uses)	11,389,046	10,333,390	1,824,129	7,719,030	7,120,756	15,500,037	4,984,138	96,708	53,360,688	(38,515)
NET CHANGE IN FUND BALANCES	\$ 2,318,992	\$ 14,315,897	\$ (4,709,053)	\$ (853,583)	\$ (1,499,326)	\$ (3,480,761)	\$ 876,972	\$ (2,409,250)	\$ 46,221,482	\$ (39,404,469)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	40.94%	48.90%	47.61%	46.21%	48.14%	48.26%	49.61%	48.26%	42.23%	48.85%

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	TIF Property	Total Taxable Assessed Value	Total Direct Tax Rate (A)	Estimated Actual Taxable Value	Estimated Actual Taxable Value
1997	\$ 446,824,434	\$ 250,944,125	\$ 108,882,641	\$ 298,303	\$ 236,766,265	\$ 1,043,715,768	1.250	\$ 3,131,147,304	33.333%
1998	489,307,760	273,692,649	118,717,390	272,757	243,183,621	1,125,174,177	1.156	3,375,522,531	33.333%
1999	503,268,414	301,771,813	128,834,541	268,910	259,324,634	1,193,468,312	1.096	3,580,404,936	33.333%
2000	494,441,465	295,562,922	112,619,146	325,322	266,075,498	1,169,024,353	1.157	3,507,073,059	33.333%
2001	608,834,722	361,732,044	121,585,216	298,743	289,815,493	1,382,266,218	0.995	4,146,798,654	33.333%
2002	663,205,010	369,853,281	143,130,819	239,544	325,026,300	1,501,454,954	0.974	4,504,364,862	33.333%
2003	672,389,482	360,110,493	138,481,832	219,537	329,450,923	1,500,652,267	1.024	4,501,956,801	33.333%
2004	807,093,546	383,277,871	151,008,426	138,020	338,455,375	1,679,973,238	0.901	5,039,919,714	33.333%
2005	(B)								
2006	(B)								

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

(B) 2005 detail valuations and 2006 Tax Rates and valuations were not available at the time of issuance of this report.

Data Source

Office of the Cook and Kane County Clerks

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
SCHAUMBURG TOWNSHIP

Last Ten Levy Years

Tax Levy Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Village Direct Rates (A)											
General	0.752	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	(B)
Municipal Waste	0.000	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	
IMRF	0.049	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	
Debt Service	0.226	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	
Police Pension	0.075	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	
Firefighters Pension	0.046	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	
Total Direct Rate	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	0.936	0.901	
Overlapping Rates											
School District #54	3.634	3.751	3.595	3.532	3.706	3.283	3.142	3.414	3.106	3.003	
Palatine Twp. H.S. #211	2.517	2.595	2.464	2.418	2.450	2.147	2.067	2.165	2.158	2.191	
Junior College District #512	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	
Forest Preserve District of Cook County	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	
Schaumburg Township Library District	0.368	0.370	0.358	0.361	0.372	0.319	0.304	0.319	0.285	0.277	
Township of Schaumburg (All Funds)	0.118	0.135	0.127	0.110	0.107	0.110	0.105	0.111	0.101	0.100	
Metropolitan Sanitary District of Greater Chicago	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	
Northwest Mosquito Abatement District	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	
Hoffman Estates Park District	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	
Consolidated Elections	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	
County of Cook	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	
Cook County Health Facility	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	10.279	10.537	10.024	9.749	10.072	8.942	8.510	8.976	8.373	8.167	
SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES	11.2%	11.9%	11.5%	11.2%	11.5%	11.1%	11.4%	11.4%	11.2%	11.0%	

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

(B) 2006 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 Levy Years

Tax Levy Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Village Direct Rates (A)											
General	0.752	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	(B)
Municipal Waste	0.000	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	
IMRF	0.049	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	
Debt Service	0.226	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	
Police Pension	0.075	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	
Firefighters Pension	0.046	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	
Total Direct Rate	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	0.936	0.901	
Overlapping Rates											
Unit School District #220	3.146	3.438	3.511	3.617	3.862	3.852	3.741	4.011	3.456	3.348	
Junior College District #512	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	
Forest Preserve District of Cook County	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	
Barrington Public Library District	0.201	0.217	0.202	0.227	0.241	0.229	0.229	0.230	0.201	0.166	
Township of Barrington (All Funds)	0.056	0.053	0.057	0.057	0.059	0.052	0.041	0.036	0.030	0.028	
Metropolitan Sanitary District of Greater Chicago	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	
Northwest Mosquito Abatement District	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	
Hoffman Estates Park District	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	
Consolidated Elections	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	
County of Cook	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	
Cook County Health Facility	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	7.045	7.394	7.250	7.229	7.599	7.216	6.903	7.244	6.410	6.138	
SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES	16.3%	16.9%	15.9%	15.2%	15.2%	13.8%	14.1%	14.1%	14.6%	14.7%	

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

(B) 2006 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 Levy Years

Tax Levy Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Village Direct Rates (A)											
General	0.752	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	(B)
Municipal Waste	0.000	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	
IMRF	0.049	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	
Debt Service	0.226	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	
Police Pension	0.075	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	
Firefighters Pension	0.046	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	
Total Direct Rate	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	0.936	0.901	
Overlapping Rates											
School District #15	3.686	3.827	3.662	3.611	3.749	3.289	3.185	3.313	2.925	2.840	
Palatine Twp. H.S. #211	2.517	2.595	2.464	2.418	2.450	2.147	2.067	2.165	2.158	2.191	
Junior College District #512	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	
Forest Preserve District of Cook County	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	
Palatine Public Library	0.369	0.385	0.359	0.361	0.381	0.322	0.310	0.315	0.280	0.271	
Township of Palatine (All Funds)	0.186	0.194	0.152	0.149	0.145	0.127	0.123	0.129	0.116	0.114	
Metropolitan Sanitary District of Greater Chicago	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	
Northwest Mosquito Abatement District	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	
Hoffman Estates Park District	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	
Consolidated Elections	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	
County of Cook	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	
Cook County Health Facility	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	10.400	10.687	10.117	9.867	10.162	8.968	8.577	8.889	8.202	8.012	
SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES	11.0%	11.7%	11.4%	11.1%	11.4%	11.1%	11.4%	11.5%	11.4%	11.2%	

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

(B) 2006 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 Levy Years

Tax Levy Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Village Direct Rates (A)											
General	0.752	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	(B)
Municipal Waste	0.000	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	
IMRF	0.049	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	
Debt Service	0.226	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	
Police Pension	0.075	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	
Firefighters Pension	0.046	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	
Total Direct Rate	1.148	1.250	1.156	1.096	1.157	0.995	0.974	1.024	0.936	0.901	
Overlapping Rates											
Unit School District #220	3.146	3.438	3.511	3.617	3.862	3.852	3.741	4.011	3.456	3.348	
Junior College District #512	0.281	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	
Forest Preserve District of Cook County	0.074	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	
Poplar Creek Public Library District	0.376	0.386	0.397	0.388	0.406	0.351	0.340	0.355	0.318	0.304	
Township of Hanover (All Funds)	0.260	0.271	0.251	0.246	0.254	0.225	0.259	0.273	0.242	0.237	
Metropolitan Sanitary District of Greater Chicago	0.492	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	
Northwest Mosquito Abatement District	0.010	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	
Hoffman Estates Park District	0.640	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	
Consolidated Elections	0.000	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	
County of Cook	0.694	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	
Cook County Health Facility	0.295	0.285	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	
Comm. Mental Health Facility and Service District	0.054	0.056	0.049	0.044	0.045	0.040	0.038	0.040	0.036	0.035	
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	7.478	7.837	7.688	7.623	8.004	7.551	7.270	7.646	6.775	6.520	
SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES	15.4%	15.9%	15.0%	14.4%	14.5%	13.2%	13.4%	13.4%	13.8%	13.8%	

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

(B) 2006 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

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2005 Tax Levy			1996 Tax Levy		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Sears, Roebuck and Co.	\$ 272,865,095	1	15.14%	\$ 232,076,926	1	22.12%
Ameritech Illinois & SBC	153,055,402	2	8.49%	108,086,881	2	10.30%
Property Tax Advisors	41,874,531	3	2.32%			
Columbia H.E. Medical Ctr.				33,179,927	3	3.16%
Hamilton Partners				23,010,859	4	2.19%
Stonegate Properties	21,121,179	4	1.17%	18,967,789	5	1.81%
Alexian Bros Health Systems	20,614,530	5	1.14%			
American Heritage	19,128,349	6	1.06%			
TransAmerica Comm. Fin.	17,129,635	7	0.95%			
Town Management Corporation				16,371,634	6	1.56%
The John Buck Company	14,952,968	8	0.83%			
Park Place Apartments	14,903,134	9	0.83%			
Chicago Title & Trust				12,523,740	7	1.19%
Siemens Medical System				9,114,005	8	0.87%
Autumn Chase Apartments	11,839,073	10	0.66%	7,873,804	9	0.75%
Mellon Mortgage				7,270,270	10	0.69%
	<u>\$ 587,483,896</u>		<u>32.59%</u>	<u>\$ 468,475,835</u>		<u>44.66%</u>

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 9,300,913	\$ 9,116,125	98.01%	\$ 85,005	\$ 9,201,130	98.93%
1997	10,082,106	9,950,217	98.69%	139,563	10,089,780	100.08%
1998	10,191,844	9,798,497	96.14%	362,088	10,160,585	99.69%
1999	10,230,341	9,771,806	95.52%	17,744	9,789,550	95.69%
2000	10,447,322	9,845,205	94.24%	354,297	10,199,502	97.63%
2001	10,864,888	10,077,103	92.75%	160,714	10,237,817	94.23%
2002	11,448,849	11,165,361	97.52%	69,996	11,235,357	98.14%
2003	11,992,061	11,754,907	98.02%	65,839	11,820,746	98.57%
2004	12,542,668	11,894,869	94.84%	106,397	12,001,266	95.68%
2005	13,080,114	12,666,607	96.84%	-	12,666,607	96.84%
2006	15,923,954	(A)				

(A) Collections for the 2006 Tax Levy Year will not be received until fiscal year 2007.

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of	
	General Obligation Bonds	TIF Bonds Payable	TIF Notes Payable	Installment Contracts Payable	General Obligation Bonds	Installment Notes Payable	Capital Leases		Personal Income*	Per Capita*
1997	\$ 34,180,000	\$ 205,175,842	\$ 36,531,606	\$ 1,374,573	\$ -	\$ -	\$ -	\$ 277,262,021	24.3%	5,760
1998	41,685,000	200,413,203	33,954,036	1,143,966	-	-	-	277,196,205	24.3%	5,759
1999	38,970,000	193,781,721	38,251,877	965,276	-	-	-	271,968,874	23.8%	5,650
2000	36,240,000	185,897,705	51,531,187	801,392	-	-	-	274,470,284	20.8%	5,545
2001	33,250,000	174,968,773	61,081,826	632,524	-	-	-	269,933,123	20.4%	5,454
2002	30,125,000	161,369,196	79,186,080	458,519	-	-	-	271,138,795	20.5%	5,478
2003	26,985,000	143,266,563	86,789,188	279,222	-	-	-	257,319,973	19.1%	5,088
2004	24,180,000	121,410,341	89,750,593	94,471	-	-	-	235,435,405	17.5%	4,655
2005	76,170,000	105,856,847	92,730,674	-	-	-	-	274,757,521	20.4%	5,433
2006	73,020,000	77,247,623	95,914,221	-	-	-	-	246,181,844	18.3%	4,781

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

* See the Schedule of Demographic and Economic Statistics on page 181 for personal income and population data.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
1997	\$ 34,180,000	\$ 1,059,360	\$ 33,120,640	1.06%	\$ 688.12
1998	41,685,000	682,903	41,002,097	1.21%	851.87
1999	38,970,000	1,175,007	37,794,993	1.06%	785.24
2000	36,240,000	1,332,078	34,907,922	1.00%	705.28
2001	33,250,000	609,138	32,640,862	0.79%	659.48
2002	30,125,000	557,999	29,567,001	0.66%	597.37
2003	26,985,000	511,235	26,473,765	0.59%	523.48
2004	24,180,000	541,239	23,638,761	0.47%	467.42
2005 (A)	76,170,000	5,152,212	71,017,788	1.26%	1,404.26
2006	73,020,000	3,809,110	69,210,890	1.09%	1,344.01

(A) The fiscal year 2005 General Obligation Bonds listed here include \$54,935,000 related to the G.O. Taxable Bond Series 2005A. The Village expects to make payments due on these bonds from revenues available from other sources other than property taxes.

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

* See the Schedule of Assessed and Actual Value of Taxable Property on page 170 for property value data.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2006

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Hoffman Estates (A)	Village of Hoffman Estates Share of Debt
Village of Hoffman Estates	\$ 73,020,000	100.000%	\$ 73,020,000
Dundee Township	15,595,000	0.048%	7,486
Schaumburg Township	330,000	14.572%	48,088
Dundee Township Park District	1,639,140	0.048%	787
Hoffman Estates Park District	11,580,000	93.269%	10,800,550
Palatine Park District	11,450,000	2.462%	281,899
South Barrington Park District	1,211,000	0.043%	521
Schools			
District No. 211	57,275,000	12.269%	7,027,070
District No. 54	34,350,000	14.426%	4,955,331
District No. 15	37,439,901	7.295%	2,731,241
District No. 220	108,650,000	11.238%	12,210,087
District No. 300	161,813,821	0.445%	720,072
District No. 46	380,083,839	2.417%	9,186,626
Junior College District No. 512	60,910,000	6.285%	3,828,194
Junior College District No. 509	45,118,759	1.675%	755,739
Metropolitan Water Reclamation District	1,579,401,177	1.109%	17,515,559
Cook County including Forest Preserve District	3,130,980,000	1.090%	34,127,682
Kane County including Forest Preserve District	196,820,866	0.006%	11,809
Gail Borden Library District	26,605,000	4.486%	1,193,500
Palatine Library District	6,365,000	9.847%	626,762
Schaumburg Library District	9,090,000	14.828%	1,347,865
	<u>5,876,708,503</u>		<u>107,376,866</u>
	<u>\$ 5,949,728,503</u>		<u>\$ 180,396,866</u>

(A) Determined by ratio of assessed valuation of property subject to taxation in the Village of Hoffman Estates to valuation of property subject to taxation in overlapping unit.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2006

Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Tax Increment Financing Bonds							Tax Increment Financing Notes ^b			
	Incremental Property Taxes	Less Governmental Share	Less Program Expenses	Available for Debt Service	Debt Service		Coverage ^a	Incremental Property Taxes	Debt Service		Coverage
					Principal	Interest			Principal	Interest	
1997	\$ 18,243,746	\$ (2,799,948)	\$ (441,087)	\$ 15,002,711	\$ 1,045,000	\$ 5,951,654	2.14	\$ -	\$ -	\$ -	N/A
1998	19,032,982	(2,957,434)	(100,609)	15,974,939	8,775,000	8,230,815	0.94	-	-	-	N/A
1999	18,753,853	(3,782,845)	(35,410)	14,935,598	10,935,000	7,469,978	0.81	-	-	-	N/A
2000	19,886,213	(3,988,755)	(25,707)	15,871,751	12,500,000	6,827,555	0.82	-	-	-	N/A
2001	21,176,305	(4,268,800)	(29,818)	16,877,687	15,880,000	6,026,050	0.77	-	-	-	N/A
2002	21,824,262	(4,480,565)	(7,000)	17,336,697	18,910,000	5,013,935	0.72	-	-	-	N/A
2003	23,354,774	(4,872,744)	(31,509)	18,450,521	23,135,000	4,256,795	0.67	-	-	-	N/A
2004	23,323,096	(5,427,930)	(33,438)	17,861,728	26,070,000	3,844,545	0.60	-	-	-	N/A
2005	21,521,947	(5,722,070)	(278,175)	15,521,702	18,210,000	2,510,398	0.75	-	-	-	N/A
2006	23,200,881	(6,125,072)	(490,250)	16,585,559	30,610,000	1,811,299	0.51	-	-	-	N/A

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

^a In the years where debt service coverage fell below 1.0, Sears paid the shortfall, which is discussed further in the Management's Discussion & Analysis.

^b The Village also has Tax Increment Financing Notes, but they are only payable to the extent there are property taxes available, which has not occurred.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Personal Income	(1) Per Capita Personal Income	(2) Unemployment Rate
1997	48,132	\$ 1,140,535,872	\$ 23,696	3.9
1998	48,132	1,140,535,872	23,696	3.9
1999	48,132	1,140,535,872	23,696	2.4
2000	49,495	1,319,982,155	26,669	4.2
2001	49,495	1,319,982,155	26,669	3.9
2002	49,495	1,319,982,155	26,669	4.3
2003	50,573	1,348,731,337	26,669	4.7
2004	50,573	1,348,731,337	26,669	4.9
2005	50,573	1,348,731,337	26,669	4.5
2006	51,496	1,373,346,824	26,669	3.4

Data Sources

- (1) U.S. Department of Commerce, Bureau of the Census
- (2) Illinois Bureau of Employment Security

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Sears Holdings	5,700	1	11.3%	5,198	1	11.2%
AT&T	4,000	2	7.9%	3,300	2	7.1%
St. Alexius Medical Center	1,831	3	3.6%	1,100	3	2.4%
GE Commercial Finance	800	4	1.6%			
Automatic Data Processing	760	5	1.5%	600	6	1.3%
Career Education Corporation	750	6	1.5%			
Township High School No. 211				651	4	1.4%
Siemens Medical Systems	650	7	1.3%	600	5	1.3%
Schaumburg Community S.D. No. 54				426	7	0.9%
Village of Hoffman Estates	388	8	0.8%	385	8	0.8%
Leopardo Companies, Inc.	365	9	0.7%			
North Suburban Clinic				350	9	0.8%
Clair's	300	10	0.6%			
Bosch Rexroth Corporation				200	10	0
TOTAL	15,544			12,810		

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Management Services	18	20	23	23	25	27	27	25	25	26
Finance	16	16	16	16	16	17	16	15	15	15
Public Safety										
Police										
Officers	99	89	91	96	94	95	94	95	94	97
Civilians	18	22	23	21	24	24	24	24	24	24
Fire										
Firefighters and Officers	85	88	93	92	92	92	99	98	98	100
Civilians	4	4	4	4	4	4	4	4	5	5
Highways and Streets										
Administration	3	3	3	3	3	3	3	3	3	3
Engineering	12	12	12	12	12	11	11	11	11	11
Street Maintenance	66	66	68	68	70	69	70	70	70	72
Sanitation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	20	20	23	24	24	24	24	23	23	24
Culture and Recreation	1	1	1	1	1	2	2	2	2	2
Economic Development	7	7	6	7	9	10	10	10	10	9
TOTAL	349	348	363	367	374	378	384	380	380	388

Data Source

Village budget documents

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Physical Arrests	1,661	5,393	6,327	8,072	2,247	2,200	1,877	2,008	1,956	2,838
Parking Violations	6,752	24,554	26,356	37,080	8,042	7,331	4,497	5,553	6,321	8,750
Traffic Violations	14,115	47,764	56,624	70,538	16,966	16,604	16,488	16,189	17,765	18,834
Fire										
Emergency Responses	2,232	2,194	2,484	2,721	2,624	2,854	2,889	2,860	2,994	4,984
Fire/Miscellaneous Responses	1,564	1,819	1,835	1,766	1,817	1,646	1,681	1,731	1,758	1,751
Inspections	N/A	N/A	N/A	2,932	2,669	2,796	3,156	3,023	2,923	3,415
Public Works										
Vehicles Maintained by Dept	164	164	166	168	179	177	179	178	182	191
Street Reconstruction (Miles)	6.9	9.4	7.1	6.5	4.2	1.1	1.4	1.5	1.4	1.8
Street Resurfacing (Miles)	2.2	3.8	3.8	5.1	8.6	8.0	4.7	7.1	2.5	5.2
Water										
New Connections	N/A	N/A	12	51	202	237	190	224	237	200
Water Main Breaks	N/A	N/A	41	7	12	18	35	23	45	41
Average Daily Consumption	4,936,000	5,100,000	5,650,841	5,304,614	5,502,910	5,542,619	5,314,263	5,346,751	5,829,000	5,318,000
Peak Daily Consumption	N/A	N/A	N/A	7,768,000	9,400,000	9,631,000	8,781,000	12,586,000	11,478,000	8,653,000

N/A - Data was not available.

Data Source

Various Village Departments

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CAPITAL ASSETS STATISTICS

Last Ten Fiscal Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area Patrols	10	10	10	10	10	10	10	10	10	10
Patrol Units	39	38	39	41	39	41	40	41	42	47
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	8	8	8	9	9	9	9	9	9	9
Public Works										
Miles of Streets	140	140	140	140	141	141	142	142	145	145
Streetlights	N/A	2,196	2,246	2,261						
Traffic Signals	2	2	2	2	2	2	2	2	2	3
Water										
Water Mains (Miles)	198	200	201	202	208	213	218	221	224	226
Fire Hydrants	2,290	2,326	2,393	2,427	2,527	2,581	2,671	2,727	2,775	2,815
Storage Capacity (Gallons)	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000
Wastewater										
Sanitary Sewers (Miles)	164	164	165	166	167	169	171	172	173	175
Storm Sewers (Miles)	N/A	102	106	107						

N/A - Data was not available

Data Source

Various Village Departments

Village of Hoffman Estates, Illinois
Continuing Disclosure Undertaking for the Fiscal Year Ended
December 31, 2006

"Annual Report"

Finance Department
Michael DuCharme, Director of Finance
847-882-9100
FINAL 4/24/2007

Prepared by
Department of Finance and
William Blair & Company
222 West Adams Street
Chicago, IL 60606
312 364-8639

Village of Hoffman Estates
Equalized Assessed Valuations
By Classification of Property

<u>Property Class</u>	Levy Years				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Residential	\$608,834,722	\$663,205,010	\$672,389,482	\$807,093,546	n/a
Farm	298,743	239,544	219,537	138,020	n/a
Commercial	361,732,044	369,853,281	360,110,493	383,277,871	n/a
Industrial	121,585,216	143,130,819	138,481,832	151,008,426	n/a
TIF Value	<u>289,815,493</u>	<u>325,026,300</u>	<u>329,450,923</u>	<u>338,455,375</u>	<u>378,056,826</u>
Total Value	<u>\$1,382,266,218</u>	<u>\$1,501,454,954</u>	<u>\$1,500,652,267</u>	<u>\$1,679,973,238</u>	<u>\$1,830,698,515</u>

Source: Cook and Kane County Clerks' Offices; 2005 detail not available.

Kane Co. Included in total EAV 2001 - 2005, respectively: \$619,736, \$632,441, \$699,838, \$756,805, \$756,805.

Village of Hoffman Estates
Tax Rates Per \$100 Equalized Assessed Valuation - Schaumburg Township
(Levy Years)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Village of Hoffman Estates					
Bonds and Interest	\$ 0.191	\$ 0.169	\$ 0.141	\$ 0.118	\$ 0.108
Pension (Police, Fire, IMRF)	0.170	0.165	0.188	0.172	0.167
Corporate	0.609	0.617	0.695	0.646	0.625
Other	0.025	0.023	-	-	-
Total Village	\$ 0.995	\$ 0.974	\$ 1.024	\$ 0.936	\$ 0.901
Cook County (Incl. Forest Preserve)	0.813	0.751	0.689	0.653	0.593
Metropolitan Water Reclamation District	0.401	0.371	0.361	0.347	0.315
Palatine and Schaumburg Twp. H.S. No. 211	2.147	2.067	2.165	2.158	2.191
Schaumburg Comm. Consolidated S.D. No. 54	3.283	3.142	3.414	3.106	3.003
Harper College No. 512	0.308	0.295	0.310	0.279	0.281
Hoffman Estates Park District	0.517	0.486	0.540	0.498	0.478
All Other	0.478	0.424	0.473	0.396	0.405
Total	\$ 8.942	\$ 8.510	\$ 8.976	\$ 8.373	\$ 8.167
Village Share of Total Tax Levy	11.1%	11.4%	11.4%	11.2%	11.0%

Source: Village Finance Department

Village of Hoffman Estates
Schedule of Taxes Extended and Collected

<u>Tax Levy</u>	<u>Year of</u>	<u>Taxes</u>	<u>Taxes Collected</u>	<u>Percent</u>
<u>Year</u>	<u>Collection</u>	<u>Extended</u>	<u>and Distributed</u>	<u>Collected</u>
1998	1999	\$10,191,844	\$10,160,585	99.7%
1999	2000	10,230,341	9,789,550	95.7%
2000	2001	10,447,322	10,199,502	97.6%
2001	2002	10,864,888	10,237,817	94.2%
2002	2003	11,448,849	11,235,357	98.1%
2003	2004	11,992,061	11,820,746	98.6%
2004	2005	12,542,668	12,001,266	95.7%
2005	2006	13,080,114	12,666,607	96.8%
2006	2007	15,923,954	n/a	n/a

Source: Village Finance Department and Cook and Kane County Clerks

Village of Hoffman Estates
Principal Taxpayers

<u>Taxpayer Name</u>	<u>Type of Business or Property</u>	2005 <u>Equalized Assessed Valuation*</u>	<u>Percent of Village's Total EAV</u>
Sears Roebuck & Co.	Corporate headquarters	\$272,865,095	14.9%
Ameritech Illinois & SBC Ameritech	Office buildings	153,055,402	8.4%
Property Tax Advisors	Commercial buildings over three	41,874,531	2.3%
Stonegate Properties	Commercial buildings over three stories	21,121,179	1.2%
Alexian Bros Health Systems	Hospital & Medical Office	20,614,530	1.1%
American Heritage	Two and three story apartment buildings	19,128,349	1.0%
Transamerica Comm Fin	Commercial building over three stories	17,129,635	0.9%
The John Buck Co.	Rental office building and parking lot	14,952,968	0.8%
Park Place Apt Shre Bld Ltd	Apartments	14,903,134	0.8%
Autumn Chase Apts	Apartments	<u>11,839,073</u>	0.6%
		<u>\$587,483,895</u>	<u>32.09%</u>

*Includes only those parcels with 2005 equalized assessed valuations of \$200,000 and over as recorded in the County Assessor's Offices.

Source: Offices of the Cook and Kane County Clerks and Assessors

Village of Hoffman Estates
Comparative General Fund Balance Sheet
Fiscal Years Ended December 31

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assets					
Cash and Investments	\$12,782,834	\$11,991,349	\$11,490,275	\$14,366,578	\$14,501,358
Receivables:					
Property Taxes	9,308,512	10,511,954	11,381,614	11,426,163	12,061,945
Accounts	39,545	11,085	42,987	40,584	84,793
Accrued Interest	5,980	13,665	4,770	81,970	55,154
Other	861,440	1,427,645	309,307	429,213	410,277
Prepaid Items	43,875	11,827	16,959	16,993	17,324
Inventory	133,668	137,108	152,058	166,857	188,866
Due from Other Governments	3,137,031	2,209,004	3,316,532	3,192,471	3,619,080
Due from Other Funds	204,852	156,262	89,811	52,416	113,418
Advance to Other Funds	1,069,728	1,100,992	1,185,532	1,237,885	287,849
Advance to Fiduciary Funds	-	4,470	5,470	-	4,000
Total Assets	<u>\$27,587,465</u>	<u>\$27,575,361</u>	<u>\$27,995,315</u>	<u>\$31,011,130</u>	<u>\$31,344,064</u>
Liabilities					
Accounts Payable	\$571,430	\$696,517	\$526,370	\$716,456	\$1,041,934
Accrued Payroll	473,667	559,435	695,220	786,865	851,509
Deferred Revenues	9,985,467	10,895,102	11,504,468	12,082,680	12,905,051
Due to Other Funds	203,086	-	649,862	2,363	129,309
Due to Fiduciary Funds	-	11,523	56,692	58,588	25,707
Deposits Payable	637,835	761,039	904,620	1,336,823	1,378,658
Compensated Absences Payable	<u>1,090,948</u>	-	-	-	-
Total Liabilities	<u>\$12,962,433</u>	<u>\$12,923,616</u>	<u>\$14,337,232</u>	<u>\$14,983,775</u>	<u>\$16,332,168</u>
Fund Balances					
Reserved for Encumbrances	\$44,086	\$32,480	-	-	-
Reserved for Prepaid Items	43,875	11,827	\$16,959	\$16,993	\$17,324
Reserved for Inventory	133,668	137,108	152,058	166,857	188,866
Reserved for Advances to Other Funds	1,069,728	1,105,462	1,191,002	1,237,885	291,849
Reserved for Public Safety	121,993	131,785	134,286	142,319	121,797
Reserved for Employee Loan Program	95,463	98,980	83,805	99,468	89,998
Unreserved	<u>13,116,219</u>	<u>13,134,103</u>	<u>12,079,973</u>	<u>14,363,833</u>	<u>14,302,062</u>
Total Equity and Credits	<u>\$14,625,032</u>	<u>\$14,651,745</u>	<u>\$13,658,083</u>	<u>\$16,027,355</u>	<u>\$15,011,896</u>
 Total Liabilities, Equity and Other Credits	 \$27,587,465	 \$27,575,361	 \$27,995,315	 \$31,011,130	 \$31,344,064

Sources Comprehensive Annual Financial Reports, FY 2002 - 2006

Village of Hoffman Estates
General Fund Revenues & Expenditures
Fiscal Years Ended December 31

	2002	2003	2004	2005	2006	Budget 2007
Revenues:						
Taxes	\$15,772,344	\$16,647,405	\$18,390,341	\$21,358,959	\$20,909,646	\$23,544,071
Licenses and Permits	1,182,921	1,417,756	1,613,441	2,032,103	1,974,164	2,229,500
Intergovernmental	11,275,373	9,800,467	9,348,021	10,191,818	11,781,393	13,084,040
Charges for Services	2,889,039	2,288,507	2,503,993	3,754,742	4,100,996	4,242,470
Fines and Forfeits	578,462	564,239	571,439	597,037	825,005	716,600
Investment Income	439,866	206,357	161,811	426,348	745,136	710,220
Miscellaneous	<u>200,143</u>	<u>149,971</u>	<u>436,486</u>	<u>279,439</u>	<u>151,937</u>	<u>574,040</u>
Total Revenues	\$32,338,148	\$31,074,702	\$33,025,532	\$38,640,446	\$40,488,277	\$45,100,941
Expenditures:						
General Government	\$2,649,747	\$3,924,496	\$4,213,656	\$4,559,935	\$5,096,565	\$5,802,370
Public Safety	17,366,293	18,427,735	20,443,226	21,932,451	23,836,847	26,785,881
Highways and Streets	3,810,432	3,784,688	4,053,212	4,265,588	4,436,085	5,476,560
Health and Welfare	1,460,730	1,534,247	1,637,951	1,671,142	1,800,992	2,010,580
Culture and Recreation	281,344	235,705	222,720	223,112	241,172	285,130
Economic Development	-	1,073,214	1,127,451	1,219,030	971,705	1,895,110
Miscellaneous	<u>2,645,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	\$28,213,937	\$28,980,085	\$31,698,216	\$33,871,258	\$36,383,366	\$42,255,631
Excess (Deficiency) of Revenues Over Exp	\$4,124,211	\$2,094,617	\$1,327,316	\$4,769,188	\$4,104,911	\$2,845,310
Other Financing Sources (Uses)	<u>(\$3,614,380)</u>	<u>(\$3,158,852)</u>	<u>(\$2,320,978)</u>	<u>(\$2,399,916)</u>	<u>(\$5,120,370)</u>	<u>(\$3,936,350)</u>
Net Change in Fund Balance	509,831	(1,064,235)	(993,662)	2,369,272	(1,015,459)	(1,091,040)
Fund Balance, January 1	14,115,201	14,625,032	14,651,745	13,658,083	16,027,355	\$15,011,896
Prior Period Adjustment	<u>-</u>	<u>1,090,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balance, January 1 (Restated, FY 03)	\$14,115,201	\$15,715,980	\$14,651,745	\$13,658,083	\$16,027,355	
Ending Fund Balance	<u>\$14,625,032</u>	<u>\$14,651,745</u>	<u>\$13,658,083</u>	<u>\$16,027,355</u>	<u>\$15,011,896</u>	

Sources Comprehensive Annual Financial Reports, FY 2002 - 2006

Village of Hoffman Estates
Combined Statement - Fund Balances - All Funds
Fiscal Year End 12/31

	2002	2003	2004	2005	2006
Governmental Fund Types:					
General Fund	\$15,715,980	\$14,651,745	\$13,658,083	\$16,027,355	\$15,011,896
Special Revenue Funds:					
Motor Fuel Tax Fund	147,063	140,828	164,435	209,497	222,347
Illinois Municipal Retirement Fund	-	-	-	-	-
Asset Seizure Fund	93,466	100,181	96,899	90,630	89,661
Econ. Dev. Area Admin.	(491,074)	(228,363)	14,500	151,904	751,429
E911	193,231	314,197	702,695	859,443	1,011,980
Roselle Rd TIF	-	(34,640)	(118,376)	332,708	483,744
Municipal Waste	<u>228,927</u>	<u>44,032</u>	<u>264,810</u>	<u>226,853</u>	<u>599,953</u>
Total Special Revenue	\$171,613	\$336,235	\$1,124,963	\$1,871,035	\$3,159,114
Debt Service Funds	\$22,546,505	\$24,019,114	\$22,311,111	\$17,360,240	\$26,682,454
Capital Project Funds	<u>14,358,829</u>	<u>14,662,805</u>	<u>14,166,492</u>	<u>62,223,501</u>	<u>13,224,198</u>
Total Governmental	\$52,792,927	\$53,669,899	\$51,260,649	\$97,482,131	\$58,077,662
Proprietary Fund Types:					
Waterworks and Sewerage	\$33,329,451	\$31,976,384	\$31,168,945	\$33,181,114	\$33,600,225
Insurance	1,098,901	301,030	286,345	103,957	23,151
Information Systems	<u>703,841</u>	<u>569,327</u>	<u>335,926</u>	<u>229,519</u>	<u>378,882</u>
Total Proprietary	\$35,132,193	\$32,846,741	\$31,791,216	\$33,514,590	\$34,002,258
Fiduciary Fund Types:					
Expendable Trust Funds	-	-	-	-	-
Pension Trust:					
Police Pension	\$29,478,058	\$33,445,485	\$36,312,218	\$38,197,403	\$41,968,210
Firefighters' Pension	<u>32,792,236</u>	<u>36,983,919</u>	<u>40,731,107</u>	<u>43,322,571</u>	<u>46,581,608</u>
Total Fiduciary	\$62,270,294	\$70,429,404	\$77,043,325	\$81,519,974	\$88,549,818
<i>Total All Funds (Memo Only)</i>	\$150,195,414	\$156,946,044	\$160,095,190	\$212,516,695	\$180,629,738

Sources Comprehensive Annual Financial Reports, FY 2002 - 2006

Village of Hoffman Estates
Combined Statement - Cash and Investments - All Funds
As of December 31

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund	\$12,782,834	\$11,991,349	\$11,490,275	\$14,366,578	\$14,501,358
Special Revenue Funds	2,020,217	1,900,786	2,829,903	3,106,000	3,962,652
Debt Service - GO Bonds	544,230	469,581	443,864	5,038,205	3,791,960
Debt Service - EDA Related	<u>21,857,319</u>	<u>23,376,849</u>	<u>21,888,129</u>	<u>12,291,217</u>	<u>22,936,906</u>
Total Debt Service Funds	\$22,401,549	\$23,846,430	\$22,331,993	\$17,329,422	\$26,728,866
Capital Project Funds	\$10,114,288	\$11,017,178	\$8,752,794	\$56,984,193	\$9,050,771
Capital Projects - EDA, Series 1991	<u>6,435,538</u>	<u>6,285,739</u>	<u>6,753,686</u>	<u>6,336,199</u>	<u>5,702,157</u>
Total Capital Project Funds	\$16,549,826	\$17,302,917	\$15,506,480	\$63,320,392	\$14,752,928
Waterworks and Sewerage	\$9,190,608	\$8,192,266	\$7,894,210	\$8,747,938	\$8,554,011
Insurance	\$2,501,505	\$2,056,376	\$1,371,809	\$1,179,764	\$1,038,953
Information Systems	<u>647,826</u>	<u>576,548</u>	<u>284,872</u>	<u>223,549</u>	<u>462,428</u>
Total Internal Service Funds	\$3,149,331	\$2,632,924	\$1,656,681	\$1,403,313	\$1,501,381
Pension Funds	\$4,606,447	\$1,180,787	\$2,036,009	\$1,049,948	\$3,357,826
All Other Funds	<u>888,821</u>	<u>884,854</u>	<u>1,278,474</u>	<u>1,672,447</u>	<u>7,717,363</u>
Total	\$71,589,633	\$67,932,313	\$65,024,025	\$110,996,038	\$81,076,385

Sources Comprehensive Annual Financial Reports, FY 2002 - 2006

Village of Hoffman Estates
General Fund - Major Sources of Revenue
Audited Fiscal Year ended December 31

Revenues	2002	2003	2004	2005	2006
Property Taxes	\$6,153,815	\$7,076,498	\$7,975,685	\$8,198,660	\$8,783,938
Sales Tax	6,974,872	5,613,415	5,011,076	5,055,579	6,233,965
Home Rule Sales tax	2,181,170	1,520,830	1,785,199	2,591,899	3,216,848
Photo and Local Use Tax	489,476	444,409	524,368	578,229	662,370
State Income Tax	3,246,720	3,067,177	3,213,757	3,773,525	4,140,270
Licenses and Permits	1,182,921	1,417,756	1,613,441	2,032,103	1,974,164
Charges for Services	2,889,039	2,288,507	2,503,993	3,754,742	4,100,996
Fines and Forfeits	546,865	564,239	571,439	597,037	825,005
Investment Income	439,866	206,357	161,811	426,348	745,136
Hotel Tax	542,763	645,582	703,233	750,028	1,070,456
Real Estate Transfer Tax	1,029,924	1,150,049	1,272,280	3,040,388	1,111,758
Telecommunications Tax	3,221,187	3,835,027	3,976,737	4,097,034	3,753,103
All Other	<u>3,705,060</u>	<u>3,269,716</u>	<u>3,714,048</u>	<u>3,748,035</u>	<u>3,877,106</u>
Total Revenue.....	\$32,603,678	\$31,099,562	\$33,027,067	\$38,643,607	\$40,495,115

Source: Village Finance Department

Village of Hoffman Estates
Direct and Overlapping General Obligation Debt
(As of December 31, 2006)

	Outstanding Bonds	Applicable to Village	
		Percentage	Amount
Direct Debt			
General Obligation Bonds Outstanding	\$18,085,000	100.0%	\$18,085,000
Series 2005 Taxable General Obligation Bonds	54,935,000	100.0%	<u>54,935,000</u>
Total Direct General Obligation Bonded Debt			\$73,020,000
Overlapping Debt			
Cook County	\$3,022,505,000	1.090%	\$32,945,305
Cook County Forest Preserve	108,475,000	1.090%	1,182,378
Metropolitan Water Reclamation District	1,579,401,177 ⁽⁵⁾	1.109%	17,515,559
Kane County	0 ⁽²⁾⁽⁶⁾	0.006%	0
Kane County Forest Preserve	196,820,866	0.006%	11,809
Dundee Township	15,595,000	0.048%	7,486
Schaumburg Township	330,000	14.572%	48,088
Dundee Township Park District	1,639,140 ⁽²⁾	0.048%	787
Hoffman Estates Park District	11,580,000 ⁽²⁾⁽⁶⁾	93.269%	10,800,550
Palatine Park District	11,450,000 ⁽²⁾	2.462%	281,899
South Barrington Park District	1,211,000 ⁽²⁾	0.043%	521
Gail Borden Public Library District	26,605,000	4.486%	1,193,500
Palatine Public Library District	6,365,000	9.847%	626,762
Schaumburg Township Library District	9,090,000	14.828%	1,347,865
School District #15	37,439,901 ⁽³⁾	7.295%	2,731,241
Community Unit School District #46	380,083,839 ⁽³⁾	2.417%	9,186,626
School District #54	34,350,000	14.426%	4,955,331
Community Unit School District #220	108,650,000	11.238%	12,210,087
Community Unit School District #300	161,813,821 ⁽³⁾	0.445%	720,072
High School District #211	57,275,000	12.269%	7,027,070
Community College #509	45,118,759 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	1.675%	755,739
Community College #512	60,910,000 ⁽²⁾	6.285%	<u>3,828,194</u>
			\$107,376,866
Total Direct and Overlapping General Obligation Bonded Debt			\$180,396,866

(1) Includes that portion of the Public Building Commission's outstanding bonds that applies to the District and is payable from lease agreements secured by ad valorem taxes on all taxable property in the District.

(2) Excludes principal amounts of outstanding General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.

(3) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

(4) Excludes 1995A bonds issued through the City of Elgin. Also excludes Certificates of Participation.

(5) Includes IEPA revolving loan fund bonds.

(6) Excludes Debt Certificates.

Source: Cook and Kane County Clerk's Offices

Village of Hoffman Estates, Illinois
Total General Obligation Bond Debt Service
As of December 31, 2006

Year Ended	Prior Principal and Interest			Series 2005 Bonds			Total GO Debt Outstanding			% Paid
	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	
12/1/07	\$3,320,000	\$696,323	\$4,016,323	\$1,030,000	\$2,869,553	\$3,899,553	\$4,350,000	\$3,565,875	\$7,915,875	
12/1/08	3,535,000	575,073	4,110,073	1,075,000	2,824,233	3,899,233	4,610,000	3,399,305	8,009,305	
12/1/09	3,800,000	439,688	4,239,688	1,120,000	2,775,858	3,895,858	4,920,000	3,215,545	8,135,545	
12/1/10	3,355,000	291,713	3,646,713	1,175,000	2,724,338	3,899,338	4,530,000	3,016,050	7,546,050	
12/1/11	2,610,000	161,310	2,771,310	1,230,000	2,669,700	3,899,700	3,840,000	2,831,010	6,671,010	30.5%
12/1/12	1,465,000	59,973	1,524,973	1,285,000	2,611,890	3,896,890	2,750,000	2,671,863	5,421,863	
12/1/13	-	-	-	1,345,000	2,550,210	3,895,210	1,345,000	2,550,210	3,895,210	
12/1/14	-	-	-	1,415,000	2,484,305	3,899,305	1,415,000	2,484,305	3,899,305	
12/1/15	-	-	-	1,485,000	2,414,263	3,899,263	1,485,000	2,414,263	3,899,263	
12/1/16	-	-	-	1,555,000	2,340,013	3,895,013	1,555,000	2,340,013	3,895,013	42.2%
12/1/17	-	-	-	1,635,000	2,261,485	3,896,485	1,635,000	2,261,485	3,896,485	
12/1/18	-	-	-	1,720,000	2,177,283	3,897,283	1,720,000	2,177,283	3,897,283	
12/1/19	-	-	-	1,810,000	2,087,843	3,897,843	1,810,000	2,087,843	3,897,843	
12/1/20	-	-	-	1,905,000	1,992,818	3,897,818	1,905,000	1,992,818	3,897,818	
12/1/21	-	-	-	2,005,000	1,892,805	3,897,805	2,005,000	1,892,805	3,897,805	54.6%
12/1/22				2,110,000	1,787,543	3,897,543	2,110,000	1,787,543	3,897,543	
12/1/23				2,225,000	1,674,130	3,899,130	2,225,000	1,674,130	3,899,130	
12/1/24				2,345,000	1,554,536	3,899,536	2,345,000	1,554,536	3,899,536	
12/1/25				2,470,000	1,428,493	3,898,493	2,470,000	1,428,493	3,898,493	
12/1/26				2,600,000	1,295,730	3,895,730	2,600,000	1,295,730	3,895,730	70.7%
12/1/27				2,740,000	1,155,330	3,895,330	2,740,000	1,155,330	3,895,330	
12/1/28				2,890,000	1,007,370	3,897,370	2,890,000	1,007,370	3,897,370	
12/1/29				3,045,000	851,310	3,896,310	3,045,000	851,310	3,896,310	
12/1/30				3,210,000	686,880	3,896,880	3,210,000	686,880	3,896,880	
12/1/31				3,385,000	513,540	3,898,540	3,385,000	513,540	3,898,540	91.6%
12/1/32				3,565,000	330,750	3,895,750	3,565,000	330,750	3,895,750	
12/1/33				2,560,000	138,240	2,698,240	2,560,000	138,240	2,698,240	
	<u>\$18,085,000</u>	<u>\$2,224,078</u>	<u>\$20,309,078</u>	<u>\$54,935,000</u>	<u>\$49,100,444</u>	<u>\$104,035,444</u>	<u>\$73,020,000</u>	<u>\$51,324,521</u>	<u>\$124,344,521</u>	

Village of Hofman Estates
Local Share of State Sales Tax History by Month - Cash Basis

<u>Cash</u> <u>Received</u>	<u>Liability</u> <u>Month</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2004</u> <u>v. 2005</u>	<u>2005</u> <u>v. 2006</u>
January	October	\$ 481,093	\$ 559,934	\$ 427,729	\$ 401,340	\$ 362,896	-6%	-10%
February	November	530,054	788,755	457,278	380,001	370,157	-17%	-3%
March	December	502,593	550,082	514,378	422,742	555,981	-18%	32%
April	January	384,286	465,901	358,744	437,891	506,421	22%	16%
May	February	424,081	417,894	395,012	421,752	422,455	7%	0%
June	March	451,636	416,798	484,410	408,345	566,616	-16%	39%
July	April	539,917	486,979	426,207	435,966	561,962	2%	29%
August	May	790,163	463,453	441,877	411,570	570,342	-7%	39%
September	June	697,072	500,697	392,301	473,621	492,612	21%	4%
October	July	657,177	491,395	416,071	456,655	555,596	10%	22%
November	August	631,021	468,495	454,719	459,373	491,131	1%	7%
December	September	550,033	484,591	367,860	394,610	519,588	7%	32%
Year Totals		\$ 6,639,126	\$ 6,094,974	\$ 5,136,586	\$ 5,103,866	\$ 5,975,757	-1%	17%

Source: Village Finance Department