

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
December 31, 2008

Prepared by Finance Department

Michael DuCharme  
Director of Finance

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2008

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LEGISLATIVE

Village Board of Trustees

William D. McLeod, President

Cary J. Collins

Karen V. Mills

Jacquelyn Green

Anna Newell

Raymond M. Kincaid

Gary J. Pilafas

Bev Romanoff, Village Clerk

ADMINISTRATIVE

James H. Norris, Village Manager

FINANCE DEPARTMENT

Michael DuCharme, Director of Finance



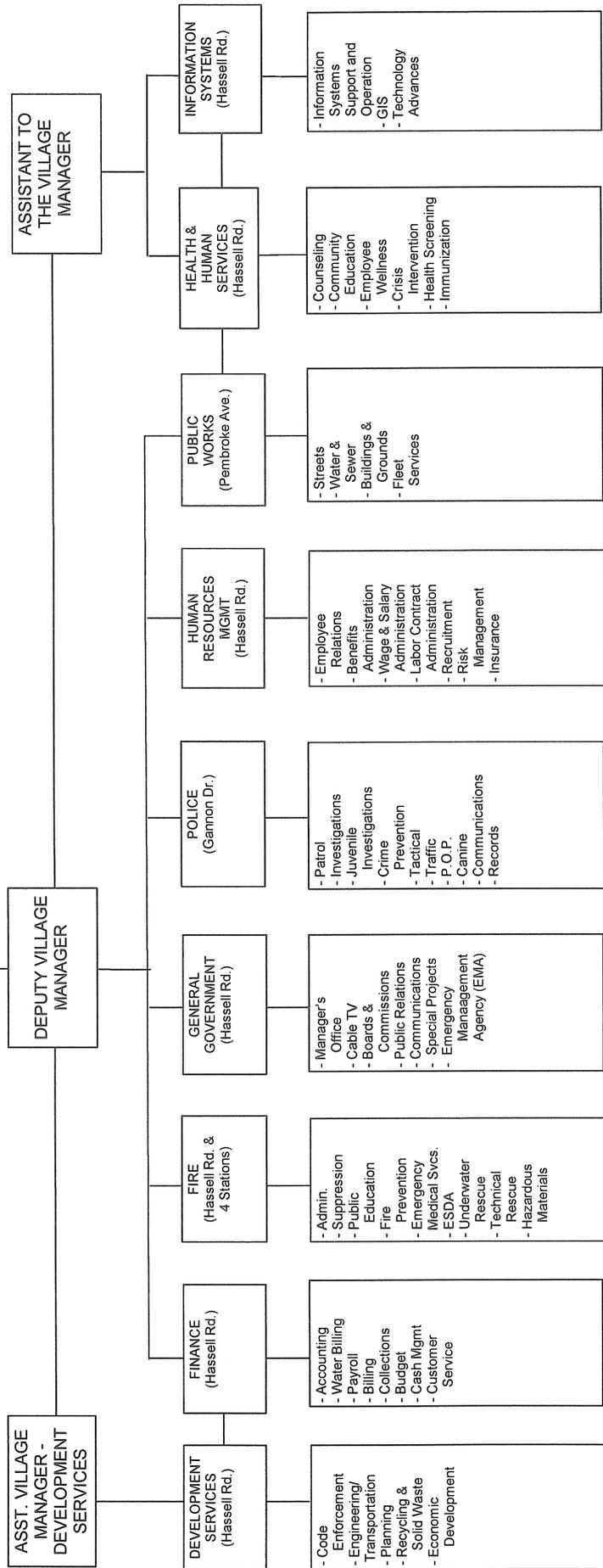
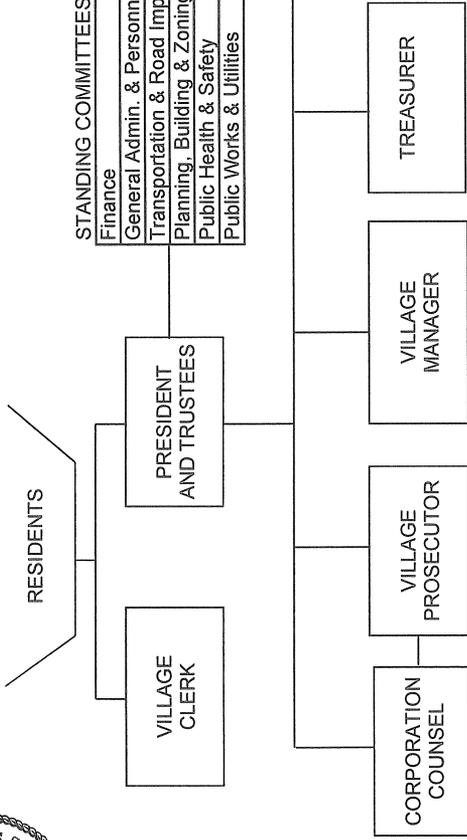
# Village of Hoffman Estates, Illinois

**BOARDS & COMMISSIONS**

<b>Arts</b>	Local Historian
Barrington Square Mall	Plan Commission
Capital Improvements	Police Pension Board
Celebrations	Road Improv. Impact Fee Advisory
Children's Memorial	Roselle Road Business District
Cultural Awareness	Senior Citizens
Disabled & Seniors	Sister Cities
Economic Development	Storm Water Mgmt. Utility
Electrical	Emerging Technology
Environmental	Environmental
Fire & Police	Firefighters Pension
Firefighters Pension	Fourth of July
Green Initiatives	Historical Sites
Historical Sites	Historical Sites
	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, 2007

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 29, 2009

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, 2008.

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 auditor's 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, 2008, 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

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 53,319. This figure represents an increase of 3,824 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

Despite recent weaknesses in short term economic indicators, there continues to be strong interest in long-term economic development investments in Hoffman Estates. Interest in the Prairie Stone Economic Development Area continues as this 780 acre development approaches buildout. The 11,000 seat Sears Centre Arena, a multi-purpose indoor entertainment and sports facility, and Cabela's 185,000 square foot retail store (a purveyor of outdoor sporting goods and apparel) anchor the emerging Entertainment District within Prairie Stone. Development and redevelopment continues in other portions of the Village as well.

The Village's Series 2005 Taxable General Obligation bonds were issued to finance the Sears Centre economic development project. In the second half of 2008, the Sears Centre Arena hosted Carrie Underwood; Alan Jackson; the Elgin Symphony; a collegiate basketball

tournament featuring Marquette, Dayton and Auburn Universities; and a touring ice show. January of 2009 was the Sears Centre's busiest month ever with 31 events. January offerings included a mix of sporting events including a University of Notre Dame collegiate hockey tournament, Chicago Storm indoor soccer team games, arenacross-indoor motorcycle racing, and the Meijer Hoops Showdown high school basketball exhibition. These events were followed by a 12 day run of Cirque du Soleil's Saltimbanco performances. The February line-up included sports and family shows, and the Eagles performed to a sold out audience in March.

The Chicago Shamrox, an indoor lacrosse team, folded in December 2008 only days prior to the beginning of its 2009 season. The Chicago Storm and Chicago Slaughter (indoor football) remain as tenant sports teams.

The 2008-2009 economic downturn is expected to affect the number of and attendance at Sears Centre events. The projected total number of events has been below original forecasted numbers in the feasibility study. The owners have made adjustments, including management changes, to address attendance and event volumes and have achieved improving results through year end 2008. The owners have provided timely payment of annual naming rights and the other debt service payments, fulfilling their payment obligations.

In October 2007, Cabela's opened a 185,000 square foot store featuring equipment and clothing for a variety of outdoor activities, set among lifelike dioramas featuring animals from around the globe, a conservation mountain, and a huge aquarium.

The Sears Centre and Cabela's form the cornerstone of the emerging Entertainment District in Prairie Stone, and additional attractions are in various stages of development. The Village Board approved the Prairie Creek Amphitheater, a 9,400 seat outdoor venue that will host 30-40 concerts each summer. The Sun Island indoor/outdoor water park, hotel, and conference center received approval in 2008. Both projects are optimistic that construction could begin in 2009 and be open in 2010. Several smaller parcels in the Entertainment District are currently being marketed to restaurants and other entertainment uses.

At State Routes 72 and 59, the 42 acre, 400,000 square foot Poplar Creek Crossing Shopping Center, a traditional style retail development anchored by a Target store, opened in 2007, with PetSmart, Office Max, Cost Plus World Market, TJ Maxx, Kirkland, Linens n' Things, Michaels, and Lane Bryant filling out the "in line" center. Additional retailers, restaurants, and service providers occupy outlot buildings, although Cost Plus World Market and Linens n' Things recently announced closings.

A priority of the Village during the past several years has been to redevelop and revitalize the Roselle Road Business Improvement District (B.I.D.). To bring about this change, the Village Board passed an ordinance establishing a Tax Increment Financing District ("TIF") in May 2003. During 2005, the Golf Center Shopping Center completed a major remodeling and renovation with site and building upgrades in 2008. The estimated total cost was \$2 million, with no public dollars expended from the TIF fund.

The Village finalized redevelopment activity with the Hoffman Plaza Shopping Center (across the street from Golf Center) and Jewel Food Stores (the major tenant) for a similar upgrade of the center and a complete remodeling of Jewel. The final total cost was \$7.0 million. The Village used \$2.7 million in TIF funds to leverage private reinvestment.

The Village Board approved the hiring of a landscape architect consultant in 2007 to design streetscape improvements in the B.I.D. along Roselle Road, Golf Road, and Higgins Road. Streetscape improvements will be phased over several years, using TIF funds. The Village is also working with Cook County Highway Department to obtain approval for a traffic signal at the intersection connecting the two retail centers.

Listed below are specific commercial projects within the Village which have either been recently completed or are now in development:

- *Woodfield Nissan.* The 2005 expansion of the main building was completed, and Nissan acquired an adjacent lot in 2008 for an expansion to allow more site storage of autos.
- *Prairie Stone Crossing Retail Center.* A 140,000 square foot retail center featuring a Sports Authority, Chipotle, Great Clips and AT&T Phone Store opened in Fall 2008.
- *AT&T Outlots (Huntington Woods Corporate Center).* McShane purchased and is developing two 35 acre parcels on the AT&T site that AT&T no longer requires for corporate expansion. The site has potential for up to 750,000 square feet. Mori Seiki, a Japanese precision tool manufacturer, is building a 102,000 square foot North American Headquarters. Big Kaiser, another tool manufacturer, received approval for a 32,000 square foot building and is expected to break ground in Spring 2009.
- *Beacon Pointe Commercial.* The Village continues to work with a developer who is planning an approximately 25 acre commercial development at the northwest corner of Beverly Road and Shoe Factory Road.
- *Value Place.* Value Place received approval to construct a 121 room hotel on a site on Pembroke Avenue. Construction has not started as of yet.
- *Stonegate Office Building.* A 16,280 square foot two-story, office building was previously approved on the north side of Higgins Road, just east of Barrington Road. Construction is anticipated in 2009.

Ongoing residential projects include:

- *White Oak Units 4 and 5 (west of Rohrssen Road between Golf and Shoe Factory Roads).* This 274 lot single-family subdivision by Kimball Hill was completed in 2008. Starting home price is approximately \$422,000.

- *Yorkshire Woods I (south of Shoe Factory Road and west of McDonough Road).* Dartmoor Homes is finishing the first phase of the Yorkshire Woods development where fewer than 10 of the 43 approved lots remain. Starting home prices begin around \$490,000.
- *Haverford Place (northwest corner of Essex Drive and Shoe Factory Road).* This 184 lot age restricted development by Ryland Homes is nearly built out with home sale prices starting around \$280,000.
- *Beacon Pointe (Essex Drive, north of Shoe Factory Road).* Construction continues on the 193 lot subdivision being built by Ryland Homes and Kirk Homes with home prices starting between \$396,000–\$436,000. Approximately 20 lots remain to be built. An additional 107 lots are planned in the second phase, located to the east of Essex Drive.
- *Airdrie Estates (northeast corner of Rohrssen and McDonough Roads).* This heavily wooded subdivision features 21 lots available for purchase to custom home builders. Lot prices begin at \$250,000.
- *Devonshire Woods Estates (southwest corner of Essex Drive and Shoe Factory Road).* Dartmoor Homes continues development of this densely wooded subdivision that features 55 lots along with a large park component. Starting home prices are expected to be approximately \$600,000.
- *Yorkshire Woods II (south of Shoe Factory Road and west of McDonough Road).* Preliminary concept approval was granted to Dartmoor Homes to develop 35 lots with single family homes. Starting home prices are expected to begin around \$490,000.
- *Autumn Woods (northeast corner of Golf and Berner Roads).* Kenar Homes received approval to develop 75 lots with single family homes and site work began in Fall 2008. The developer expects the average sale price for a new home to be approximately \$525,000.

*Economic Development Area – Prairie Stone.* In 1989, Sears, Roebuck and Co. announced its decision to move its Merchandise Group activities from its downtown Chicago location in the Sears Tower to Hoffman Estates. Sears acquired 786 acres of land located along the northern right of way of Interstate 90 between Illinois Route 59 and Beverly Road within the Village. To accommodate Sears’ move to the Village, the Illinois legislature adopted the Economic Development Area Tax Increment Allocation Act (P.A. 86-0038), which provided a funding vehicle for land acquisition and other development costs defined in the Act with incremental revenues from an Economic Development Area (the “EDA”) used to pay those costs. The EDA has been zoned for up to 12 million gross square feet of office, light industrial, hotels, and retail development. The Project Area has been delineated into two sites, Phase I and Phase II.

The Phase I site consists of 200 acres for the Sears Home Office Complex and related developments. The Sears Holdings Office Complex occupies approximately 115 acres and consists of seven office buildings ranging from 4 to 6 stories in height, a conference center, an exposition center, a fitness center, a cafeteria, and a daycare center, with over 2.3 million square feet of gross building area and 2.1 million square feet of net rentable building area. Sears employs approximately 6,000 people at the Sears Complex. Parking for approximately 4,700 cars is provided in surface parking lots and 3 multi-level parking ramps. The remaining 85 acres of the Phase I site are expected to be used for future development of either Sears-related businesses or independent development. Currently, Sears leases approximately 200,000 square feet to other companies who are tenants of the Phase I site Building E.

The Phase II site, which has been zoned for up to 9 million gross square feet, consists of 586 acres, including 15 acres donated to the Village for a fire station and Village park. Development of the remaining 571 acres as a planned and controlled business park, primarily for corporate users, certain retail amenities, and hotel uses, is to be phased to meet market demands. Built space currently totals 2.4 million square feet in 32 buildings.

Recent additions to the EDA include Liberty Mutual (a 100,000 square foot office building), Cabela's – The World's Foremost Outfitter (a 185,000 square foot retail store), W T Engineering (a 21,700 square foot office building), Camelot School (a 17,500 square foot school for autistic children), the Sears Centre (a 11,000 seat capacity, 246,000 square foot indoor arena), Mary Kay Cosmetics (a 135,000 square foot regional office and distribution center), and I CAR (a 25,000 square foot headquarters for the auto collision industry).

In 2008, Serta International moved into a new 25,000 square foot headquarters and Amcol (Chemical Industry) moved into a new 74,000 square foot facility. The 145,000 square foot Prairie Stone Corporate Center spec office buildings were completed. The Prairie Point Medical Office Building (54,000 square feet) was completed and the first doctor's offices were occupied. The balance of the Prairie Pointe development will include restaurants, a hotel, a furniture store, office, and retail space, all totaling 300,000 square feet.

The Prairie Stone Crossing retail development features a Sports Authority in 140,000 square feet of retail space. Additional development is in the pre-approval stages and includes restaurant, retail, and office/lab projects.

### **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. The plan was again updated in August, 2007 and is currently under review again. The Comprehensive Plan is intended to guide the long range development policy of the Village. A broad array of development related issues are discussed in the plan, including transportation, land use and economic development. The general guidance provided by the plan is considered when new developments are proposed and when specific programs are considered for implementation by the Village. Over time, it is expected that the broad policies in the plan

may need to be adapted to meet changing conditions. Many of the policies of the plan are proposed with this need for flexibility in mind.

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, 2008, General Fund unreserved fund balance is 26.1 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, December 2005, and most recently in April, 2009), 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 2008, 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, 2008, 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 2008 was 10.33 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 2008 were:

### *Short-Term Goals:*

- Complete the remodeling of the Village Hall and the relocation of fire station 24; complete the design and begin construction of a new police building.
- Develop an economic development marketing plan in conjunction with the Economic Development Commission that is focused on encouraging consumers to shop, dine and be entertained at establishments within the Village. Work with external consultants to create an additional Village-wide marketing plan to promote all aspects of the Village of Hoffman Estates.
- Promote awareness of the Village of Hoffman Estates Emergency Operations Plan through continued training of Village personnel, creation of a citizen corps and outreach to residents, the business community and surrounding municipalities through regular drills and the dissemination of pertinent information.
- Continue to increase communication with Village residents and businesses through the televising of Village Board and Committee meetings, enhanced Web site/electronic communication, additional public meetings, the Citizen, and the implementation of eGov applications.
- Advocate for both the Suburban Transit Access Route (STAR) Line and a full Tollway interchange at Barrington Road and responsible uses for the Elgin, Joliet & Eastern (EJ&E) rail line in partnership with Canadian National (CN).
- 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.
- Promote and celebrate the 50th Anniversary of the incorporation of the Village of Hoffman Estates through monthly activities, commemorative items, a history of the Village and banners placed throughout the Village.
- Improve the safety and efficiency of intersections throughout the Village by installing red-light camera enforcement and light-emitting diode (LED) traffic signals.

- Work in concert with the owners of the Hoffman Plaza shopping center and the Jewel-Osco to redevelop the center utilizing the Roselle/Golf roads tax increment financing (TIF) district funds.

*Ongoing Goals:*

- Contribute to the health of the environment by promoting “Green” activities throughout the Village, including Leadership in Energy and Environmental Design (LEED)-certified public and private buildings; increased recycling through the commercial and residential solid waste programs; Solid Waste Agency of Northern Cook County (SWANCC)-sponsored recycling programs for compact fluorescent lamp (CFL) bulbs, medical waste and document destruction; participation in the Metropolitan Mayors Caucus’ Clean Air Counts initiative; addition of alternative fuel and hybrid vehicles to the Village fleet; and, creation of a paperless business environment in the Village.
- Foster programs and opportunities that encourage all cultural and ethnic populations in the Village to engage the community. Utilize the adopted Hoffman Estates Diversity Program to assist in diversification of the Village workforce.
- Continue redevelopment of the Golf/Higgins/Roselle roads area through utilization of the tax increment financing (TIF) district, including the establishment of a traffic signal connecting Golf Center with Hoffman Plaza, and installation of streetscape enhancements.
- Work with area agencies, including neighboring municipalities, Cook County and the Cook County Forest Preserve District, to help create and provide interconnection to an integrated pathing system for biking, walking and other outdoor activities.
- Evaluate the Village’s budget to identify funding for key infrastructure improvements, including additional funding for the street program, Barrington Road Tollway interchange, future Suburban Transit Access Route (STAR) Line stations and integrated pathing system.
- Provide excellent public safety services ensuring the health, safety and welfare of Village residents and businesses. Annually evaluate public safety staffing levels based on demands and the continued growth of the Village.
- Promote the redevelopment of the Barrington Square shopping center by working with the mall owners to find appropriate uses and tenants.
- Work with the Emerging Technologies Commission to create a wireless environment in the Village that can be used internally for training, distance-learning opportunities and field applications by Village personnel, and externally for residents and businesses to affordably access the Internet anywhere in the Village. Additionally, partner with the Northern Illinois University (NIU)-Net and its partners to create the Northwest Municipal Broadband Authority.

## 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, 2007. This was the twenty-fifth 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,

A handwritten signature in black ink, appearing to read "Michael F. DuCharme", written over a horizontal line.

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 and the aggregate remaining fund information of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2008, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2009, on our consideration of the Village of Hoffman Estates, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 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 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 cursive script that reads "Seheh LLP".

Aurora, Illinois  
March 13, 2009

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

**December 31, 2008**

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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, 2008. 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 3).

**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 3 through 5 of this report.

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

**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 30 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, 2005 EDA TIF Refunding Bond Fund, and 2008 Capital Project Fund, all of which are considered to be major funds. Data from the other 27 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 6 through 9 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.

(See independent auditor's report.)

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 Waterworks and Sewerage 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 10 through 13 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 14 and 15 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 61 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 62 through 71 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 72 through 149 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, 2008.

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

**Table 1**  
**Statement of Net Assets**  
**As of December 31, 2008**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
Current and Other Assets	\$ 86,675,599	\$ 92,357,410	\$ 10,513,767	\$ 16,279,810	\$ 97,189,366	\$ 108,637,220
Capital Assets	107,343,328	125,550,313	25,020,589	26,267,955	132,363,917	151,818,268
<b>Total Assets</b>	<b>194,018,927</b>	<b>217,907,723</b>	<b>35,534,356</b>	<b>42,547,765</b>	<b>229,553,283</b>	<b>260,455,488</b>
Long-Term Liabilities	230,502,970	235,215,226	269,143	6,946,733	230,772,113	242,161,959
Other Liabilities	23,882,179	27,451,097	787,419	928,256	24,669,598	28,379,353
<b>Total Liabilities</b>	<b>254,385,149</b>	<b>262,666,323</b>	<b>1,056,562</b>	<b>7,874,989</b>	<b>255,441,711</b>	<b>270,541,312</b>
Net Assets:						
Invested in Capital Assets,						
Net of Debt	92,578,328	100,289,513	25,020,589	26,267,955	117,598,917	126,557,468
Restricted	34,874,359	37,276,155	-	-	34,874,359	37,276,155
Unrestricted	(187,818,909)	(182,324,268)	9,457,205	8,404,821	(178,361,704)	(173,919,447)
<b>Total Net Assets</b>	<b>\$ (60,366,222)</b>	<b>\$ (44,758,600)</b>	<b>\$ 34,477,794</b>	<b>\$ 34,672,776</b>	<b>\$ (25,888,428)</b>	<b>\$ (10,085,824)</b>

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 (expired in 2007), and Tax Increment Revenue Notes in the amount of \$109,391,730 (as of December 31, 2008). 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.

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, 2008**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
Current and Other Assets	\$ 57,325,854	\$ 62,026,800	\$ 10,513,767	\$ 16,279,810	\$ 67,839,621	\$ 78,306,610
Capital Assets	107,343,328	125,550,313	25,020,589	26,267,955	132,363,917	151,818,268
<b>Total Assets</b>	<b>164,669,182</b>	<b>187,577,113</b>	<b>35,534,356</b>	<b>42,547,765</b>	<b>200,203,538</b>	<b>230,124,878</b>
Long-Term Liabilities	75,721,843	90,923,496	269,143	6,946,733	75,990,986	97,870,229
Other Liabilities	23,392,938	27,012,599	787,419	928,256	24,180,357	27,940,855
<b>Total Liabilities</b>	<b>99,114,781</b>	<b>117,936,095</b>	<b>1,056,562</b>	<b>7,874,989</b>	<b>100,171,343</b>	<b>125,811,084</b>
Net Assets:						
Invested in Capital Assets,						
Net of Debt	92,578,328	100,289,513	25,020,589	26,267,955	117,598,917	126,557,468
Restricted	6,013,855	8,028,531	-	-	6,013,855	8,028,531
Unrestricted	(33,037,782)	(38,677,026)	9,457,205	8,404,821	(23,580,577)	(30,272,205)
<b>Total Net Assets</b>	<b>\$ 65,554,401</b>	<b>\$ 69,641,018</b>	<b>\$ 34,477,794</b>	<b>\$ 34,672,776</b>	<b>\$ 100,032,195</b>	<b>\$ 104,313,794</b>

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 an 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 \$104,313,794 as of December 31, 2008. The increase in net assets from 2007 shows that the Village's overall financial position has improved. 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. As was mentioned above, the General Obligation Taxable Bond Series 2005A did not produce a capital asset, so that debt is not included in the calculation of Net Assets Invested in Capital Assets, Net of Related Debt, as can be seen in the table on the following page.

**Table 2**  
**Net Assets Invested in Capital Assets, Net of Related Debt**  
**As of December 31, 2008**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
Capital Assets	\$ 107,343,328	\$ 125,550,313	\$ 25,020,589	\$ 26,267,955	\$ 132,363,917	\$ 151,818,268
Less Outstanding Related Debt:						
1997A G.O. Bonds	(2,405,000)	(1,970,000)	-	-	(2,405,000)	(1,970,000)
2001 G.O. Bonds	(4,720,000)	(3,230,000)	-	-	(4,720,000)	(3,230,000)
2003 G.O. Bonds	(3,285,000)	(2,485,000)	-	-	(3,285,000)	(2,485,000)
2004 G.O. Bonds	(4,355,000)	(3,545,000)	-	-	(4,355,000)	(3,545,000)
2008 G.O. Bonds	-	(19,983,750)	-	-	-	(19,983,750)
Less Outstanding Premiums	-	(87,438)	-	-	-	(87,438)
Plus Outstanding Discounts	-	230,070	-	-	-	230,070
Plus Unamortized Loss on Refunding	-	298,684	-	-	-	298,684
Plus Unspent '08 Bond Proceeds	-	5,511,634	-	-	-	5,511,634
<b>Total</b>	<b>92,578,328</b>	<b>100,289,513</b>	<b>25,020,589</b>	<b>26,267,955</b>	<b>117,598,917</b>	<b>126,557,468</b>

The second portion of the Village's net assets in the amount of \$8,028,531 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 \$30,272,205. This deficit is solely due to the 2005A bonds discussed previously.

For more detailed information, see the Statement of Net Assets on page 3.

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

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

**Table 3**  
**Changes in Net Assets**  
**For the Fiscal Year Ended December 31, 2008**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 29,037,008	\$ 11,587,849	\$ 10,378,340	\$ 9,989,993	\$ 39,415,348	\$ 21,577,842
Operating Grants	2,129,235	1,959,997	-	-	2,129,235	1,959,997
Capital Grants	3,928,216	7,097,285	1,448,966	2,146,311	5,377,182	9,243,596
General Revenues:						
Property Taxes	35,690,272	36,232,247	-	-	35,690,272	36,232,247
Other Taxes	23,847,459	24,459,959	-	-	23,847,459	24,459,959
Other	3,173,821	2,344,833	513,435	407,178	3,687,256	2,752,011
<b>Total Revenues</b>	<b>97,806,011</b>	<b>83,682,170</b>	<b>12,340,741</b>	<b>12,543,482</b>	<b>110,146,752</b>	<b>96,225,652</b>
<b>EXPENSES</b>						
General Government	6,900,227	7,649,033	-	-	6,900,227	7,649,033
Public Safety	29,298,255	32,630,767	-	-	29,298,255	32,630,767
Highways and Streets	10,578,402	12,635,002	-	-	10,578,402	12,635,002
Sanitation	1,126,761	1,190,250	-	-	1,126,761	1,190,250
Health and Welfare	1,741,403	1,959,118	-	-	1,741,403	1,959,118
Culture and Recreation	251,527	277,806	-	-	251,527	277,806
Economic Development	16,627,938	2,156,338	-	-	16,627,938	2,156,338
Water and Sewer	-	-	11,453,322	12,364,630	11,453,322	12,364,630
Interest on Long-Term Debt	9,576,815	9,560,104	-	-	9,576,815	9,560,104
<b>Total Expenses</b>	<b>76,101,328</b>	<b>68,058,418</b>	<b>11,453,322</b>	<b>12,364,630</b>	<b>87,554,650</b>	<b>80,423,048</b>
<b>Excess (Deficiency)</b>						
<i>Before Transfers</i>	21,704,683	15,623,752	887,419	178,852	22,592,102	15,802,604
Transfers In (Out)	9,850	(16,130)	(9,850)	16,130	-	-
<b>Change in Net Assets</b>	<b>\$ 21,714,533</b>	<b>\$ 15,607,622</b>	<b>\$ 877,569</b>	<b>\$ 194,982</b>	<b>\$ 22,592,102</b>	<b>\$ 15,802,604</b>
<b>Net Assets (Deficit),</b>						
<i>January 1</i>	\$ (82,380,022)	\$ (60,366,222)	\$ 33,600,225	\$ 34,477,794	\$ (48,779,797)	\$ (25,888,428)
<b>Prior Period Adjustment</b>	<b>\$ 299,267</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 299,267</b>	<b>\$ -</b>
<b>Net Assets (Deficit),</b>						
<i>January 1 Restated</i>	\$ (82,080,755)	\$ (60,366,222)	\$ 33,600,225	\$ 34,477,794	\$ (48,480,530)	\$ (25,888,428)
<b>Net Assets (Deficit),</b>						
<i>December 31</i>	\$ (60,366,222)	\$ (44,758,600)	\$ 34,477,794	\$ 34,672,776	\$ (25,888,428)	\$ (10,085,824)

The Prior Period Adjustment in 2007 noted above resulted from the fund balance in the Capital Improvements Fund and Net Assets of Governmental Activities being restated by \$299,267 as of January 1, 2007. This was due to emergency service fee revenues previously recorded in escrow

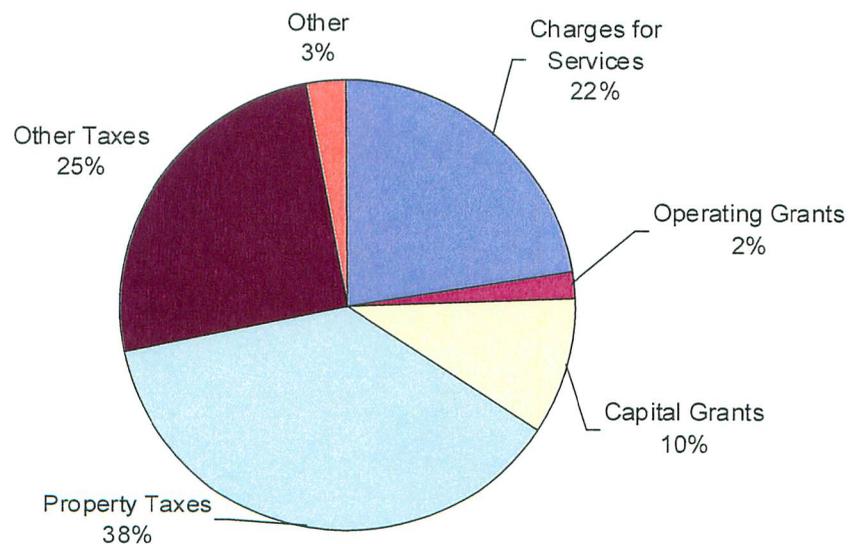
as a liability but determined to be revenue of the Village during the year ended December 31, 2007.

For the fiscal year ended December 31, 2008, revenues from governmental activities totaled \$83.7 million. The Village benefits from a highly diversified revenue base. Revenues from the Village’s largest single source, property taxes, amounted to over \$36 million. Property taxes support governmental activities and include the Village’s contribution to the Police Pension Fund and Firefighters’ Pension Fund.

The “other taxes” classification includes a number of different revenue sources. Among those are sales taxes, income taxes, and telecommunications taxes. The two major types of sales taxes are the retailer’s occupation tax (ROT) and the home-rule sales tax. Both of these sales taxes are collected by the State of Illinois. A portion of the ROT is shared by the state with its 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 2008 was 1 percent and all of its proceeds were remitted to Hoffman Estates.

In 2008, state-shared sales tax revenues were \$6,990,526 compared to \$6,619,848 in 2007. Home-rule sales tax revenues increased from \$3,476,984 to \$3,938,726 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 Cabela’s, which opened in the fall of 2007.

**Chart 1**  
**Revenues by Source – Primary Government**  
**For the Fiscal Year Ended December 31, 2008**

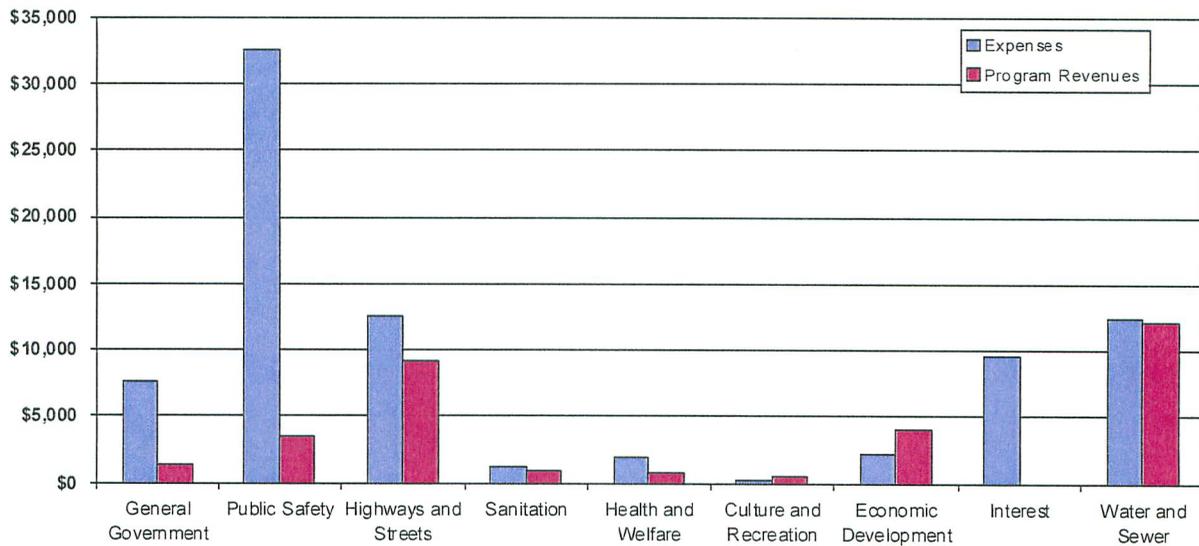


Income and local use taxes are also shared by the state, but on a per-capita basis. Between 2007 and 2008, the Village’s income and local use tax revenues increased from \$5,147,174 to \$5,529,993 reflecting an overall increase in the economy.

A major revenue component of the “charges for services” classification is fees from the Village’s water and sewer utility. Water and sewer fee revenue was \$9,989,993 in 2008 compared to \$10,378,340 in 2007. The decrease in these revenues is somewhat due to the fact that 2007 was a high demand year in terms of water usage when compared to 2008. There was a 5.8 percent rate increase on December 1, 2007 and another similar increase on December 1, 2008.

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, 2008**  
**(Dollars in Thousands)**

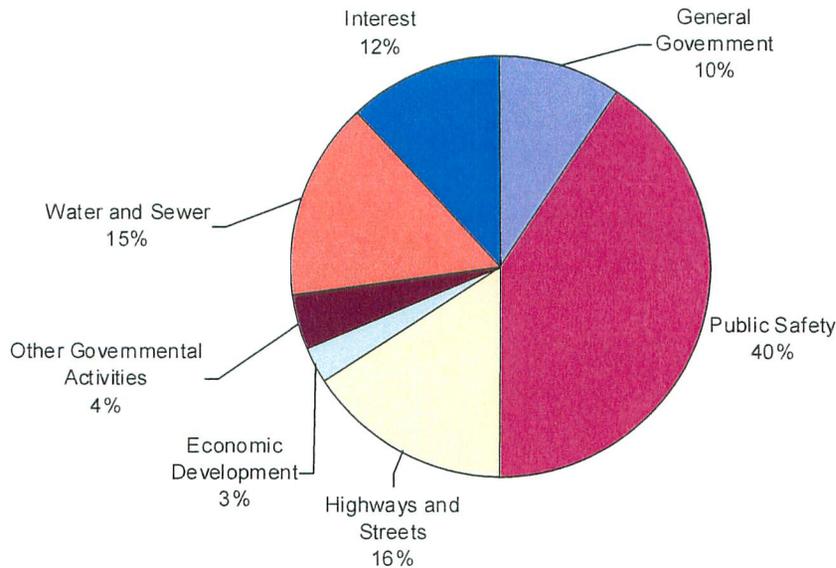


Village expenses amounted to \$80.4 million in 2008. Accounting for the largest share of the total expenses are public safety expenses related to the operations of the Police and Fire Departments. In 2008, due to strained financial resources, no new personnel was added to any Village department.

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 2008 expenses included funding for the Village's performance based employee compensation package with an average 3.9 percent increase and a 2.0 cost of living adjustment. Several collective bargaining agreements established salary

increases during 2008. Those agreements provided for various step (seniority) and general cost of living increases.

**Chart 3**  
**Expenses by Function**  
**For the Fiscal Year Ended December 31, 2008**



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 \$20,320,661, which represents general revenue to the governmental activities. There is also some miscellaneous and investment income in the amount of \$696,245. On the expense side, the Village recognized interest expense of \$5,237,684 related to the Senior Lien Bonds as well as \$4,162,626 of general government, public safety and infrastructure improvements for the EDA. Removing this activity from the governmental activities results in the following positive picture:

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

**Table 3-a**  
**Changes in Net Assets Excluding EDA TIF Activity**  
**For the Fiscal Year Ended December 31, 2008**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 12,160,603	\$ 11,538,724	\$ 10,378,340	\$ 9,989,993	\$ 22,538,943	\$ 21,528,717
Operating Grants	2,129,235	1,959,997	-	-	2,129,235	1,959,997
Capital Grants	3,928,216	7,097,285	1,448,966	2,146,311	5,377,182	9,243,596
General Revenues:						
Property Taxes	17,979,463	15,911,586	-	-	17,979,463	15,911,586
Other Taxes	23,847,459	24,459,959	-	-	23,847,459	24,459,959
Other	2,386,581	1,697,713	513,435	407,178	2,900,016	2,104,891
<b>Total Revenues</b>	<b>62,431,557</b>	<b>62,665,264</b>	<b>12,340,741</b>	<b>12,543,482</b>	<b>74,772,298</b>	<b>75,208,746</b>
<b>EXPENSES</b>						
General Government	6,900,227	7,429,416	-	-	6,900,227	7,429,416
Public Safety	29,298,255	29,333,107	-	-	29,298,255	29,333,107
Highways and Streets	10,113,187	12,059,057	-	-	10,113,187	12,059,057
Sanitation	1,126,761	1,190,250	-	-	1,126,761	1,190,250
Health and Welfare	1,741,403	1,959,118	-	-	1,741,403	1,959,118
Culture and Recreation	251,527	277,806	-	-	251,527	277,806
Economic Development	2,008,387	1,991,344	-	-	2,008,387	1,991,344
Water and Sewer	-	-	11,453,322	12,364,630	11,453,322	12,364,630
Interest on Long-Term Debt	3,695,876	4,322,420	-	-	3,695,876	4,322,420
<b>Total Expenses</b>	<b>55,135,623</b>	<b>58,562,518</b>	<b>11,453,322</b>	<b>12,364,630</b>	<b>66,588,945</b>	<b>70,927,148</b>
Excess (Deficiency)						
Before Transfers	7,295,934	4,102,746	887,419	178,852	8,183,353	4,281,598
Transfers In (Out)	9,850	(16,130)	(9,850)	16,130	-	-
<b>Change in Net Assets</b>	<b>\$ 7,305,784</b>	<b>\$ 4,086,616</b>	<b>\$ 877,569</b>	<b>\$ 194,982</b>	<b>\$ 8,183,353</b>	<b>\$ 4,281,598</b>

**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, 2008, the governmental funds reported combined ending fund balances of over \$60 million. The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,370,115, while total fund balance equaled \$12,839,752. 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

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

balance represents 26.1 percent of budgeted General Fund expenditures, while total fund balance represents 27.1 percent of that same amount.

**Table 4**  
**General Fund Budgetary Highlights**  
**For the Fiscal Year Ended December 31, 2008**

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	
			2008	2007
<i>REVENUES</i>				
Taxes	\$24,418,054	\$24,418,054	\$22,702,394	\$21,710,526
Inter-Governmental	14,200,950	14,269,550	13,474,956	12,713,142
Other	9,378,590	9,378,590	8,296,650	9,821,385
<b>Total Revenues</b>	<b>47,997,594</b>	<b>48,066,194</b>	<b>44,474,000</b>	<b>44,245,053</b>
<i>EXPENDITURES AND TRANSFERS</i>				
Expenditures	(45,717,914)	(47,374,404)	(43,244,975)	(40,619,223)
Transfers Out	(3,145,145)	(3,145,145)	(2,403,209)	(4,623,790)
<b>Total Expenditures and Transfers</b>	<b>(48,863,059)</b>	<b>(50,519,549)</b>	<b>(45,648,184)</b>	<b>(45,243,013)</b>
<b>Change in Fund Balance</b>	<b>(\$865,465)</b>	<b>(\$2,453,355)</b>	<b>(\$1,174,184)</b>	<b>(\$997,960)</b>

As 2008 got underway, it became clear that revenues were coming in under projections; especially in the areas of building permits and sales taxes, and that expenses in the Snow & Ice Division were exceeding budgeted amounts. At mid-year, a budget reduction plan was implemented in the amount of almost \$4.4 million. Even with this significant budget reduction plan, the fund balance of the Village's General Fund decreased by \$1,174,184 during the current fiscal year. This decrease was slightly above the planned drawdown for one-time projects due to the health of the General Fund fund balance. The additional overage was due to an increase in fuel consumption and overtime costs related to even more snow and ice events late in 2008.

The Village's fund balance 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.

Actual General Fund revenues were below final budgeted revenues by \$3,591,594 during fiscal year 2008, primarily due to sales taxes and building permits coming in under budget. It should be noted that sales taxes for 2008 were budgeted high based on estimates received from a new large retail store in the Village. The actual shortfall was offset by a reduction in the amount of sales tax incentives that had to be paid out to the developer for the year. Actual General Fund expenditures and transfers were under the original budget by \$3,214,875 and were less than the amended budget by \$4,871,365.

The 2005 EDA TIF Refunding Bond Fund has a total fund balance of \$24,298,810. 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 \$614,050 which is primarily interest income.

The 2008 Capital Project Fund has a total fund balance of \$2,687,546. All of this fund balance is reserved for capital development. This fund is used to account for bond proceeds of the Village's 2008 General Obligation Bonds, which are being used for the remodeling of the Village Hall, the construction of a new fire station, and the purchase of land and design for a new police station. It should be noted that this bond issue is also funding the construction of a new water tower, but those proceeds are included in the Waterworks & Sewerage Fund. The 2008 Capital Project Fund contributed to the combined fund balance of the governmental funds with an increase of \$3,741,321.

With respect to the business-type activities, the Waterworks and Sewerage Fund recorded an increase in net assets in the amount of \$194,982, which was significantly higher than the \$3.9 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 2008. Unrestricted net assets of the Waterworks and Sewerage Fund at the end of the year amounted to \$8,404,821.

The Village Board amended the fiscal year 2008 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 overtime wages and salt in the amount of \$910,000 due to above average snow and ice events in 2008.
- The Public Works Department also had to increase their gas & oil budget in the amount of \$284,000 due to market increases.

Of the total increases of \$8,933,040, \$3,368,640 was to be funded from available fund balance in various funds; \$4,487,300 represented EDA incremental property taxes used to pay interest related to the 2005 EDA TIF bonds and some outstanding EDA revenue notes; \$958,000 was related to the new 2008 bond issue; and the remaining \$119,100 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, 2008 amounts to \$151,818,268 (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 14.7 percent from 2007.

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

Major capital asset events during 2008 included the following:

- One street was reconstructed as part of the 2008 Street Revitalization Program. This resulted in \$557,902 being added to infrastructure assets.
- The White Oaks, Unit 4 subdivision was accepted into the Village, adding \$4,387,253 to land right of way and infrastructure assets and \$1,151,184 to water main and sanitary sewer assets.
- The Canterbury Fields subdivision was accepted into the Village, adding \$2,090,670 to land right of way and infrastructure assets and \$549,690 to water main and sanitary sewer assets.
- The land for the future Police Station was purchased in 2008 for \$2,822,964.
- The Police Department purchased eleven new vehicles, totaling \$247,973.
- The Fire Department purchased two new ambulances for \$362,638, a new pumper for \$536,075 and 2 new vehicles for a total of \$45,536.
- The new salt storage dome was constructed in 2008, adding \$591,649 to Capital Assets.
- The Public Works Department purchased four trucks, a brush chipper and a backhoe loader, for a total of \$245,478.
- Construction in Progress was recorded for the remodeling and renovation of Village Hall for \$4,810,240; the relocation of Fire Station 24 for \$2,709,829; and construction of the new Police Station for \$2,802,158.

The following schedule reflects the Village's capital asset balances as of December 31, 2008.

**Table 5**  
**Capital Assets**  
**As of December 31, 2008**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
Land and Land Right of Way	\$ 40,352,312	\$ 45,378,685	\$ 474,000	\$ 474,000	\$ 40,826,312	\$ 45,852,685
Buildings and Improvements	17,487,004	17,977,298	43,191,032	45,355,143	60,678,036	63,332,441
Machinery, Vehicles and Equipment	10,829,133	11,907,218	1,653,744	1,800,539	12,482,877	13,707,757
Infrastructure	89,192,053	93,921,472	-	-	89,192,053	93,921,472
Construction in Progress	138,037	10,460,263	-	-	138,037	10,460,263
Less:						
Accumulated Depreciation	(50,655,211)	(54,094,623)	(20,298,187)	(21,361,727)	(70,953,398)	(75,456,350)
<b>Total</b>	<b>107,343,328</b>	<b>125,550,313</b>	<b>25,020,589</b>	<b>26,267,955</b>	<b>132,363,917</b>	<b>151,818,268</b>

Additional information on the Village's capital assets can be found in note 4 on pages 30 and 31 of this report.

**Long-Term Debt.** The table on the following page summarizes the Village's bonded and similar indebtedness.

**Table 6**  
**Bonded and Similar Indebtedness**  
**As of December 31, 2008**

	<i>Governmental</i>		<i>Business-Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
General Obligation Bonds	\$ 68,670,000	\$ 84,043,750	\$ -	\$ 6,661,250	\$ 68,670,000	\$ 90,705,000
TIF Revenue Bonds	45,600,000	34,900,000	-	-	45,600,000	34,900,000
TIF Revenue Notes	113,624,749	112,976,570	-	-	113,624,749	112,976,570
<b>Total</b>	<b>\$ 227,894,749</b>	<b>\$ 231,920,320</b>	<b>\$ -</b>	<b>\$ 6,661,250</b>	<b>\$ 227,894,749</b>	<b>\$ 238,581,570</b>

At the end of the current fiscal year, the Village had total debt outstanding of \$238,581,570 (excluding compensated absences, Net Pension Obligation, and Net Other Post-Employment Benefit Obligations). Of this amount, \$90,705,000 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 2008, the Village's total debt increased by \$10,686,821 which was 4.7 percent. During 2008, the Village issued the 2008 General Obligation bonds in the amount of \$26,645,000 to fund, as was mentioned previously, the remodeling of the Village Hall, the construction of a new fire station, the design of a new police station, and the construction of a new water tower.

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 32 through 42 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 one of these revenues occurred early in 2008. The hotel tax was increased by 1.0 percent to a total of 6.0 percent, effective January 1, 2008.

The unemployment rate for the Village is currently 5.5 percent, which compares favorably to the county's average unemployment rate of 7.1 percent and the state's average rate of 7.4 percent.

The 2000 census found that the median household income was \$73,685 and the median home value was \$181,700. The Village undertook a special census in 2003. The census found that the population of Hoffman Estates was 50,573, which was an increase from the 2000 census figure of 49,495. Putting the increased population on record means that the Village will be entitled to larger portions of state-shared revenue such as income taxes and motor fuel taxes.

All of these factors were considered in preparing the Village's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased from \$13,608,472 to \$12,370,115 due to planned drawdowns as well as an increase in snow removal and fuel expenses. The Village does not plan on spending any of this fund balance in the 2009 fiscal year budget.

The water and sewer rates were increased in December 2007 by an average of 5.8 percent for all customers, and again in December 2008 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.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 69,267,518	\$ 12,696,513	\$ 81,964,031
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	16,059,171	-	16,059,171
Accounts	137,945	1,668,279	1,806,224
Accrued Interest	271,694	89,017	360,711
Other	1,331,208	-	1,331,208
Deposits	59,200	-	59,200
Prepaid Expenses	202,179	23	202,202
Inventory	295,998	265,530	561,528
Due from Other Governments	4,023,510	-	4,023,510
Due to/from Other Funds	(1,498,403)	1,498,403	-
Due from Fiduciary Funds	112,976	-	112,976
Advance to Fiduciary Funds	5,000	-	5,000
Net Pension Asset	323,303	-	323,303
Capital Assets			
Not Depreciated	55,838,948	474,000	56,312,948
Depreciated (Net of Accumulated Depreciation)	69,711,365	25,793,955	95,505,320
Deferred Charges	1,766,111	62,045	1,828,156
<b>Total Assets</b>	<b>217,907,723</b>	<b>42,547,765</b>	<b>260,455,488</b>
<b>LIABILITIES</b>			
Accounts Payable	4,639,967	765,527	5,405,494
Accrued Payroll	1,454,510	99,400	1,553,910
Accrued Interest Payable	377,347	27,755	405,102
Claims Payable	1,117,061	-	1,117,061
Benefits Payable	46,201	-	46,201
Unearned Revenues	16,715,105	-	16,715,105
Due to Fiduciary Funds	5,906	-	5,906
Deposits Payable	3,095,000	35,574	3,130,574
Long-Term Liabilities			
Due Within One Year	17,475,687	118,202	17,593,889
Due in More than One Year	218,182,816	6,905,221	225,088,037
Unamortized Bond Premium/Discount	(443,277)	(76,690)	(519,967)
<b>Total Liabilities</b>	<b>262,666,323</b>	<b>7,874,989</b>	<b>270,541,312</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt Restricted for	100,289,513	26,267,955	126,557,468
Highways and Streets	137,107	-	137,107
Emergency Equipment	924,651	-	924,651
Public Safety	242,533	-	242,533
Economic Development	7,075,021	-	7,075,021
Bridge Maintenance and Repairs	391,960	-	391,960
Debt Service	28,504,883	-	28,504,883
Unrestricted (Deficit)	(182,324,268)	8,404,821	(173,919,447)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (44,758,600)</b>	<b>\$ 34,672,776</b>	<b>\$ (10,085,824)</b>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General Government	\$ 7,649,033	\$ 1,361,435	\$ -	\$ -
Public Safety	32,630,767	3,154,367	311,158	61,460
Highways and Streets	12,635,002	586,879	1,550,242	7,035,825
Sanitation	1,190,250	1,009,579	-	-
Health and Welfare	1,959,118	860,461	-	-
Culture and Recreation	277,806	579,111	-	-
Economic Development	2,156,338	4,036,017	98,597	-
Interest	9,560,104	-	-	-
<b>Total Governmental Activities</b>	<b>68,058,418</b>	<b>11,587,849</b>	<b>1,959,997</b>	<b>7,097,285</b>
Business-Type Activities				
Waterworks and Sewerage	12,364,630	9,989,993	-	2,146,311
<b>Total Business-Type Activities</b>	<b>12,364,630</b>	<b>9,989,993</b>	<b>-</b>	<b>2,146,311</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 80,423,048</b>	<b>\$ 21,577,842</b>	<b>\$ 1,959,997</b>	<b>\$ 9,243,596</b>

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (6,287,598)	\$ -	\$ (6,287,598)
	(29,103,782)	-	(29,103,782)
	(3,462,056)	-	(3,462,056)
	(180,671)	-	(180,671)
	(1,098,657)	-	(1,098,657)
	301,305	-	301,305
	1,978,276	-	1,978,276
	(9,560,104)	-	(9,560,104)
	(47,413,287)	-	(47,413,287)
	-	(228,326)	(228,326)
	-	(228,326)	(228,326)
	(47,413,287)	(228,326)	(47,641,613)
General Revenues			
Taxes			
Property	36,232,247	-	36,232,247
Sales	6,990,526	-	6,990,526
Home Rule Sales	3,938,726	-	3,938,726
Real Estate Transfer Income and Local Use	755,637	-	755,637
Hotel/Motel	5,529,993	-	5,529,993
Telecommunications	1,263,922	-	1,263,922
Food and Beverage	3,404,303	-	3,404,303
Entertainment	1,862,772	-	1,862,772
Replacement	378,743	-	378,743
Other	316,166	-	316,166
Investment Income	19,171	-	19,171
Miscellaneous	1,768,185	325,328	2,093,513
Gain on Sale of Capital Assets	576,648	74,250	650,898
Transfers In (Out)	-	7,600	7,600
Transfers In (Out)	(16,130)	16,130	-
Total	63,020,909	423,308	63,444,217
CHANGE IN NET ASSETS	15,607,622	194,982	15,802,604
NET ASSETS (DEFICIT), JANUARY 1	(60,366,222)	34,477,794	(25,888,428)
NET ASSETS (DEFICIT), DECEMBER 31	\$ (44,758,600)	\$ 34,672,776	\$ (10,085,824)

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2008

	General	2005 EDA TIF Refunding Bond	2008 Capital Projects	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and Investments	\$ 10,574,805	\$ 24,475,971	\$ 8,187,420	\$ 23,275,382	\$ 66,513,578
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	13,456,391	-	-	2,602,780	16,059,171
Accounts	121,345	-	-	16,600	137,945
Accrued Interest	15,984	41,335	120,600	85,949	263,868
Other	807,566	-	-	523,642	1,331,208
Prepaid Items	63,294	-	-	138,885	202,179
Inventory	216,620	-	-	-	216,620
Due from Other Governments	3,900,678	-	-	122,832	4,023,510
Due from Other Funds	2,646,552	-	-	204,040	2,850,592
Due from Fiduciary Funds	112,976	-	-	-	112,976
Advance to Fiduciary Funds	5,000	-	-	-	5,000
<b>TOTAL ASSETS</b>	<b>\$ 31,921,211</b>	<b>\$ 24,517,306</b>	<b>\$ 8,308,020</b>	<b>\$ 26,970,110</b>	<b>\$ 91,716,647</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 1,752,815	\$ 218,496	\$ 2,201,137	\$ 283,611	\$ 4,456,059
Accrued Payroll	1,325,720	-	-	101,551	1,427,271
Deferred Revenues	14,440,946	-	-	3,456,895	17,897,841
Due to Other Funds	87,799	-	3,419,337	379,860	3,886,996
Due to Fiduciary Funds	5,906	-	-	-	5,906
Deposits Payable	1,468,273	-	-	1,626,727	3,095,000
<b>Total Liabilities</b>	<b>19,081,459</b>	<b>218,496</b>	<b>5,620,474</b>	<b>5,848,644</b>	<b>30,769,073</b>
<b>FUND BALANCES</b>					
Reserved for Prepaid Items	63,294	-	-	138,885	202,179
Reserved for Inventory	216,620	-	-	-	216,620
Reserved for Advances to Other Funds	5,000	-	-	-	5,000
Reserved for Employee Loan Program	70,399	-	-	-	70,399
Reserved for Highways and Streets	-	-	-	137,107	137,107
Reserved for Emergency Equipment	-	-	-	924,651	924,651
Reserved for Public Safety	114,324	-	-	128,209	242,533
Reserved for Economic Development	-	-	-	7,075,021	7,075,021
Reserved for Bridge Maintenance and Repairs	-	-	-	391,960	391,960
Reserved for Debt Service	-	24,298,810	-	4,206,073	28,504,883
Reserved for Capital Development	-	-	2,687,546	-	2,687,546
Unreserved					
Designated for Compensated Absences					
General Fund	2,405,685	-	-	-	2,405,685
Special Revenue Funds	-	-	-	22,009	22,009
Designated for Capital Projects	-	-	-	8,091,577	8,091,577
Undesignated - Special Revenue Funds	-	-	-	52,983	52,983
Undesignated - Capital Projects Funds	-	-	-	(47,009)	(47,009)
Undesignated - General Fund	9,964,430	-	-	-	9,964,430
<b>Total Fund Balances</b>	<b>12,839,752</b>	<b>24,298,810</b>	<b>2,687,546</b>	<b>21,121,466</b>	<b>60,947,574</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 31,921,211</b>	<b>\$ 24,517,306</b>	<b>\$ 8,308,020</b>	<b>\$ 26,970,110</b>	<b>\$ 91,716,647</b>

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, 2008

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 60,947,574
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	125,550,313
Less Capital Assets of Internal Service Funds Included Below	(133,000)
Net Pension Asset is Reported as an Asset on the Statement of Net Assets	323,303
Unamortized Loss on Refunding is Shown as a Deferred Charge on the Statement of Net Assets	298,684
Unamortized Bond Issuance Cost is Shown as a Deferred Charge on the Statement of Net Assets	1,467,427
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	(2,446,900)
Plus Compensated Absences of Internal Service Funds Included Above	19,206
Termination Benefit	(31,956)
Net Other Post-Employment Benefit Obligation	(1,026,959)
Plus Net Other Post-Employment Benefit Obligation of Internal Service Funds Included Above	7,406
Net Pension Obligation	(232,368)
Unamortized Bond Premium	(87,438)
Unamortized Bond Discount	530,715
General Obligation Bonds Payable	(84,043,750)
Tax Increment Financing Bonds Payable	(34,900,000)
Tax Increment Financing Notes Payable	(112,976,570)
Accrued Interest on Long-Term Liabilities is Shown as a Liability on the Statement of Net Assets	(377,347)
Certain Revenues that are Deferred in Governmental Funds are Recognized as Revenue on the Statement of Net Assets	1,182,736
The Net Assets of the Internal Service Funds are Included in the Governmental Activities in the Statement of Net Assets	<u>1,170,324</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (44,758,600)</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, 2008

	General	2005 EDA TIF Refunding Bond	2008 Capital Projects	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 22,702,394	\$ 12,383,062	\$ -	\$ 12,446,742	\$ 47,532,198
Licenses and Permits	1,313,427	-	-	-	1,313,427
Intergovernmental	13,474,956	-	-	1,615,631	15,090,587
Charges for Services	4,566,938	-	-	1,074,676	5,641,614
Fines and Forfeits	1,451,980	-	-	230,641	1,682,621
Investment Income	345,136	514,420	250,925	657,704	1,768,185
Miscellaneous	602,449	-	-	4,045,189	4,647,638
<b>Total Revenues</b>	<b>44,457,280</b>	<b>12,897,482</b>	<b>250,925</b>	<b>20,070,583</b>	<b>77,676,270</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	5,817,443	-	-	219,617	6,037,060
Public Safety	27,011,405	-	-	3,893,547	30,904,952
Highways and Streets	6,261,272	-	-	1,396,161	7,657,433
Sanitation	-	-	-	1,190,250	1,190,250
Health and Welfare	1,945,636	-	-	-	1,945,636
Culture and Recreation	276,335	-	-	-	276,335
Economic Development	1,932,884	-	-	183,462	2,116,346
Capital Outlay	-	-	14,472,116	4,658,283	19,130,399
<b>Debt Service</b>					
Principal Retirement	-	10,700,000	-	8,745,496	19,445,496
Interest and Fiscal Charges	-	1,583,432	192,341	4,108,413	5,884,186
<b>Total Expenditures</b>	<b>43,244,975</b>	<b>12,283,432</b>	<b>14,664,457</b>	<b>24,395,229</b>	<b>94,588,093</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,212,305</b>	<b>614,050</b>	<b>(14,413,532)</b>	<b>(4,324,646)</b>	<b>(16,911,823)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	579,795	4,978,113	5,557,908
Transfers (Out)	(2,403,209)	-	(2,170,953)	(1,063,285)	(5,637,447)
Bonds Issued, at Par	-	-	19,983,750	-	19,983,750
Discount on Issuance of Bonds	-	-	(237,739)	-	(237,739)
Notes Issued, at Par	-	-	-	69,366	69,366
Sale of Capital Assets	16,720	-	-	68,338	85,058
<b>Total Other Financing Sources (Uses)</b>	<b>(2,386,489)</b>	<b>-</b>	<b>18,154,853</b>	<b>4,052,532</b>	<b>19,820,896</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,174,184)</b>	<b>614,050</b>	<b>3,741,321</b>	<b>(272,114)</b>	<b>2,909,073</b>
<b>FUND BALANCES (DEFICIT), JANUARY 1</b>	<b>14,013,936</b>	<b>23,684,760</b>	<b>(1,053,775)</b>	<b>21,393,580</b>	<b>58,038,501</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 12,839,752</b>	<b>\$ 24,298,810</b>	<b>\$ 2,687,546</b>	<b>\$ 21,121,466</b>	<b>\$ 60,947,574</b>

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, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 2,909,073
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	15,304,717
Contributions of Capital Assets are Reported Only in the Statement of Activities	7,035,825
Sales of Capital Assets are Reported as a Proceed in Governmental Funds but as a Gain (Loss) from Sale on the Statement of Activities	(174,560)
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	19,445,496
Certain Items are Reported as Interest Expense on the Statement of Activities:	
Accretion of Interest on Bonds	(3,417,951)
Change in Accrued Interest Payable	20,047
Amortization of Certain Deferred Charges	(470,355)
Depreciation Expense does not Require the Use of Current Financial Resources and, Therefore, is not Reported as Expenditures in Governmental Funds	(4,040,712)
Certain Revenues Recognition is Different on the Full Accrual Basis Than on the Modified Accrual Basis	(15,672)
The Issuance of Long-Term Debt is Shown as an Other Financing Source in Governmental Funds but the Principal Outstanding is Shown as Long-Term Liability on the Statement of Net Assets	
Notes Payable	(69,366)
General Obligation Bonds Payable	(19,983,750)
Discount on Issuance of Bonds	237,739
Bond Issuance Costs	192,341
The Termination Benefit is Shown as an Increase in Expense on the Statement of Activities	(31,956)
The Increase in the Net Other Post-Employment Benefit Obligation is Shown as an Increase in Expense on the Statement of Activities	(709,194)
The Increase in the Net Pension Obligation is Shown as an Increase in Expense on the Statement of Activities	(5,320)
The Decrease in the Net Pension Asset is Shown as an Increase in Expense on the Statement of Activities	(17,003)
The Change in Compensated Absences Payable is Shown as an Expense on the Statement of Activities	(158,273)
The Change in Net Assets of Certain Activities of Internal Service Funds (Excluding Depreciation Included Above) is in Governmental Funds	<u>(443,504)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 15,607,622</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 12,696,513	\$ 2,753,940
Receivables		
Accounts	1,668,279	-
Accrued Interest	89,017	7,826
Deposits	-	59,200
Prepaid Expenses	23	79,378
Inventories	265,530	-
Due from Other Funds	1,878,348	17,121
Deferred Charges	62,045	-
	<u>16,659,755</u>	<u>2,917,465</u>
<b>CAPITAL ASSETS</b>		
Not Depreciated	474,000	-
Depreciated	47,155,682	224,043
Accumulated Depreciation	(21,361,727)	(91,043)
	<u>26,267,955</u>	<u>133,000</u>
Net Capital Assets	<u>26,267,955</u>	<u>133,000</u>
Total Assets	<u>42,927,710</u>	<u>3,050,465</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	765,527	183,908
Accrued Payroll	99,400	27,239
Accrued Interest Payable	27,755	-
Claims Payable	-	1,117,061
Benefits Payable	-	46,201
Due to Other Funds	379,945	479,120
Deposits Payable	35,574	-
Compensated Absences Payable	118,202	19,206
	<u>1,426,403</u>	<u>1,872,735</u>
Total Current Liabilities	<u>1,426,403</u>	<u>1,872,735</u>
<b>LONG-TERM LIABILITIES</b>		
General Obligation Bonds Payable	6,661,250	-
Unamortized Discount on Bonds	(76,690)	-
Compensated Absences Payable	162,506	-
Other Post-Employment Benefit Obligations	81,465	7,406
	<u>6,828,531</u>	<u>7,406</u>
Total Long-Term Liabilities	<u>6,828,531</u>	<u>7,406</u>
Total Liabilities	<u>8,254,934</u>	<u>1,880,141</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	26,267,955	133,000
Unrestricted	8,404,821	1,037,324
	<u>\$ 34,672,776</u>	<u>\$ 1,170,324</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 34,672,776</u>	<u>\$ 1,170,324</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, 2008

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 9,989,993	\$ 2,502,520
Total Operating Revenues	9,989,993	2,502,520
<b>OPERATING EXPENSES</b>		
Operations	-	1,262,281
Claims and Insurance	-	1,808,354
Water Division	9,177,240	-
Sewer Division	1,816,098	-
Depreciation	1,106,443	19,420
Total Operating Expenses	12,099,781	3,090,055
<b>OPERATING INCOME (LOSS)</b>	<b>(2,109,788)</b>	<b>(587,535)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	325,328	61,202
Interest Expense	(260,224)	-
Amortization Expense	(4,625)	-
Gain on Sale of Capital Assets	7,600	-
Miscellaneous Revenue	74,250	-
Total Nonoperating Revenues (Expenses)	142,329	61,202
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>(1,967,459)</b>	<b>(526,333)</b>
<b>TRANSFERS</b>		
Transfers In	16,130	63,409
Total Transfers	16,130	63,409
<b>CONTRIBUTIONS</b>	<b>2,146,311</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>194,982</b>	<b>(462,924)</b>
<b>NET ASSETS, JANUARY 1</b>	<b>34,477,794</b>	<b>1,633,248</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 34,672,776</b>	<b>\$ 1,170,324</b>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2008

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 9,992,812	\$ -
Receipts from Interfund Services Transactions	-	3,065,636
Payments to Suppliers	(6,990,576)	(2,360,006)
Payments for Interfund Services Transactions	(929,531)	-
Payments to Employees	(2,644,037)	(779,109)
Net Cash from Operating Activities	<u>(571,332)</u>	<u>(73,479)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers In	16,130	63,409
Reimbursements and Recoveries	-	22,821
Net Cash from Noncapital Financing Activities	<u>16,130</u>	<u>86,230</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Assets Purchased	(207,498)	(81,715)
Proceeds from Issuance of Bonds	6,582,004	-
Interest and Fiscal Charges Paid on Bonds	(232,469)	-
Issuance Costs Paid	(64,113)	-
Proceeds from the Sale of Capital Assets	7,600	-
Net Cash from Capital and Related Financing Activities	<u>6,085,524</u>	<u>(81,715)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(8,371,978)	(1,002,727)
Sale of Investments	2,697,000	500,000
Interest Received	310,725	57,381
Net Cash from Investing Activities	<u>(5,364,253)</u>	<u>(445,346)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	166,069	(514,310)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>2,199,197</u>	<u>1,765,523</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 2,365,266</u>	<u>\$ 1,251,213</u>
<b>CASH AND INVESTMENTS</b>		
Cash	\$ 2,365,266	\$ 1,251,213
Investments	10,331,247	1,502,727
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 12,696,513</u>	<u>\$ 2,753,940</u>

(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, 2008

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>		
<b>TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (2,109,788)	\$ (587,535)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	1,106,443	19,420
Miscellaneous Revenue	74,250	-
Reimbursements and Recoveries	-	(17,821)
Changes in Assets and Liabilities		
Receivables	(77,980)	-
Prepaid Expenses	6,276	(79,378)
Due from Other Funds	-	(4,713)
Inventory	(69,862)	-
Accounts Payable	101,333	2,574
Accrued Payroll	5,200	4,959
Claims Payable	-	150,355
Benefits Payable	-	7,728
Due to Other Funds	293,217	425,898
Deposits Payable	6,549	-
Compensated Absences Payable	37,988	409
Other Post-Employment Benefits Payable	55,042	4,625
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ (571,332)</b>	<b>\$ (73,479)</b>
<b>NONCASH TRANSACTIONS</b>		
Developer Contributions	\$ 2,146,311	\$ -

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2008

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Short-Term Investments	\$ 2,541,339	\$ 13,170,550
Investments, at Fair Value		
U.S. Treasury Securities	29,807,304	-
U.S. Agency Securities	20,851,360	-
Mutual Funds	19,718,234	-
Money Market Mutual Funds	1,617,774	-
Equity Securities	9,391,562	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accrued Interest	500,521	-
Due from General Fund	5,906	-
Assets Held by Agents	-	23,876
	<u>84,434,000</u>	<u>\$ 13,194,426</u>
<b>LIABILITIES</b>		
Accounts Payable	19,496	\$ -
Due to Participants	-	18,876
Due to General Fund	-	112,976
Advances from Other Funds	-	5,000
Due to Other Entities	-	13,057,574
	<u>19,496</u>	<u>\$ 13,194,426</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$ 84,414,504</u></u>	

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, 2008

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ADDITIONS

Contributions

Employer Contributions	\$ 3,362,666
Employee Contributions	1,560,710
Other Contributions	<u>67,851</u>

Total Contributions	<u>4,991,227</u>
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Investment Income

Net Appreciation (Depreciation) in Fair Value of Investments	(14,452,860)
Interest	<u>3,199,849</u>

Total Investment Income	(11,253,011)
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Less Investment Expense	<u>(278,143)</u>
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Net Investment Income	<u>(11,531,154)</u>
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Total Additions	<u>(6,539,927)</u>
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DEDUCTIONS

Benefits and Refunds	4,218,682
Miscellaneous	<u>48,396</u>

Total Deductions	<u>4,267,078</u>
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NET INCREASE (DECREASE)	(10,807,005)
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NET ASSETS HELD IN TRUST  
FOR PENSION BENEFITS

January 1	<u>95,221,509</u>
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December 31	<u>\$ 84,414,504</u>
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See accompanying notes to financial statements.

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

December 31, 2008

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# VILLAGE OF HOFFMAN ESTATES, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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### 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 five-member Pension Board. Two members appointed by the Village President, one elected pension beneficiary and two 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The 2008 Capital Project Fund, a capital projects fund, is used to account for bond proceeds used to pay qualified project costs related to the Village's 2008 General Obligation Bonds.

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 Firefighters' Pension Fund. Furthermore, the Village reports the following agency funds as fiduciary funds: Barrington/Higgins TIF Fund, EDA Special Tax Allocation Fund and Flexible Spending Account Fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund (pension funds) 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 nonoperating.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The Village reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned 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/unearned revenue is removed from the financial statements and revenue is recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

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

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

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

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

F. Property Taxes

Property taxes for 2008 attach as an enforceable lien on January 1, 2008 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, 2009 and August 1, 2009, and are payable in two installments, on or about March 1, 2009 and September 1, 2009. The County collects such taxes and remits them periodically. Since the 2008 levy is intended to finance the 2009 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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Deferred Charges

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

I. Prepaid Items/Expenses

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

J. Capital Assets

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

It is the Village's policy for employees to accrue vacation and sick leave. Accrued vacation must be used within 12 months of being earned. Vested or accumulated vacation and sick leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expense is recorded for that portion of vesting accumulated sick leave benefits that is expected to be taken as "terminal leave" at retirement.

L. Interfund Transactions

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

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

M. Interfund Receivables/Payables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (Firefighters' Pension only) and life insurance contracts and separate accounts.

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

2. DEPOSITS AND INVESTMENTS (Continued)

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, 2008:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money Market Mutual Funds	\$ 25,415,169	\$ 25,415,169	\$ -	\$ -	\$ -
Investment Contracts	12,098,000	12,098,000	-	-	-
Illinois Funds	20,980,542	20,980,542	-	-	-
IMET	2,418,282	1,130,688	1,287,594	-	-
<b>TOTAL</b>	<b>\$ 60,911,993</b>	<b>\$ 59,624,399</b>	<b>\$ 1,287,594</b>	<b>\$ -</b>	<b>\$ -</b>

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

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Police Pension

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2008:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 11,576,299	\$ 1,024,190	\$ 4,511,554	\$ 5,594,680	\$ 445,875
U.S. Agency Obligations	10,979,971	758,580	4,088,730	4,520,389	1,612,272
Money Market Mutual Funds	728,929	728,929	-	-	-
Illinois Funds	1,420,047	1,420,047	-	-	-
<b>TOTAL</b>	<b>\$ 24,705,246</b>	<b>\$ 3,931,746</b>	<b>\$ 8,600,284</b>	<b>\$ 10,115,069</b>	<b>\$ 2,058,147</b>

Firefighters' Pension

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2008:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 18,231,005	\$ 262,158	\$ 2,299,455	\$ 10,992,029	\$ 4,677,363
U.S. Agency Obligations	9,871,389	1,252,664	2,258,105	2,793,712	3,566,908
Money Market Mutual Funds	888,845	888,845	-	-	-
Illinois Funds	1,090,330	1,090,330	-	-	-
<b>TOTAL</b>	<b>\$ 30,079,614</b>	<b>\$ 3,492,042</b>	<b>\$ 4,557,560</b>	<b>\$ 13,785,741</b>	<b>\$ 8,244,271</b>

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 Fund's policy has an investment horizon for its investments of three years. The Firefighters' Pension Fund's 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.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments primarily 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. Illinois Funds is 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.

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 firefighters' 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 securities implicitly guaranteed by the United States Government. The Firefighters' Pension Fund has the following limitations: 30% to 50% of the overall portfolio should be invested in equities, 50% to 60% should be invested in fixed income securities and 1% to 15% should be invested in cash and cash equivalents. The Firefighters' Pension Fund had greater than 5% of its overall portfolio invested in FNMA and FHLMC securities implicitly guaranteed by the United States Government.

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

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3. RECEIVABLES

The following receivables are included in other receivables on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Hotel Tax	\$ 221,466
Cable Franchise Fees	75,178
Grants	87,532
Waste Management Franchise Fees	37,500
Entertainment Tax	9,672
Wireless Fee	19,989
911 Surcharge	14,819
Tipping Fees	30,231
Food and Beverage Tax	147,423
Employee Computer Program	70,399
KCAT Salary Reimbursement	43,330
Construction Administration Fees	24,000
Installment Note	214,698
IPBC Terminal Reserve	299,959
Refund From Vendor	33,672
Other Miscellaneous	1,340
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TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,331,208

The following receivables are included in due from other governments on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Sales Tax	\$ 1,668,807
Home Rule Sales Tax	977,205
Income Tax	215,425
Local Use Tax	180,332
Motor Fuel Tax	122,832
Simplified Telecommunications Tax	780,256
Court Fines	78,653
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TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,023,510

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balances January 1	Increases	Decreases	Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 4,249,750	\$ 2,822,964	\$ -	\$ 7,072,714
Land Right of Way	36,102,562	2,203,409	-	38,305,971
Construction in Progress	138,037	10,322,226	-	10,460,263
Total Capital Assets not Being Depreciated	40,490,349	15,348,599	-	55,838,948
Capital Assets Being Depreciated				
Buildings and Improvements	17,487,004	617,294	127,000	17,977,298
Department Equipment	1,778,474	286,971	179,005	1,886,440
Vehicles	8,898,596	1,336,977	366,858	9,868,715
Office Furniture	15,225	-	-	15,225
Office Equipment	136,838	-	-	136,838
Infrastructure	89,192,053	4,832,416	102,997	93,921,472
Total Capital Assets Being Depreciated	117,508,190	7,073,658	775,860	123,805,988
Less Accumulated Depreciation for				
Buildings and Improvements	7,421,815	448,004	51,858	7,817,961
Department Equipment	1,092,553	133,664	172,914	1,053,303
Vehicles	4,542,654	738,314	273,531	5,007,437
Office Furniture	10,150	1,015	-	11,165
Office Equipment	109,471	9,123	-	118,594
Infrastructure	37,478,568	2,710,592	102,997	40,086,163
Total Accumulated Depreciation	50,655,211	4,040,712	601,300	54,094,623
Total Capital Assets Being Depreciated, Net	66,852,979	3,032,946	174,560	69,711,365
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 107,343,328</b>	<b>\$ 18,381,545</b>	<b>\$ 174,560</b>	<b>\$ 125,550,313</b>

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

4. CAPITAL ASSETS (Continued)

	Balances January 1	Increases	Decreases	Balances December 31
<b>BUSINESS-TYPE ACTIVITIES</b>				
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	43,191,032	2,164,111	-	45,355,143
Vehicles	1,070,602	46,127	42,903	1,073,826
Department Equipment	583,142	143,571	-	726,713
Total Capital Assets Being Depreciated	44,844,776	2,353,809	42,903	47,155,682
Less Accumulated Depreciation for				
Plant System and Equipment	19,094,077	1,019,967	-	20,114,044
Vehicles	799,972	59,901	42,903	816,970
Department Equipment	404,138	26,575	-	430,713
Total Accumulated Depreciation	20,298,187	1,106,443	42,903	21,361,727
Total Capital Assets Being Depreciated, Net	24,546,589	1,247,366	-	25,793,955
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 25,020,589	\$ 1,247,366	\$ -	\$ 26,267,955

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

**GOVERNMENTAL ACTIVITIES**

General Government	\$ 227,335
Public Safety	706,027
Highways and Streets, including Depreciation of General Infrastructure Assets	3,072,028
Health and Welfare	17,319
Culture and Recreation	5,024
Economic Development	12,979
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 4,040,712</b>

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	Purpose of Bonds	Fund Debt Retired by	Balances January 1	Issuances	Reductions	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%.	Street Improvements and Fire Equipment	Debt Service	\$ 2,405,000	\$ -	\$ 435,000	\$ 1,970,000	\$ 455,000
\$10,760,000 General Obligation Refunding Bonds, Series 2001, dated July 15, 2001 with interest at 4.00% to 4.50%.	Street Improvements	Debt Service	4,720,000	-	1,490,000	3,230,000	1,620,000
\$6,155,000 General Obligation Refunding Bonds, Series 2003, dated September 1, 2003 with interest at 2.00% to 3.35%.	Fire Station and Village Hall Improvements	Debt Service	3,285,000	-	800,000	2,485,000	890,000
\$6,765,000 General Obligation Refunding Bonds, Series 2004: dated October 15, 2004 with interest at 3.00% to 3.75%.	Street Improvements and Fire Equipment	Debt Service	4,355,000	-	810,000	3,545,000	835,000
\$54,935,000 General Obligation Taxable Bonds, Series 2005A, dated August 1, 2005 with interest at 4.40% to 5.40%.	Sears Centre Construction (not owned by Village)	Debt Service	53,905,000	-	1,075,000	52,830,000	1,120,000
\$26,645,000 General Obligation Taxable Bonds, Series 2008A, dated March 7, 2008 with interest at 5.00%.	Village Hall, Police and Fire Station and Water Tank Construction	Water Debt Service	-	6,661,250 19,983,750	-	6,661,250 19,983,750	-
<b>TOTAL GENERAL OBLIGATION BONDS</b>			<b>\$ 68,670,000</b>	<b>\$ 26,645,000</b>	<b>\$ 4,610,000</b>	<b>\$ 90,705,000</b>	<b>\$ 4,920,000</b>

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 (TIF). These bonds and notes are not obligations of the Village and are secured only by the incremental revenues generated by the district. All tax increment financing notes are issued for the purpose of TIF district improvements. Tax increment financing bonds and notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Balance January 1	Issuances or Accretions	Retirements or Accretions	Balances December 31	Current Portion
\$65,400,000 Tax Increment Revenue Refunding Bonds Series 2005, dated June 30, 2005 with interest of varied rates.	Debt Service	\$ 45,600,000	\$ -	\$ 10,700,000	\$ 34,900,000	\$ 11,100,000
<b>TOTAL TAX INCREMENT FINANCING BONDS</b>		<b>\$ 45,600,000</b>	<b>\$ -</b>	<b>\$ 10,700,000</b>	<b>\$ 34,900,000</b>	<b>\$ 11,100,000</b>
Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.	Debt Service	\$ 110,039,909	\$ 3,487,317	\$ 4,135,496	\$ 109,391,730	\$ -
Tax Increment Redevelopment Note due in annual installments only if tax increment revenues are available.	Debt Service	3,584,840	-	-	3,584,840	-
<b>TOTAL TAX INCREMENT REVENUE NOTES</b>		<b>\$ 113,624,749</b>	<b>\$ 3,487,317</b>	<b>\$ 4,135,496</b>	<b>\$ 112,976,570</b>	<b>\$ -</b>

The increase of \$3,487,317 in the Tax Increment Revenue Notes represents interest due March 31 and September 30, 2008 of \$3,417,951 that accrues to the principal balance if not paid and \$69,366 of new Tax Increment Revenue Notes issued in 2008.

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 June 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 initial notional amount of \$65,400,000 matched the \$65,400,000 variable-rate bonds. The swap was entered into at the same time the bonds were issued (June 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. As of December 31, 2008, the notional amount of \$34,900,000 matches the \$34,900,000 variable-rate bonds outstanding. 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, 2008, rates were as follows:

Interest rate swap			
Fixed payment to counterparty	Fixed		3.185%
Variable payment from counterparty	BMA Index		(.900)%
Net interest rate swap payments			2.285%
Variable-rate bond coupon payments	Variable		(.900)%
Synthetic variable interest rate on bonds			3.185%

*Fair Value* - As of December 31, 2008, the swap had a negative fair value of (\$541,297). 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 Village'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.

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

5. LONG-TERM DEBT (Continued)

B. Tax Increment Financing Bonds and Notes (Continued)

2005 Tax Increment Revenue Refunding Bonds - Interest Rate Swap (Continued)

*Credit Risk* - The swap's fair value represented the Village's credit exposure to the counterparty as of December 31, 2008. 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 AA40- by Fitch Ratings and Standard and Poor's and Aa1 by Moody's Investors Service as of December 31, 2008.

*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 3.185% at December 31, 2008. 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 Governmental Activities		Tax Increment Financing Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 4,920,000	\$ 4,214,731	\$11,100,000	\$ 787,491
2010	4,530,000	4,015,239	23,800,000	63,169
2011	3,840,000	3,830,197	-	-
2012	2,750,000	3,671,050	-	-
2013	1,345,000	3,549,398	-	-
2014-2018	7,810,000	16,673,285	-	-
2019-2023	10,055,000	14,431,075	-	-
2024-2028	13,045,000	11,437,395	-	-
2029-2033	23,576,250	6,954,533	-	-
2034-2038	12,172,500	1,885,312	-	-
<b>TOTALS</b>	<b>\$84,043,750</b>	<b>\$70,662,215</b>	<b>\$34,900,000</b>	<b>\$ 850,660</b>

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

5. LONG-TERM DEBT (Continued)

C. Debt Service Requirements to Maturity (Continued)

Year Ending December 31	Tax Increment Revenue Notes*		General Obligation Bonds - Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$	\$	\$ -	\$ 333,062
2010			-	333,063
2011			-	333,062
2012			-	333,063
2013			-	333,062
2014-2018			-	1,665,312
2019-2023			-	1,665,313
2024-2028			-	1,665,313
2029-2033			2,603,750	1,477,937
2034-2038			4,057,500	628,438
<b>TOTALS</b>	<b>\$</b>	<b>\$</b>	<b>\$ 6,661,250</b>	<b>\$ 8,767,625</b>

\* 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%. Therefore, no set debt service schedule is available.

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

5. LONG-TERM DEBT (Continued)

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	\$ 68,670,000	\$ 19,983,750	\$ 4,610,000	\$ -	\$ 84,043,750	\$ 4,920,000
Tax Increment Financing Bonds Payable	45,600,000	-	10,700,000	-	34,900,000	11,100,000
Notes Payable	113,624,749	3,487,317	4,135,496	-	112,976,570	-
Net Pension Obligation	227,048	5,320	-	-	232,368	-
Compensated Absences Payable - Governmental Funds*	2,269,421	1,496,432	1,338,159	-	2,427,694	1,404,525
Compensated Absences Payable - Internal Services Fund	18,797	19,206	18,797	-	19,206	19,206
Net Other Post-Employment Benefit Obligations	301,338	718,215	-	-	1,019,553	-
Net Other Post-Employment Benefit Obligations - Internal Service Fund	2,781	4,625	-	-	7,406	-
Termination Benefit**	9,021	31,956	9,021	-	31,956	31,956
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$230,723,155</b>	<b>\$ 25,746,821</b>	<b>\$ 20,811,473</b>	<b>\$ -</b>	<b>\$235,658,503</b>	<b>\$ 17,475,687</b>

\* 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.

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

5. LONG-TERM DEBT (Continued)

D. Changes in Long-Term Liabilities (Continued)

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
General Obligation Bonds Payable	\$ -	\$ 6,661,250	\$ -	\$ 6,661,250	\$ -
Compensated Absences Payable	242,720	145,170	107,182	280,708	118,202
Net Other Post-Employment Benefit Obligations	26,423	55,042	-	81,465	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 269,143</b>	<b>\$ 6,861,462</b>	<b>\$ 107,182</b>	<b>\$ 7,023,423</b>	<b>\$ 118,202</b>

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.

5. LONG-TERM DEBT (Continued)

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:

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
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 EDA 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.

5. LONG-TERM DEBT (Continued)

F. Tax Increment Revenue Bond Ordinance Disclosures (Continued)

2) The Program Expense Account

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

3) The Senior Lien Bond and Interest Account

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

4) The Senior Lien Debt Service Reserve and Redemption Account

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

5) The Junior Lien Bond and Interest Account

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

6) 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.

5. LONG-TERM DEBT (Continued)

F. Tax Increment Revenue Bond Ordinance Disclosures (Continued)

7) The General Account

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

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

A schedule summarizing the Village's compliance with the bond indentures can be found in the Supplemental Data section of this report on pages 148-149.

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. (Sears) 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 Sears 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.

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

5. LONG-TERM DEBT (Continued)

H. 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. The termination benefit liability is, in general, the future costs to the Village to fund costs associated with termination benefit. See Note 12 for further information regarding the termination benefit liability at December 31, 2008.

I. 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). The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions. See Note 13 for further information regarding the NOPEBO liability at December 31, 2008.

6. INTERFUND ACCOUNTS

Due from/to other funds at December 31, 2008 consist of the following:

	Due From	Due To
General	\$ 2,759,528	\$ 93,705
2008 Capital Projects	-	3,419,337
Waterworks and Sewerage	1,878,348	379,945
Nonmajor Governmental	204,040	379,860
Fiduciary	5,906	112,976
Internal Service	17,121	479,120
	<hr/>	<hr/>
TOTAL	\$ 4,864,943	\$ 4,864,943

\$1,540,989 in the General Fund and \$1,878,348 in the Waterworks and Sewerage Fund due from the 2008 Capital Projects Fund are short-term advances for the funding of project costs and allocation of investment interest for the 2008 General Obligation bond projects and related proceeds due to timing of investment maturities. These amounts will be repaid within one year.

\$350,000 in the General Fund due from the Internal Service Funds relates to a reallocation of internal service charges for worker's compensation and liability insurance at year end. These amounts will be repaid within one year.

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

6. INTERFUND ACCOUNTS (Continued)

The remainder 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. These amounts will be repaid within one year.

Advances from/to other funds at December 31, 2008 consisted of the following:

	Advance From	Advance To
	<u>          </u>	<u>          </u>
General	\$ 5,000	\$ -
Fiduciary	-	5,000
	<u>          </u>	<u>          </u>
TOTAL	<u>\$ 5,000</u>	<u>\$ 5,000</u>

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

\$5,000 advance to Fiduciary Funds is a long-term loan to cover operations. Repayment is not expected within one year.

Interfund transfers during the year ended December 31, 2008 consisted of the following:

	Transfer In	Transfer Out
	<u>          </u>	<u>          </u>
General	\$ -	\$ 2,403,209
2008 Capital Projects	579,795	2,170,953
Nonmajor Governmental	4,978,113	1,063,285
Waterworks and Sewerage	16,130	-
Internal Service	63,409	-
	<u>          </u>	<u>          </u>
TOTAL	<u>\$ 5,637,447</u>	<u>\$ 5,637,447</u>

The purposes of significant interfund transfers are as follows:

- \$2,403,209 Transferred to other funds from the General Fund. This relates to routine transfers from the General Fund to the 2001 General Obligation Debt Service Fund (\$195,980), 1997A General Obligation Debt Service Fund (\$506,010), 2004 General Obligation Debt Service Fund (\$484,370), Capital Improvements Fund (\$454,540), Capital Replacement Fund (\$479,970), Capital Vehicle and Equipment Fund (\$202,800), Information Systems Fund (\$63,409) and the Waterworks and Sewerage Fund (\$16,130) for the payment of debt service and capital project costs. The transfers will not be repaid.
- \$2,170,953 transferred from the 2008 Capital Projects Fund to the 2008 General Obligation Debt Service Fund, nonmajor fund. This relates to the transfer of capitalized interest related to the issuance of the 2008 General Obligation Bonds. This amount will not be repaid.

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

6. INTERFUND ACCOUNTS (Continued)

- \$579,795 transferred to the 2008 Capital Projects Fund from the Capital Improvement Fund, nonmajor fund. This relates to assistance in funding of the portion of the projects to be paid by the 2008 General Obligation Bonds. These amounts 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 worker's 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 worker's compensation claim in 2003 and prior, \$300,000 for each worker's compensation claim in 2004, \$350,000 for each worker's compensation claims in 2005 and \$500,000 for each worker's compensation claims in 2006 and 2007. In 2008, the coverage is up to \$500,000 for each worker's compensation claim except for police and firefighters' coverage is up to \$600,000. 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.

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:

	2008	2007
UNPAID CLAIMS, BEGINNING OF YEAR	\$ 966,705	\$ 1,179,992
Incurred Claims (including IBNR)	1,256,017	352,186
Claim Payments	(1,105,661)	(565,473)
UNPAID CLAIMS, END OF YEAR	<u>\$ 1,117,061</u>	<u>\$ 966,705</u>

7. RISK MANAGEMENT (Continued)

High-Level Excess Liability Pool (HELP)

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

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

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

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

The Village of Elk Grove Village, Illinois (the initial host member) issued \$5,000,000 of general obligation bonds in 1987 to provide initial funding for HELP. The bond proceeds were put into escrow. An intergovernmental agreement among HELP, the Village of Elk Grove Village, Illinois and the members provided that HELP and its members were obligated to the Village of Elk Grove Village, Illinois 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.

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

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.

9. CONTRACTUAL COMMITMENTS

A. High-Level Excess Liability Pool

The Village has committed to purchase excess liability insurance from HELP through April 30, 2018. The Village expects to make the following payments to HELP:

<u>Year Ending December 31</u>	<u>Amount</u>
2009	\$ 95,600
2010	95,600
2011	95,600
2012	95,600
2013	95,600
2014-2018	478,000

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>
2009	\$ 4,600,000
2010	4,600,000
2011	4,600,000
2012	4,600,000
2013	4,600,000
2014-2018	23,000,000
2019-2022	18,400,000

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

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9. CONTRACTUAL COMMITMENTS (Continued)

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

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

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

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

<u>Year Ending December 31</u>	<u>Amount</u>
2009	\$ 85,346
2010	82,207
2011	78,790
2012	75,665
2013	77,004
2014-2015	143,964

These amounts have been estimated based upon the Village's commitment for 2008. 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 and property tax rebates. The amount of the rebates is limited to the lower of actual costs or \$19,270,000 (\$1,673,663 paid as of December 31, 2008) and are payable over 7 to 17 years solely from sales taxes generated by the commercial entities. The rebates are to be paid semi-annually beginning in 1999 by each March 31<sup>st</sup> and September 30<sup>th</sup> for the previous six months ending December 31<sup>st</sup> and June 30<sup>th</sup>, 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, 2008, the Village has accrued an estimated rebate liability of \$421,754 for amounts collected by the state through December 31, 2008. The amounts to be reimbursed annually are limited to various percentages of sales taxes and property taxes generated by the commercial entities.

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

9. CONTRACTUAL COMMITMENTS (Continued)

E. Construction Contracts

The Village has entered into significant contracts for the purpose of Village Hall remodeling and the construction of a new police station and fire station. At December 31, 2008, the Village was committed for the following:

Project	Total Contract Amount	Work Completed as of December 31, 2008	Total Contract Outstanding at December 31, 2008
Village Hall Remodeling	\$ 5,585,000	\$ 5,101,317	\$ 483,683
Fire Station #24 Construction	6,241,552	2,973,963	3,267,589
Police Station Construction	7,570,075	2,818,233	4,751,842
<b>TOTAL</b>	<b>\$ 19,396,627</b>	<b>\$ 10,893,513</b>	<b>\$ 8,503,114</b>

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.

10. JOINT VENTURES (Continued)

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

Description of Joint Venture (Continued)

JAWA has entered into water supply agreements with the seven member municipalities for a term of 40 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 City 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 \$4,488,605 to JAWA for 2008. The Village does not have an equity interest in JAWA at December 31, 2008.

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

The Village is a member of the SWANCC which consists of 23 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.

10. JOINT VENTURES (Continued)

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

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.

In accordance with the contract, the Village made payments totaling \$999,943 to SWANCC in 2008. The payments have been recorded in the Municipal Waste System Fund. The Village does not have an equity interest in SWANCC at December 31, 2008.

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 Firefighters' Pension plans issue separate reports on the pension plans. These reports can be obtained from the Village, 1900 Hassell Road, Hoffman Estates, Illinois 60169. 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.

11. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2008 was 10.33% of covered payroll.

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, 2007, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	50
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	74
Nonvested	30
	<hr/>
TOTAL	154
	<hr/>

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.

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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, 2007, the Village's contribution was 20.66% of covered payroll.

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, 2007, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	40
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	55
Nonvested	47
	<hr/>
TOTAL	<hr/> <u>142</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.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Covered employees are required to contribute 9.455% 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, 2007, the Village's contribution was 18.94% of covered payroll.

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, 2006	December 31, 2006	December 31, 2006
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	26 Years, Closed	26 Years, Closed	26 Years, Closed

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
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%

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)	2006	\$ 1,090,910	2005	\$ 1,354,615	\$ 1,276,028
	2007	1,172,145	2006	1,468,083	1,340,046
	2008	1,196,303	2007	1,655,145	1,432,057
Actual Contribution	2006	\$ 1,090,910	2005	\$ 1,355,494	\$ 1,262,516
	2007	1,172,145	2006	1,471,015	1,347,220
	2008	1,196,303	2007	1,638,142	1,426,737
Percentage of APC Contributed	2006	100.00%	2005	100.06%	98.94%
	2007	100.00%	2006	100.20%	100.54%
	2008	100.00%	2007	98.97%	99.63%
NPO (Asset)	2006	\$ -	2005	\$ (337,374)	\$ 234,222
	2007	-	2006	(340,306)	227,048
	2008	-	2007	(323,303)	232,368

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Funded Status and Funding Progress

The funded status and funding progress of the plans as of December 31, 2008 were as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	\$ 32,224,638	\$ 45,509,710	\$49,711,799
Actuarial Value of Plan Assets	22,199,419	65,825,715	61,602,588
Unfunded Actuarial Accrued Liability (UAAL)	10,025,219	20,316,005	11,890,789
Funded Ratio (Actuarial Value of Plan Assets/AAL)	68.89%	69.14%	80.70%
Covered Payroll (Active Plan Members)	11,580,858	20,316,005	7,533,523
UAAL as a Percentage of Covered Payroll	86.57%	256.27%	157.84%

E. Net Pension Obligation

The NPO (asset) has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual Required Contributions	\$ 1,663,437	\$ 1,426,524
Interest on Net Pension Obligation	(25,523)	17,029
Adjustment to Annual Required Contribution	17,231	(11,496)
Annual Pension Cost	1,655,145	1,432,057
Contributions Made	1,638,142	1,426,737
Change in Net Pension Obligation (Asset)	17,003	5,320
Net Pension Obligation (Asset), Beginning of Year	(340,306)	227,048
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ (323,303)	\$ 232,368

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

F. Pension Segment Information

Fiduciary Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ 1,450,004	\$ 1,091,335	\$ 2,541,339
Investments, at Fair Value			
U.S. Treasury Securities	11,576,299	18,231,005	29,807,304
U.S. Agency Securities	10,979,971	9,871,389	20,851,360
Mutual Funds	15,466,996	4,251,238	19,718,234
Money Market Mutual Funds	728,929	888,845	1,617,774
Equities	-	9,391,562	9,391,562
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	231,818	268,703	500,521
Due from General Fund	5,176	730	5,906
<b>Total Assets</b>	<b>40,439,193</b>	<b>43,994,807</b>	<b>84,434,000</b>
<b>LIABILITIES</b>			
Accounts Payable	-	19,496	19,496
<b>Total Liabilities</b>	<b>-</b>	<b>19,496</b>	<b>19,496</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 40,439,193</b>	<b>\$ 43,975,311</b>	<b>\$ 84,414,504</b>

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

F. Pension Segment Information (Continued)

Changes in Plan Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ADDITIONS</b>			
Contributions			
Employer Contributions	\$ 1,800,870	\$ 1,561,796	\$ 3,362,666
Employee Contributions	810,177	750,533	1,560,710
Other Contributions	67,851	-	67,851
Total Contributions	2,678,898	2,312,329	4,991,227
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(6,992,121)	(7,460,739)	(14,452,860)
Interest	1,548,432	1,651,417	3,199,849
Total Investment Income	(5,443,689)	(5,809,322)	(11,253,011)
Less Investment Expense	(86,171)	(191,972)	(278,143)
Net Investment Income	(5,529,860)	(6,001,294)	(11,531,154)
Total Additions	(2,850,962)	(3,688,965)	(6,539,927)
<b>DEDUCTIONS</b>			
Benefits and Refunds	2,203,708	2,014,974	4,218,682
Miscellaneous	15,847	32,549	48,396
Total Deductions	2,219,555	2,047,523	4,267,078
NET INCREASE (DECREASE)	(5,070,517)	(5,736,488)	(10,807,005)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	45,509,710	49,711,799	95,221,509
December 31	\$ 40,439,193	\$ 43,975,311	\$ 84,414,504

12. TERMINATION BENEFITS

On November 19, 2004, the Village entered into an agreement providing for the payment of 44 months of health insurance costs. The employee was 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, January 1, 2005 - August 31, 2008.

In addition, during December 2008 the Village entered into an agreement providing for the payment 6 months of health insurance costs. The 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, January 1, 2009 - June 30, 2009. The Village has calculated the premium payments for the remaining period of the benefit based on the 2009 premium rates. The Village makes monthly insurance payments for the premium amount in conjunction with their regular health insurance premium payments. As of December 31, 2008, six employees were receiving this benefit and the Village's remaining contributions due under the agreement was \$31,956.

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, 2007 (most recent information available), membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	46
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees - Vested	204
Active Employees - Nonvested	<u>120</u>
TOTAL	<u>370</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 had an actuarial valuation performed for the plan as of December 31, 2008 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, 2008. The Village's annual OPEB cost (expense) was \$614,449 for the year ended December 31, 2008. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 was as follows. A valuation was performed for the first time as of December 31, 2006.

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
December 31, 2007	*	*	*%	*
December 31, 2008	614,449	201,364	32.77%	1,108,424

\*The Village did not perform a valuation as of December 31, 2007 as only biennial valuations are required and, therefore, information for December 31, 2007 is not available.

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

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13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of December 31, 2008, was calculated as follows:

Annual Required Contribution	\$ 603,659
Interest on Net OPEB Obligation	34,767
Adjustment to Annual Required Contribution	<u>(23,977)</u>
Annual OPEB Cost	614,449
Contributions Made	<u>201,364</u>
Increase in Net OPEB Obligation	413,085
Net OPEB Obligation, Beginning of Year	<u>695,339</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<b><u>\$ 1,108,424</u></b>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2008 was as follows:

Actuarial Accrued Liability (AAL)	\$ 6,403,843
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	6,403,843
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	26,385,184
UAAL as a Percentage of Covered Payroll	24.27%

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, 2008 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return and an annual initial healthcare cost trend rate of 8.0% decreasing to an ultimate rate of 6.0%. Both rates include a 3.0% 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, 2008 was 28 years.

14. DEFICIT FUND BALANCE

The Capital Improvements fund had a deficit fund balance of \$(47,009) as of December 31, 2008.

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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 24,418,054	\$ 24,418,054	\$ 22,702,394	\$ 21,710,526
Licenses and Permits	2,252,600	2,252,600	1,313,427	2,637,624
Intergovernmental	14,200,950	14,269,550	13,474,956	12,713,142
Charges for Services	5,145,390	5,145,390	4,566,938	4,950,909
Fines and Forfeits	1,067,500	1,067,500	1,451,980	1,160,360
Investment Income	715,220	715,220	345,136	700,628
Miscellaneous	195,380	195,380	602,449	362,605
<b>Total Revenues</b>	<b>47,995,094</b>	<b>48,063,694</b>	<b>44,457,280</b>	<b>44,235,794</b>
<b>EXPENDITURES</b>				
Current				
General Government	5,863,200	6,418,690	5,817,443	5,534,581
Public Safety	28,383,274	28,516,274	27,011,405	26,217,176
Highways and Streets	5,665,890	6,633,890	6,261,272	5,286,342
Health and Welfare	2,061,700	2,061,700	1,945,636	1,898,681
Culture and Recreation	387,100	387,100	276,335	289,403
Economic Development	3,356,750	3,356,750	1,932,884	1,393,040
<b>Total Expenditures</b>	<b>45,717,914</b>	<b>47,374,404</b>	<b>43,244,975</b>	<b>40,619,223</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,277,180</b>	<b>689,290</b>	<b>1,212,305</b>	<b>3,616,571</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	(3,145,145)	(3,145,145)	(2,403,209)	(4,623,790)
Sale of Capital Assets	2,500	2,500	16,720	9,259
<b>Total Other Financing Sources (Uses)</b>	<b>(3,142,645)</b>	<b>(3,142,645)</b>	<b>(2,386,489)</b>	<b>(4,614,531)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (865,465)</b>	<b>\$ (2,453,355)</b>	<b>(1,174,184)</b>	<b>(997,960)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>14,013,936</b>	<b>15,011,896</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 12,839,752</b>	<b>\$ 14,013,936</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2008

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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, 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, 2008

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)
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%
2007	25,719,656	30,858,858	83.35%	5,139,202	10,924,003	47.05%
2008	22,199,419	32,224,638	68.89%	10,025,219	11,580,858	86.57%

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

POLICE PENSION FUND

December 31, 2008

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)
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	41,968,210	61,447,157	68.30%	19,478,947	7,373,997	264.16%
2007	45,509,710	65,825,715	69.14%	20,316,005	7,927,658	256.27%
2008	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, 2008

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)
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	46,581,608	57,700,568	80.73%	11,118,960	6,954,964	159.87%
2007	49,711,799	61,602,588	80.70%	11,890,789	7,533,523	157.84%
2008	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, 2008

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
2007	*	*	*	*	*	*
2008	-	6,403,843	0.00%	6,403,843	26,385,184	24.27%

\*The Village is having actuarial valuations performed biennially.  
Therefore, no actuarial valuation was done as of December 31, 2007.

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, 2008

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<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2007	1,172,145	1,172,145	100.00%
2008	1,196,303	1,196,303	100.00%

(See independent auditor's report.)

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

December 31, 2008

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<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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	1,476,740	99.61%
2007	1,638,142	1,663,437	98.48%
2008	1,800,870	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, 2008

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Fiscal Year December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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	1,334,036	100.99%
2007	1,426,737	1,426,524	100.01%
2008	1,561,796	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, 2008

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Fiscal Year December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	\$ 244,371	\$ 574,913	42.51%
2007	*	*	*
2008	201,364	603,659	33.36%

\*The Village is having actuarial valuations performed biennially.  
 Therefore, no actuarial valuation was done as of December 31, 2007.

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, 2008

(with comparative totals for 2007)

	2008	2007
<b>ASSETS</b>		
Cash and Investments	\$ 10,574,805	\$ 12,213,972
Receivables		
Property Taxes	13,456,391	13,604,904
Accounts	121,345	25,448
Accrued Interest	15,984	30,738
Other	807,566	711,378
Prepaid Items	63,294	6,154
Inventory	216,620	190,218
Due from Other Governments	3,900,678	4,019,113
Due from Other Funds	2,646,552	1,066,479
Due from Fiduciary Funds	112,976	-
Advance to Fiduciary Funds	5,000	11,000
<b>TOTAL ASSETS</b>	<b>\$ 31,921,211</b>	<b>\$ 31,879,404</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 1,752,815	\$ 1,471,498
Accrued Payroll	1,325,720	1,021,549
Deferred Revenues	14,440,946	13,770,134
Due to Other Funds	87,799	-
Due to Fiduciary Funds	5,906	187,916
Deposits Payable	1,468,273	1,414,371
<b>Total Liabilities</b>	<b>19,081,459</b>	<b>17,865,468</b>
<b>FUND BALANCE</b>		
Reserved for Prepaid Items	63,294	6,154
Reserved for Inventory	216,620	190,218
Reserved for Advances to Other Funds	5,000	11,000
Reserved for Public Safety	114,324	116,371
Reserved for Employee Loan Program	70,399	81,721
Unreserved - Designated for Compensated Absences	2,405,685	2,250,193
Unreserved - Designated for Police Facility	-	659,874
Unreserved - Undesignated	9,964,430	10,698,405
<b>Total Fund Balance</b>	<b>12,839,752</b>	<b>14,013,936</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 31,921,211</b>	<b>\$ 31,879,404</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>GENERAL GOVERNMENT</b>				
Legislative	\$ 371,600	\$ 371,600	\$ 310,235	\$ 367,995
Administration	701,370	726,370	720,257	662,270
Legal	424,070	494,070	490,724	352,900
Finance	805,070	805,070	775,414	776,906
Village Clerk	178,710	178,710	173,146	162,587
Human Resources Management	527,250	527,250	492,110	484,591
Special Projects	-	-	-	24,315
Buildings and Grounds	854,730	886,230	873,766	864,082
Equipment and Supply	1,401,340	1,772,230	1,470,457	1,535,131
Police and Fire Commission	167,570	167,570	108,530	35,874
Emergency Operations	137,920	196,020	185,120	77,756
Miscellaneous Boards and Commissions	293,570	293,570	217,684	190,174
<b>Total General Government</b>	<b>5,863,200</b>	<b>6,418,690</b>	<b>5,817,443</b>	<b>5,534,581</b>
<b>PUBLIC SAFETY</b>				
<b>Police Department</b>				
Administration	1,677,690	1,677,690	1,626,407	1,735,117
Juvenile Investigations	714,380	721,880	714,737	692,422
Problem Oriented Policing	238,000	238,000	236,549	228,527
Tactical	632,250	730,250	723,374	753,417
Patrol and Response	7,812,374	7,732,374	7,540,075	7,345,550
Traffic Control	920,420	920,420	867,827	888,997
Investigations	1,068,480	1,112,480	1,099,019	1,027,427
Community Relations	252,310	252,310	245,846	243,212
Communications	817,090	833,090	818,187	754,028
Canine	277,020	277,020	252,410	251,213
Special Services	370,290	370,290	192,894	267,111
Records	315,450	367,950	360,059	314,188
Administrative Services	778,210	739,210	700,753	707,488
<b>Total Police Department</b>	<b>15,873,964</b>	<b>15,972,964</b>	<b>15,378,137</b>	<b>15,208,697</b>
<b>Fire Department</b>				
Administration	698,600	737,600	714,006	797,552
Public Education	153,480	153,480	119,961	111,269
Suppression	6,318,405	6,318,405	5,941,798	5,545,937
Emergency Medical Services	4,681,645	4,681,645	4,326,302	4,076,846
Fire Prevention	515,660	515,660	434,924	364,438
E.S.D.A.	51,840	46,840	40,165	44,806
Fire Stations	89,680	89,680	56,112	67,631
<b>Total Fire Department</b>	<b>12,509,310</b>	<b>12,543,310</b>	<b>11,633,268</b>	<b>11,008,479</b>
<b>Total Public Safety</b>	<b>28,383,274</b>	<b>28,516,274</b>	<b>27,011,405</b>	<b>26,217,176</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>HIGHWAYS AND STREETS</b>				
Administration - Public Works	\$ 346,700	\$ 346,700	\$ 322,670	\$ 315,048
Snow and Ice Control	1,507,580	2,417,580	2,344,986	1,641,716
Asphalt	466,520	497,520	488,015	312,942
Forestry	1,101,770	1,101,770	898,485	816,735
Maintenance	278,010	289,510	278,084	254,223
Storm Sewers	201,600	217,100	212,801	219,561
Utilities	590,560	590,560	562,011	617,005
Engineering	1,173,150	1,173,150	1,154,220	1,109,112
Total Highways and Streets	5,665,890	6,633,890	6,261,272	5,286,342
<b>HEALTH AND WELFARE</b>				
Health and Human Services	793,010	793,010	686,757	708,890
Code Enforcement	1,268,690	1,268,690	1,258,879	1,189,791
Total Health and Welfare	2,061,700	2,061,700	1,945,636	1,898,681
<b>CULTURE AND RECREATION</b>				
Cable T.V.	244,780	244,780	134,465	159,819
4th of July	142,320	142,320	141,870	129,584
Total Culture and Recreation	387,100	387,100	276,335	289,403
<b>ECONOMIC DEVELOPMENT</b>				
Administration - Community Development	192,940	192,940	188,008	179,518
Planning	634,470	634,470	604,427	591,884
Economic Development	2,529,340	2,529,340	1,140,449	621,638
Total Economic Development	3,356,750	3,356,750	1,932,884	1,393,040
<b>TOTAL EXPENDITURES</b>	<b>\$ 45,717,914</b>	<b>\$ 47,374,404</b>	<b>\$ 43,244,975</b>	<b>\$ 40,619,223</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 11,333,130	\$ 11,684,830	\$ 12,383,062	\$ 12,502,091
Investment Income	600,000	600,000	514,420	550,800
Total Revenues	11,933,130	12,284,830	12,897,482	13,052,891
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	10,700,000	10,700,000	10,700,000	10,300,000
Interest and Fiscal Charges	1,233,130	1,584,830	1,583,432	1,934,959
Total Expenditures	11,933,130	12,284,830	12,283,432	12,234,959
NET CHANGE IN FUND BALANCE	\$ -	\$ -	614,050	817,932
FUND BALANCE, JANUARY 1			23,684,760	22,866,828
FUND BALANCE, DECEMBER 31			\$ 24,298,810	\$ 23,684,760

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

2008 CAPITAL PROJECT FUND

For the Year Ended December 31, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 500,000	\$ 500,000	\$ 250,925	\$ -
Total Revenues	500,000	500,000	250,925	-
<b>EXPENDITURES</b>				
Capital Outlay	17,400,000	17,400,000	14,472,116	1,053,775
Debt Service				
Interest and Fiscal Charges	-	-	192,341	-
Total Expenditures	17,400,000	17,400,000	14,664,457	1,053,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,900,000)	(16,900,000)	(14,413,532)	(1,053,775)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	579,795	-
Transfers (Out)	-	-	(2,170,953)	-
Bonds Issued, at Par	17,400,000	17,400,000	19,983,750	-
Discount on Issuance of Bonds	-	-	(237,739)	-
Total Other Financing Sources (Uses)	17,400,000	17,400,000	18,154,853	-
NET CHANGE IN FUND BALANCE	\$ 500,000	\$ 500,000	3,741,321	(1,053,775)
FUND BALANCE (DEFICIT), JANUARY 1			(1,053,775)	-
FUND BALANCE (DEFICIT), DECEMBER 31			\$ 2,687,546	\$ (1,053,775)

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 4,585,577	\$ 4,192,144	\$ 14,497,661	\$ 23,275,382
Receivables				
Property Taxes	1,043,338	1,559,442	-	2,602,780
Accounts	-	-	16,600	16,600
Accrued Interest	7,826	32,817	45,306	85,949
Other	337,710	73,712	112,220	523,642
Prepaid Items	73,585	300	65,000	138,885
Due from Other Governments	122,832	-	-	122,832
Due from Other Funds	-	250	203,790	204,040
<b>TOTAL ASSETS</b>	<b>\$ 6,170,868</b>	<b>\$ 5,858,665</b>	<b>\$ 14,940,577</b>	<b>\$ 26,970,110</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 138,736	\$ -	\$ 144,875	\$ 283,611
Accrued Payroll	101,551	-	-	101,551
Deferred Revenues	1,906,894	1,550,001	-	3,456,895
Due to Other Funds	94,594	102,291	182,975	379,860
Deposits Payable	32,900	-	1,593,827	1,626,727
<b>Total Liabilities</b>	<b>2,274,675</b>	<b>1,652,292</b>	<b>1,921,677</b>	<b>5,848,644</b>
<b>FUND BALANCES</b>				
Reserved for Prepaid Items	73,585	300	65,000	138,885
Reserved for Highways and Streets	137,107	-	-	137,107
Reserved for Emergency Equipment	924,651	-	-	924,651
Reserved for Public Safety	128,209	-	-	128,209
Reserved for Debt Service	-	4,206,073	-	4,206,073
Reserved for Economic Development	2,557,649	-	4,517,372	7,075,021
Reserved for Bridge Maintenance and Repairs	-	-	391,960	391,960
Unreserved - Designated for Compensated Absences	22,009	-	-	22,009
Unreserved - Designated for Capital Projects	-	-	8,091,577	8,091,577
Unreserved - Undesignated - (Deficit)	52,983	-	(47,009)	5,974
<b>Total Fund Balances</b>	<b>3,896,193</b>	<b>4,206,373</b>	<b>13,018,900</b>	<b>21,121,466</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,170,868</b>	<b>\$ 5,858,665</b>	<b>\$ 14,940,577</b>	<b>\$ 26,970,110</b>

(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, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 8,832,475	\$ 2,497,154	\$ 1,117,113	\$ 12,446,742
Intergovernmental	1,614,631	-	1,000	1,615,631
Charges for Services	914,267	-	160,409	1,074,676
Fines and Forfeits	206,641	-	24,000	230,641
Investment Income	118,142	143,629	395,933	657,704
Miscellaneous	126,032	3,820,209	98,948	4,045,189
<b>Total Revenues</b>	<b>11,812,188</b>	<b>6,460,992</b>	<b>1,797,403</b>	<b>20,070,583</b>
<b>EXPENDITURES</b>				
Current				
General Government	219,617	-	-	219,617
Public Safety	3,893,547	-	-	3,893,547
Highways and Streets	1,396,161	-	-	1,396,161
Sanitation	1,190,250	-	-	1,190,250
Economic Development	183,462	-	-	183,462
Capital Outlay	-	38	4,658,245	4,658,283
Debt Service				
Principal Retirement	4,135,496	4,610,000	-	8,745,496
Interest and Fiscal Charges	-	4,108,413	-	4,108,413
<b>Total Expenditures</b>	<b>11,018,533</b>	<b>8,718,451</b>	<b>4,658,245</b>	<b>24,395,229</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>793,655</b>	<b>(2,257,459)</b>	<b>(2,860,842)</b>	<b>(4,324,646)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	3,577,313	1,400,800	4,978,113
Transfers (Out)	(283,490)	-	(779,795)	(1,063,285)
Notes Issued, at Par	-	-	69,366	69,366
Proceeds from Sale of Capital Assets	7,300	-	61,038	68,338
<b>Total Other Financing Sources (Uses)</b>	<b>(276,190)</b>	<b>3,577,313</b>	<b>751,409</b>	<b>4,052,532</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>517,465</b>	<b>1,319,854</b>	<b>(2,109,433)</b>	<b>(272,114)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>3,378,728</b>	<b>2,886,519</b>	<b>15,128,333</b>	<b>21,393,580</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 3,896,193</b>	<b>\$ 4,206,373</b>	<b>\$ 13,018,900</b>	<b>\$ 21,121,466</b>

(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 EDA and the Sears Development, in accordance with State statutes.

Economic Development Area (EDA) General Account Fund - to account for revenues and expenditures pertaining to the Village's establishment of an EDA and the Sears Development and the repayment of the EDA Notes, 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, 2008

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration	EDA General Account
<b>ASSETS</b>					
Cash and Investments	\$ 65,726	\$ 1	\$ 781,848	\$ 646,703	\$ -
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Other	-	15,832	-	630	-
Prepaid Items	-	-	-	-	-
Due from Other Governments	122,832	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 188,558</b>	<b>\$ 15,833</b>	<b>\$ 781,848</b>	<b>\$ 647,333</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 11,451	\$ 10,825	\$ 938	\$ 14,687	\$ -
Accrued Payroll	-	-	3,843	97,708	-
Deferred Revenues	-	-	648,858	-	-
Due to Other Funds	40,000	5,007	-	48,587	-
Deposits Payable	-	-	-	32,900	-
<b>Total Liabilities</b>	<b>51,451</b>	<b>15,832</b>	<b>653,639</b>	<b>193,882</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for Prepaid Items	-	-	-	-	-
Reserved for Highways and Streets	137,107	-	-	-	-
Reserved for Emergency Equipment	-	-	-	-	-
Reserved for Economic Development	-	1	-	431,442	-
Reserved for Public Safety	-	-	128,209	-	-
Unreserved					
Designated for Compensated Absences	-	-	-	22,009	-
Undesignated	-	-	-	-	-
<b>Total Fund Balances</b>	<b>137,107</b>	<b>1</b>	<b>128,209</b>	<b>453,451</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 188,558</b>	<b>\$ 15,833</b>	<b>\$ 781,848</b>	<b>\$ 647,333</b>	<b>\$ -</b>

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ 903,006	\$ 28,715	\$ 2,159,578	\$ 4,585,577
-	-	1,043,338	1,043,338
7,826	-	-	7,826
14,819	91,731	214,698	337,710
-	73,585	-	73,585
-	-	-	122,832
<u>\$ 925,651</u>	<u>\$ 194,031</u>	<u>\$ 3,417,614</u>	<u>\$ 6,170,868</u>
\$ -	\$ 67,463	\$ 33,372	\$ 138,736
-	-	-	101,551
-	-	1,258,036	1,906,894
1,000	-	-	94,594
-	-	-	32,900
<u>1,000</u>	<u>67,463</u>	<u>1,291,408</u>	<u>2,274,675</u>
-	73,585	-	73,585
-	-	-	137,107
924,651	-	-	924,651
-	-	2,126,206	2,557,649
-	-	-	128,209
-	-	-	22,009
-	52,983	-	52,983
<u>924,651</u>	<u>126,568</u>	<u>2,126,206</u>	<u>3,896,193</u>
<u>\$ 925,651</u>	<u>\$ 194,031</u>	<u>\$ 3,417,614</u>	<u>\$ 6,170,868</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, 2008

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration	EDA General Account
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 3,802,103	\$ 4,135,496
Intergovernmental	1,354,107	98,597	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeits	-	-	206,641	-	-
Investment Income	3,343	-	1,404	31,557	-
Miscellaneous	-	-	-	9,717	-
<b>Total Revenues</b>	<b>1,357,450</b>	<b>98,597</b>	<b>208,045</b>	<b>3,843,377</b>	<b>4,135,496</b>
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	219,617	-
Public Safety	-	-	183,658	3,297,660	-
Highways and Streets	1,259,837	-	-	136,324	-
Sanitation	-	-	-	-	-
Economic Development	-	98,597	-	-	-
Debt Service					
Principal Retirement	-	-	-	-	4,135,496
<b>Total Expenditures</b>	<b>1,259,837</b>	<b>98,597</b>	<b>183,658</b>	<b>3,653,601</b>	<b>4,135,496</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>97,613</b>	<b>-</b>	<b>24,387</b>	<b>189,776</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (Out)	(179,600)	-	-	(95,590)	-
Proceeds from Sale of Capital Assets	-	-	7,300	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(179,600)</b>	<b>-</b>	<b>7,300</b>	<b>(95,590)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(81,987)</b>	<b>-</b>	<b>31,687</b>	<b>94,186</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>219,094</b>	<b>1</b>	<b>96,522</b>	<b>359,265</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 137,107</b>	<b>\$ 1</b>	<b>\$ 128,209</b>	<b>\$ 453,451</b>	<b>\$ -</b>

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ -	\$ -	\$ 894,876	\$ 8,832,475
161,927	-	-	1,614,631
-	914,267	-	914,267
-	-	-	206,641
25,618	3,132	53,088	118,142
-	25,763	90,552	126,032
187,545	943,162	1,038,516	11,812,188
-	-	-	219,617
412,229	-	-	3,893,547
-	-	-	1,396,161
-	1,190,250	-	1,190,250
-	-	84,865	183,462
-	-	-	4,135,496
412,229	1,190,250	84,865	11,018,533
(224,684)	(247,088)	953,651	793,655
(8,300)	-	-	(283,490)
-	-	-	7,300
(8,300)	-	-	(276,190)
(232,984)	(247,088)	953,651	517,465
1,157,635	373,656	1,172,555	3,378,728
\$ 924,651	\$ 126,568	\$ 2,126,206	\$ 3,896,193

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 1,548,800	\$ 1,548,800	\$ 1,354,107	\$ 1,470,859
Investment Income	12,120	12,120	3,343	10,886
<b>Total Revenues</b>	<b>1,560,920</b>	<b>1,560,920</b>	<b>1,357,450</b>	<b>1,481,745</b>
<b>EXPENDITURES</b>				
Current				
Highways and Streets	1,431,700	1,431,700	1,259,837	1,310,628
<b>Total Expenditures</b>	<b>1,431,700</b>	<b>1,431,700</b>	<b>1,259,837</b>	<b>1,310,628</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>129,220</b>	<b>129,220</b>	<b>97,613</b>	<b>171,117</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(179,600)	(179,600)	(179,600)	(174,370)
<b>Total Other Financing Sources (Uses)</b>	<b>(179,600)</b>	<b>(179,600)</b>	<b>(179,600)</b>	<b>(174,370)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (50,380)</b>	<b>\$ (50,380)</b>	<b>(81,987)</b>	<b>(3,253)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>219,094</b>	<b>222,347</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 137,107</b>	<b>\$ 219,094</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 556,600	\$ 556,600	\$ 98,597	\$ 39,746
Miscellaneous	-	-	-	1
<b>Total Revenues</b>	<b>556,600</b>	<b>556,600</b>	<b>98,597</b>	<b>39,747</b>
<b>EXPENDITURES</b>				
Current				
Economic Development	556,600	556,600	98,597	39,746
<b>Total Expenditures</b>	<b>556,600</b>	<b>556,600</b>	<b>98,597</b>	<b>39,746</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>1</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1</b>	<b>-</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 1</b>	<b>\$ 1</b>

(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, 2008  
(with comparative actual for 2007)

	2008		2007	
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Fines and Forfeits	\$ 368,050	\$ 368,050	\$ 206,641	\$ 187,390
Investment Income	3,500	3,500	1,404	3,294
<b>Total Revenues</b>	<b>371,550</b>	<b>371,550</b>	<b>208,045</b>	<b>190,684</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	257,550	257,550	183,658	179,744
<b>Total Expenditures</b>	<b>257,550</b>	<b>257,550</b>	<b>183,658</b>	<b>179,744</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>114,000</b>	<b>114,000</b>	<b>24,387</b>	<b>10,940</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(110,500)	(110,500)	-	(8,248)
Proceeds from Sale of Capital Assets	-	-	7,300	4,169
<b>Total Other Financing Sources (Uses)</b>	<b>(110,500)</b>	<b>(110,500)</b>	<b>7,300</b>	<b>(4,079)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 3,500</b>	<b>\$ 3,500</b>	<b>31,687</b>	<b>6,861</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>96,522</b>	<b>89,661</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 128,209</b>	<b>\$ 96,522</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 3,821,328	\$ 3,821,328	\$ 3,802,103	\$ 3,324,275
Investment Income	90,000	90,000	31,557	79,618
Miscellaneous	-	-	9,717	345,608
<b>Total Revenues</b>	<b>3,911,328</b>	<b>3,911,328</b>	<b>3,843,377</b>	<b>3,749,501</b>
<b>EXPENDITURES</b>				
Current				
General Government	213,290	242,790	219,617	535,149
Public Safety	3,566,900	3,572,300	3,297,660	3,265,475
Highways and Streets	116,300	139,300	136,324	134,601
<b>Total Expenditures</b>	<b>3,896,490</b>	<b>3,954,390</b>	<b>3,653,601</b>	<b>3,935,225</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>14,838</b>	<b>(43,062)</b>	<b>189,776</b>	<b>(185,724)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(95,590)	(95,590)	(95,590)	(206,440)
<b>Total Other Financing Sources (Uses)</b>	<b>(95,590)</b>	<b>(95,590)</b>	<b>(95,590)</b>	<b>(206,440)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (80,752)</b>	<b>\$ (138,652)</b>	<b>94,186</b>	<b>(392,164)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>359,265</b>	<b>751,429</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 453,451</b>	<b>\$ 359,265</b>

(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) GENERAL ACCOUNT FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes	\$ -	\$ 4,135,600	\$ 4,135,496
Total Revenues	-	4,135,600	4,135,496
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	-	4,135,600	4,135,496
Total Expenditures	-	4,135,600	4,135,496
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

EMERGENCY 911 FUND

For the Year Ended December 31, 2008

(with comparative actual for 2007)

	2008		Actual	2007
	Original Budget	Final Budget		Actual
<b>REVENUES</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 161,927	\$ 272,502
Investment Income	64,000	64,000	25,618	49,506
<b>Total Revenues</b>	<b>264,000</b>	<b>264,000</b>	<b>187,545</b>	<b>322,008</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	438,700	438,700	412,229	91,353
<b>Total Expenditures</b>	<b>438,700</b>	<b>438,700</b>	<b>412,229</b>	<b>91,353</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(174,700)</b>	<b>(174,700)</b>	<b>(224,684)</b>	<b>230,655</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(8,300)	(8,300)	(8,300)	(85,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>(85,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (183,000)</b>	<b>\$ (183,000)</b>	<b>(232,984)</b>	<b>145,655</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1,157,635</b>	<b>1,011,980</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 924,651</b>	<b>\$ 1,157,635</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ 907,560	\$ 945,060	\$ 914,267	\$ 878,948
Investment Income	25,000	25,000	3,132	19,577
Miscellaneous	2,400	15,400	25,763	1,939
Total Revenues	934,960	985,460	943,162	900,464
<b>EXPENDITURES</b>				
Current				
Sanitation	1,166,450	1,216,950	1,190,250	1,126,761
Total Expenditures	1,166,450	1,216,950	1,190,250	1,126,761
NET CHANGE IN FUND BALANCE	\$ (231,490)	\$ (231,490)	(247,088)	(226,297)
FUND BALANCE, JANUARY 1			373,656	599,953
FUND BALANCE, DECEMBER 31			\$ 126,568	\$ 373,656

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 750,000	\$ 750,000	\$ 894,876	\$ 705,852
Investment Income	62,850	62,850	53,088	60,827
Miscellaneous Income	105,530	105,530	90,552	85,571
Total Revenues	918,380	918,380	1,038,516	852,250
<b>EXPENDITURES</b>				
Current				
Economic Development	1,162,310	1,162,310	84,865	163,439
Total Expenditures	1,162,310	1,162,310	84,865	163,439
NET CHANGE IN FUND BALANCE	\$ (243,930)	\$ (243,930)	953,651	688,811
FUND BALANCE, JANUARY 1			1,172,555	483,744
FUND BALANCE, DECEMBER 31			\$ 2,126,206	\$ 1,172,555

(See independent auditor's report.)

## NONMAJOR DEBT SERVICE FUNDS

The 1991 EDA TIF Bond Fund - to account for the accumulation of resources and the payment of principal and interest on the Series 1991 EDA tax increment revenue bond issue.

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

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.

2008 General Obligation Debt Service Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2008 general obligation bond issue.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2008

	1991 EDA TIF Bond	1997A & B General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 5,343	\$ 150,611	\$ 161,495
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	-	-	412,246	871,897
Accrued Interest	-	-	-	-
Other	-	-	73,712	-
Prepaid Items	-	-	300	-
Due from Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 5,343</b>	<b>\$ 636,869</b>	<b>\$ 1,033,392</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Deferred Revenues	\$ -	\$ -	\$ 409,775	\$ 866,523
Due to Other Funds	-	-	102,291	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>512,066</b>	<b>866,523</b>
<b>FUND BALANCES</b>				
Reserved for Prepaid Items	-	-	300	-
Reserved for Debt Service	-	5,343	124,503	166,869
<b>Total Fund Balances</b>	<b>-</b>	<b>5,343</b>	<b>124,803</b>	<b>166,869</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 5,343</b>	<b>\$ 636,869</b>	<b>\$ 1,033,392</b>

2004 General Obligation Refunding Bond	2005A General Obligation Debt Service	2008 General Obligation Debt Service	Total
\$ 84,849	\$ 2,302,460	\$ 1,487,386	\$ 4,192,144
275,299	-	-	1,559,442
-	1,485	31,332	32,817
-	-	-	73,712
-	-	-	300
-	-	250	250
<u>\$ 360,148</u>	<u>\$ 2,303,945</u>	<u>\$ 1,518,968</u>	<u>\$ 5,858,665</u>
\$ 273,703	\$ -	\$ -	\$ 1,550,001
-	-	-	102,291
<u>273,703</u>	<u>-</u>	<u>-</u>	<u>1,652,292</u>
-	-	-	300
<u>86,445</u>	<u>2,303,945</u>	<u>1,518,968</u>	<u>4,206,073</u>
<u>86,445</u>	<u>2,303,945</u>	<u>1,518,968</u>	<u>4,206,373</u>
<u>\$ 360,148</u>	<u>\$ 2,303,945</u>	<u>\$ 1,518,968</u>	<u>\$ 5,858,665</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, 2008

	1991 EDA TIF Bond	1997A & B General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 1,342,470	\$ 890,974
Investment Income	-	451	13,478	10,313
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>451</b>	<b>1,355,948</b>	<b>901,287</b>
<b>EXPENDITURES</b>				
Current				
Economic Development	38	-	-	-
Debt Service				
Principal Retirement	-	435,000	1,490,000	800,000
Interest and Fiscal Charges	-	111,413	213,000	99,123
<b>Total Expenditures</b>	<b>38</b>	<b>546,413</b>	<b>1,703,000</b>	<b>899,123</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(38)</b>	<b>(545,962)</b>	<b>(347,052)</b>	<b>2,164</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	546,410	195,980	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>546,410</b>	<b>195,980</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(38)</b>	<b>448</b>	<b>(151,072)</b>	<b>2,164</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>38</b>	<b>4,895</b>	<b>275,875</b>	<b>164,705</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ 5,343</b>	<b>\$ 124,803</b>	<b>\$ 166,869</b>

2004 General Obligation Refunding Bond	2005A General Obligation Debt Service	2008 General Obligation Debt Service	Total
\$ 263,710	\$ -	\$ -	\$ 2,497,154
4,505	69,461	45,421	143,629
-	3,820,209	-	3,820,209
268,215	3,889,670	45,421	6,460,992
-	-	-	38
810,000	1,075,000	-	4,610,000
153,238	2,834,233	697,406	4,108,413
963,238	3,909,233	697,406	8,718,451
(695,023)	(19,563)	(651,985)	(2,257,459)
663,970	-	2,170,953	3,577,313
663,970	-	2,170,953	3,577,313
(31,053)	(19,563)	1,518,968	1,319,854
117,498	2,323,508	-	2,886,519
\$ 86,445	\$ 2,303,945	\$ 1,518,968	\$ 4,206,373

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 5,208,718
Investment Income	-	-	-	113
Miscellaneous	-	-	-	16,699,691
Total Revenues	-	-	-	21,908,522
EXPENDITURES				
Current				
Economic Development	-	40	38	-
Debt Service				
Principal Retirement	-	-	-	21,915,000
Total Expenditures	-	40	38	21,915,000
NET CHANGE IN FUND BALANCE	\$ -	\$ (40)	(38)	(6,478)
FUND BALANCE, JANUARY 1			38	6,516
FUND BALANCE, DECEMBER 31			\$ -	\$ 38

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 700	\$ 700	\$ 451	\$ 1,902
Total Revenues	700	700	451	1,902
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	435,000	435,000	435,000	415,000
Interest and Fiscal Charges	112,020	112,020	111,413	130,088
Total Expenditures	547,020	547,020	546,413	545,088
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(546,320)	(546,320)	(545,962)	(543,186)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	546,410	546,410	546,410	545,090
Total Other Financing Sources (Uses)	546,410	546,410	546,410	545,090
NET CHANGE IN FUND BALANCE	\$ 90	\$ 90	448	1,904
FUND BALANCE, JANUARY 1			4,895	2,991
FUND BALANCE, DECEMBER 31			\$ 5,343	\$ 4,895

(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, 2008

(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 1,411,420	\$ 1,411,420	\$ 1,342,470	\$ 1,409,805
Investment Income	25,350	25,350	13,478	31,484
<b>Total Revenues</b>	<b>1,436,770</b>	<b>1,436,770</b>	<b>1,355,948</b>	<b>1,441,289</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	1,490,000	1,490,000	1,490,000	1,375,000
Interest and Fiscal Charges	213,000	213,000	213,000	271,438
<b>Total Expenditures</b>	<b>1,703,000</b>	<b>1,703,000</b>	<b>1,703,000</b>	<b>1,646,438</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(266,230)</b>	<b>(266,230)</b>	<b>(347,052)</b>	<b>(205,149)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	195,980	195,980	195,980	235,980
<b>Total Other Financing Sources (Uses)</b>	<b>195,980</b>	<b>195,980</b>	<b>195,980</b>	<b>235,980</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (70,250)</b>	<b>\$ (70,250)</b>	<b>(151,072)</b>	<b>30,831</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>275,875</b>	<b>245,044</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 124,803</b>	<b>\$ 275,875</b>

(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, 2008

(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 871,520	\$ 871,520	\$ 890,974	\$ 845,026
Investment Income	21,850	21,850	10,313	21,997
Total Revenues	893,370	893,370	901,287	867,023
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	800,000	800,000	800,000	745,000
Interest and Fiscal Charges	99,130	99,130	99,123	117,748
Total Expenditures	899,130	899,130	899,123	862,748
NET CHANGE IN FUND BALANCE	\$ (5,760)	\$ (5,760)	2,164	4,275
FUND BALANCE, JANUARY 1			164,705	160,430
FUND BALANCE, DECEMBER 31			\$ 166,869	\$ 164,705

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 269,270	\$ 269,270	\$ 263,710	\$ 212,116
Investment Income	9,120	9,120	4,505	10,098
Total Revenues	278,390	278,390	268,215	222,214
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	810,000	810,000	810,000	785,000
Interest and Fiscal Charges	153,240	153,240	153,238	178,750
Total Expenditures	963,240	963,240	963,238	963,750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(684,850)	(684,850)	(695,023)	(741,536)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	663,970	663,970	663,970	746,920
Total Other Financing Sources (Uses)	663,970	663,970	663,970	746,920
NET CHANGE IN FUND BALANCE	\$ (20,880)	\$ (20,880)	(31,053)	5,384
FUND BALANCE, JANUARY 1			117,498	112,114
FUND BALANCE, DECEMBER 31			\$ 86,445	\$ 117,498

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 161,860	\$ 161,860	\$ 69,461	\$ 158,405
Miscellaneous	3,737,380	3,737,380	3,820,209	2,786,125
<b>Total Revenues</b>	<b>3,899,240</b>	<b>3,899,240</b>	<b>3,889,670</b>	<b>2,944,530</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	1,075,000	1,075,000	1,075,000	1,030,000
Interest and Fiscal Charges	2,824,240	2,834,240	2,834,233	2,879,553
<b>Total Expenditures</b>	<b>3,899,240</b>	<b>3,909,240</b>	<b>3,909,233</b>	<b>3,909,553</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (10,000)</b>	<b>(19,563)</b>	<b>(965,023)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>2,323,508</b>	<b>3,288,531</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 2,303,945</b>	<b>\$ 2,323,508</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

2008 GENERAL OBLIGATION DEBT SERVICE FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Investment Income	\$ -	\$ -	\$ 45,421
Total Revenues	-	-	45,421
<b>EXPENDITURES</b>			
Debt Service			
Interest and Fiscal Charges	-	697,750	697,406
Total Expenditures	-	697,750	697,406
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(697,750)	(651,985)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	-	697,750	2,170,953
Total Other Financing Sources (Uses)	-	697,750	2,170,953
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	1,518,968
FUND BALANCE, JANUARY 1			<u>-</u>
FUND BALANCE, DECEMBER 31			<u>\$ 1,518,968</u>

(See independent auditor's report.)

## NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

The EDA Series 1991 Project Fund - to account for bond proceeds and revenue notes used to pay qualified project costs related to the Village's EDA.

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.

Hoffman Boulevard Bridge Fund - to account for the maintenance of the Hoffman Boulevard 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, 2008

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project
<b>ASSETS</b>				
Cash and Investments	\$ 180,870	\$ 252,572	\$ 734,468	\$ 4,517,254
Receivables				
Accounts	-	-	-	-
Accrued Interest	-	-	-	118
Other	-	-	-	-
Prepaid Items	-	-	-	-
Due from Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 180,870</b>	<b>\$ 252,572</b>	<b>\$ 734,468</b>	<b>\$ 4,517,372</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deposits Payable	55,195	-	-	-
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>55,195</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved for Prepaid Items	-	-	-	-
Reserved for Economic Development	-	-	-	4,517,372
Reserved for Bridge Maintenance and Repairs	-	-	-	-
Unreserved - Designated for Capital Projects	125,675	252,572	734,468	-
Unreserved (Deficit) - Designated for Capital Projects	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>125,675</b>	<b>252,572</b>	<b>734,468</b>	<b>4,517,372</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 180,870</b>	<b>\$ 252,572</b>	<b>\$ 734,468</b>	<b>\$ 4,517,372</b>

Western Area Traffic Improvement	Capital Improvements	Arena Reserve	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Hoffman Boulevard Bridge	Capital Replacement	Western Corridor	Total
\$ 340,215	\$ 256	\$ 539,028	\$ 2,126,925	\$ 35,309	\$ 391,960	\$ 4,800,177	\$ 578,627	\$ 14,497,661
-	16,600	-	-	-	-	-	-	16,600
-	-	345	12,489	-	-	32,354	-	45,306
-	73,712	4,836	-	33,672	-	-	-	112,220
-	-	-	-	65,000	-	-	-	65,000
-	114,991	-	-	87,799	-	1,000	-	203,790
<b>\$ 340,215</b>	<b>\$ 205,559</b>	<b>\$ 544,209</b>	<b>\$ 2,139,414</b>	<b>\$ 221,780</b>	<b>\$ 391,960</b>	<b>\$ 4,833,531</b>	<b>\$ 578,627</b>	<b>\$ 14,940,577</b>
\$ -	\$ 69,593	\$ -	\$ -	\$ 68,224	\$ -	\$ 7,058	\$ -	\$ 144,875
-	-	-	1,406,155	-	-	-	132,477	1,593,827
-	182,975	-	-	-	-	-	-	182,975
-	252,568	-	1,406,155	68,224	-	7,058	132,477	1,921,677
-	-	-	-	65,000	-	-	-	65,000
-	-	-	-	-	-	-	-	4,517,372
-	-	-	-	-	391,960	-	-	391,960
340,215	-	544,209	733,259	88,556	-	4,826,473	446,150	8,091,577
-	(47,009)	-	-	-	-	-	-	(47,009)
<b>340,215</b>	<b>(47,009)</b>	<b>544,209</b>	<b>733,259</b>	<b>153,556</b>	<b>391,960</b>	<b>4,826,473</b>	<b>446,150</b>	<b>13,018,900</b>
<b>\$ 340,215</b>	<b>\$ 205,559</b>	<b>\$ 544,209</b>	<b>\$ 2,139,414</b>	<b>\$ 221,780</b>	<b>\$ 391,960</b>	<b>\$ 4,833,531</b>	<b>\$ 578,627</b>	<b>\$ 14,940,577</b>

(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, 2008

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	49,125
Fines and Forfeits	-	-	-	-
Investment Income	3,406	5,039	15,745	80,926
Miscellaneous	-	-	-	10,500
<b>Total Revenues</b>	<b>3,406</b>	<b>5,039</b>	<b>15,745</b>	<b>140,551</b>
<b>EXPENDITURES</b>				
Capital Outlay	-	-	-	508,987
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>508,987</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,406</b>	<b>5,039</b>	<b>15,745</b>	<b>(368,436)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Notes Issued, at Par	-	-	-	69,366
Sale of Capital Assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,366</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,406</b>	<b>5,039</b>	<b>15,745</b>	<b>(299,070)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>122,269</b>	<b>247,533</b>	<b>718,723</b>	<b>4,816,442</b>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<b>\$ 125,675</b>	<b>\$ 252,572</b>	<b>\$ 734,468</b>	<b>\$ 4,517,372</b>

Western Area Traffic Improvement	Capital Improvements	Arena Reserve	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Hoffman Boulevard Bridge	Capital Replacement	Western Corridor	Total
\$ -	\$ 931,386	\$ 185,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,117,113
-	-	-	-	-	-	1,000	-	1,000
-	91,044	-	-	-	-	-	20,240	160,409
-	-	-	-	24,000	-	-	-	24,000
7,428	25,661	8,595	51,085	10,357	7,537	169,107	11,047	395,933
-	88,448	-	-	-	-	-	-	98,948
7,428	1,136,539	194,322	51,085	34,357	7,537	170,107	31,287	1,797,403
1,434	1,926,576	-	-	551,555	-	1,669,693	-	4,658,245
1,434	1,926,576	-	-	551,555	-	1,669,693	-	4,658,245
5,994	(790,037)	194,322	51,085	(517,198)	7,537	(1,499,586)	31,287	(2,860,842)
-	454,540	-	-	251,550	-	694,710	-	1,400,800
-	(579,795)	-	-	(200,000)	-	-	-	(779,795)
-	-	-	-	-	-	-	-	69,366
-	-	-	-	-	-	61,038	-	61,038
-	(125,255)	-	-	51,550	-	755,748	-	751,409
5,994	(915,292)	194,322	51,085	(465,648)	7,537	(743,838)	31,287	(2,109,433)
334,221	868,283	349,887	682,174	619,204	384,423	5,570,311	414,863	15,128,333
\$ 340,215	\$ (47,009)	\$ 544,209	\$ 733,259	\$ 153,556	\$ 391,960	\$ 4,826,473	\$ 446,150	\$ 13,018,900

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ -	\$ 143,543
Investment Income	14,490	14,490	3,406	13,379
<b>Total Revenues</b>	<b>14,490</b>	<b>14,490</b>	<b>3,406</b>	<b>156,922</b>
<b>EXPENDITURES</b>				
Capital Outlay	-	-	-	143,543
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,543</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 14,490</b>	<b>\$ 14,490</b>	<b>3,406</b>	<b>13,379</b>
FUND BALANCE, JANUARY 1			122,269	108,890
FUND BALANCE, DECEMBER 31			\$ 125,675	\$ 122,269

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 12,440	\$ 12,440	\$ 5,039	\$ 11,837
Total Revenues	12,440	12,440	5,039	11,837
<b>EXPENDITURES</b>				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 12,440	\$ 12,440	5,039	11,837
FUND BALANCE, JANUARY 1			247,533	235,696
FUND BALANCE, DECEMBER 31			\$ 252,572	\$ 247,533

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 38,330	\$ 38,330	\$ 15,745	\$ 36,802
Total Revenues	38,330	38,330	15,745	36,802
<b>EXPENDITURES</b>				
Capital Outlay	100,000	100,000	-	52,009
Total Expenditures	100,000	100,000	-	52,009
NET CHANGE IN FUND BALANCE	\$ (61,670)	\$ (61,670)	15,745	(15,207)
FUND BALANCE, JANUARY 1			718,723	733,930
FUND BALANCE, DECEMBER 31			\$ 734,468	\$ 718,723

(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, 2008

(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ 150,000	\$ 150,000	\$ 49,125	\$ 176,714
Investment Income	258,690	258,690	80,926	236,327
Miscellaneous	100,000	100,000	10,500	-
<b>Total Revenues</b>	<b>508,690</b>	<b>508,690</b>	<b>140,551</b>	<b>413,041</b>
<b>EXPENDITURES</b>				
Capital Outlay	2,685,000	2,685,000	508,987	15,084,766
<b>Total Expenditures</b>	<b>2,685,000</b>	<b>2,685,000</b>	<b>508,987</b>	<b>15,084,766</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,176,310)</b>	<b>(2,176,310)</b>	<b>(368,436)</b>	<b>(14,671,725)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Notes Issued, at Par	-	-	69,366	14,619,551
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>69,366</b>	<b>14,619,551</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,176,310)</b>	<b>\$ (2,176,310)</b>	<b>(299,070)</b>	<b>(52,174)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>4,816,442</b>	<b>4,868,616</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 4,517,372</b>	<b>\$ 4,816,442</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 19,950	\$ 19,950	\$ 7,428	\$ 18,776
Total Revenues	19,950	19,950	7,428	18,776
<b>EXPENDITURES</b>				
Capital Outlay	-	1,500	1,434	52,009
Total Expenditures	-	1,500	1,434	52,009
NET CHANGE IN FUND BALANCE	\$ 19,950	\$ 18,450	5,994	(33,233)
FUND BALANCE, JANUARY 1			334,221	367,454
FUND BALANCE, DECEMBER 31			\$ 340,215	\$ 334,221

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 993,300	\$ 993,300	\$ 931,386	\$ 954,147
Intergovernmental	50,000	50,000	-	-
Charges for Services	-	-	91,044	232,605
Investment Income	83,500	83,500	25,661	61,943
Miscellaneous	216,320	216,320	88,448	49,150
<b>Total Revenues</b>	<b>1,343,120</b>	<b>1,343,120</b>	<b>1,136,539</b>	<b>1,297,845</b>
<b>EXPENDITURES</b>				
Capital Outlay	2,186,660	2,186,660	1,926,576	2,813,817
<b>Total Expenditures</b>	<b>2,186,660</b>	<b>2,186,660</b>	<b>1,926,576</b>	<b>2,813,817</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(843,540)</b>	<b>(843,540)</b>	<b>(790,037)</b>	<b>(1,515,972)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	927,040	927,040	454,540	1,797,120
Transfers (Out)	-	(580,000)	(579,795)	-
<b>Total Other Financing Sources (Uses)</b>	<b>927,040</b>	<b>347,040</b>	<b>(125,255)</b>	<b>1,797,120</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 83,500</b>	<b>\$ (496,500)</b>	<b>(915,292)</b>	<b>281,148</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>868,283</b>	<b>287,868</b>
Prior Period Adjustment			-	299,267
<b>FUND BALANCE, JANUARY 1, RESTATED</b>			<b>868,283</b>	<b>587,135</b>
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>			<b>\$ (47,009)</b>	<b>\$ 868,283</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

ARENA RESERVE FUND

For the Year Ended December 31, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 400,000	\$ 400,000	\$ 185,727	\$ 263,112
Investment Income	10,000	10,000	8,595	9,977
Total Revenues	410,000	410,000	194,322	273,089
EXPENDITURES				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 410,000</u>	<u>\$ 410,000</u>	194,322	273,089
FUND BALANCE, JANUARY 1			<u>349,887</u>	<u>76,798</u>
FUND BALANCE, DECEMBER 31			<u>\$ 544,209</u>	<u>\$ 349,887</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

WESTERN AREA ROAD IMPROVEMENT IMPACT FEE FUND

For the Year Ended December 31, 2008  
(with comparative actual for 2007)

	2008		Actual	2007
	Original Budget	Final Budget		Actual
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ -	\$ 253,570
Investment Income	57,180	57,180	51,085	61,414
Total Revenues	57,180	57,180	51,085	314,984
<b>EXPENDITURES</b>				
Capital Outlay	-	-	-	143,543
Total Expenditures	-	-	-	143,543
NET CHANGE IN FUND BALANCE	\$ 57,180	\$ 57,180	51,085	171,441
FUND BALANCE, JANUARY 1			682,174	510,733
FUND BALANCE, DECEMBER 31			\$ 733,259	\$ 682,174

(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, 2008

(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Fines and Forfeits	\$ -	\$ -	\$ 24,000	\$ -
Investment Income	20,000	20,000	10,357	27,811
<b>Total Revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>34,357</b>	<b>27,811</b>
<b>EXPENDITURES</b>				
Capital Outlay	644,580	644,580	551,555	452,884
<b>Total Expenditures</b>	<b>644,580</b>	<b>644,580</b>	<b>551,555</b>	<b>452,884</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(624,580)</b>	<b>(624,580)</b>	<b>(517,198)</b>	<b>(425,073)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	313,050	313,050	251,550	568,500
Transfers (Out)	-	(200,000)	(200,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>313,050</b>	<b>113,050</b>	<b>51,550</b>	<b>568,500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (311,530)</b>	<b>\$ (511,530)</b>	<b>(465,648)</b>	<b>143,427</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>619,204</b>	<b>475,777</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 153,556</b>	<b>\$ 619,204</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

HOFFMAN BOULEVARD BRIDGE FUND

For the Year Ended December 31, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 19,380	\$ 19,380	\$ 7,537	\$ 18,573
Total Revenues	19,380	19,380	7,537	18,573
<b>EXPENDITURES</b>				
Capital Outlay	7,500	7,500	-	-
Total Expenditures	7,500	7,500	-	-
NET CHANGE IN FUND BALANCE	\$ 11,880	\$ 11,880	7,537	18,573
FUND BALANCE, JANUARY 1			384,423	365,850
FUND BALANCE, DECEMBER 31			\$ 391,960	\$ 384,423

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,000	\$ -
Investment Income	275,000	275,000	169,107	236,719
Total Revenues	275,000	275,000	170,107	236,719
EXPENDITURES				
Capital Outlay	1,453,200	1,858,010	1,669,693	845,785
Total Expenditures	1,453,200	1,858,010	1,669,693	845,785
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,178,200)	(1,583,010)	(1,499,586)	(609,066)
OTHER FINANCING SOURCES (USES)				
Transfers In	694,710	694,710	694,710	1,180,020
Transfers (Out)	-	-	-	(12,000)
Sale of Capital Assets	-	-	61,038	110,305
Total Other Financing Sources (Uses)	694,710	694,710	755,748	1,278,325
NET CHANGE IN FUND BALANCE	\$ (483,490)	\$ (888,300)	(743,838)	669,259
FUND BALANCE, JANUARY 1			5,570,311	4,901,052
FUND BALANCE, DECEMBER 31			\$ 4,826,473	\$ 5,570,311

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ 54,240	\$ 54,240	\$ 20,240	\$ 105,248
Investment Income	17,690	17,690	11,047	18,081
Total Revenues	71,930	71,930	31,287	123,329
<b>EXPENDITURES</b>				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 71,930	\$ 71,930	31,287	123,329
FUND BALANCE, JANUARY 1			414,863	291,534
FUND BALANCE, DECEMBER 31			\$ 446,150	\$ 414,863

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

WATERWORKS AND SEWERAGE FUND

December 31, 2008

(with comparative totals for 2007)

	2008	2007
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 12,696,513	\$ 8,733,814
Receivables		
Accounts - Billed	780,362	803,835
Accounts - Unbilled	877,487	778,293
Accounts - Other Invoices	10,430	8,171
Accrued Interest	89,017	74,414
Prepaid Expenses	23	6,299
Inventories	265,530	195,668
Due from Other Funds	1,878,348	-
Deferred Charges	62,045	-
	<u>16,659,755</u>	<u>10,600,494</u>
<b>CAPITAL ASSETS</b>		
Not Depreciated	474,000	474,000
Depreciated	47,155,682	44,844,776
Accumulated Depreciation	(21,361,727)	(20,298,187)
	<u>26,267,955</u>	<u>25,020,589</u>
	<u>42,927,710</u>	<u>35,621,083</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	765,527	664,194
Accrued Payroll	99,400	94,200
Accrued Interest Payable	27,755	-
Due to Other Funds	379,945	86,727
Deposits Payable	35,574	29,025
Compensated Absences Payable	118,202	107,182
	<u>1,426,403</u>	<u>981,328</u>
<b>LONG-TERM LIABILITIES</b>		
General Obligation Bonds Payable	6,661,250	-
Unamortized Discount on Bonds	(76,690)	-
Compensated Absences Payable	162,506	135,538
Other Post-Employment Benefit Obligations	81,465	26,423
	<u>6,828,531</u>	<u>161,961</u>
	<u>8,254,934</u>	<u>1,143,289</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	26,267,955	25,020,589
Unrestricted	8,404,821	9,457,205
	<u>\$ 34,672,776</u>	<u>\$ 34,477,794</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

WATERWORKS AND SEWERAGE FUND

For the Year Ended December 31, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 9,565,500	\$ 9,565,500	\$ 9,989,993	\$ 10,378,340
Total Operating Revenues	9,565,500	9,565,500	9,989,993	10,378,340
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water Division	9,758,730	9,758,730	9,177,240	8,722,324
Sewer Division	3,078,870	3,078,870	1,816,098	1,600,714
Total Operating Expenses Excluding Depreciation	12,837,600	12,837,600	10,993,338	10,323,038
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(3,272,100)	(3,272,100)	(1,003,345)	55,302
DEPRECIATION	1,131,630	1,131,630	1,106,443	1,130,284
OPERATING INCOME (LOSS)	(4,403,730)	(4,403,730)	(2,109,788)	(1,074,982)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	375,000	375,000	325,328	419,999
Interest Expense	-	(260,250)	(260,224)	-
Amortization Expense	-	-	(4,625)	-
Gain on Sale of Capital Assets	-	-	7,600	18,185
Miscellaneous Revenue	25,000	25,000	74,250	75,251
Total Nonoperating Revenues (Expenses)	400,000	139,750	142,329	513,435
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(4,003,730)	(4,263,980)	(1,967,459)	(561,547)
TRANSFERS				
Proceeds from Bond Issuance	-	260,250	-	-
Transfers In	26,705	26,705	16,130	19,200
Transfers (Out)	-	-	-	(29,050)
Total Transfers	26,705	286,955	16,130	(9,850)
CONTRIBUTIONS	-	-	2,146,311	1,448,966
CHANGE IN NET ASSETS	\$ (3,977,025)	\$ (3,977,025)	194,982	877,569
NET ASSETS, JANUARY 1			34,477,794	33,600,225
NET ASSETS, DECEMBER 31			\$ 34,672,776	\$ 34,477,794

(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, 2008

	Information Systems	Insurance	Total
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 655,694	\$ 2,098,246	\$ 2,753,940
Receivables			
Accrued Interest	-	7,826	7,826
Deposits	-	59,200	59,200
Prepaid Expenses	79,378	-	79,378
Due from Other Funds	17,121	-	17,121
	<hr/>		
Total Current Assets	752,193	2,165,272	2,917,465
<b>CAPITAL ASSETS</b>			
Depreciated	224,043	-	224,043
Accumulated Depreciation	(91,043)	-	(91,043)
	<hr/>		
Net Capital Assets	133,000	-	133,000
	<hr/>		
Total Assets	885,193	2,165,272	3,050,465
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	131,772	52,136	183,908
Accrued Payroll	27,239	-	27,239
Claims Payable	-	1,117,061	1,117,061
Benefits Payable	-	46,201	46,201
Due to Other Funds	129,120	350,000	479,120
Compensated Absences Payable	19,206	-	19,206
	<hr/>		
Total Current Liabilities	307,337	1,565,398	1,872,735
Long-Term Liabilities			
Other Post-Employment Benefit Obligation	7,406	-	7,406
	<hr/>		
Total Liabilities	314,743	1,565,398	1,880,141
<b>NET ASSETS</b>			
Invested in Capital Assets	133,000	-	133,000
Unrestricted	437,450	599,874	1,037,324
	<hr/>		
TOTAL NET ASSETS	\$ 570,450	\$ 599,874	\$ 1,170,324

(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, 2008

	Information Systems	Insurance	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,098,310	\$ 1,404,210	\$ 2,502,520
Total Operating Revenues	1,098,310	1,404,210	2,502,520
<b>OPERATING EXPENSES</b>			
Operations	1,262,281	-	1,262,281
Claims and Insurance	-	1,808,354	1,808,354
Depreciation	19,420	-	19,420
Total Operating Expenses	1,281,701	1,808,354	3,090,055
OPERATING INCOME (LOSS)	(183,391)	(404,144)	(587,535)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	12,009	49,193	61,202
Total Nonoperating Revenues (Expenses)	12,009	49,193	61,202
INCOME (LOSS) BEFORE TRANSFERS	(171,382)	(354,951)	(526,333)
<b>TRANSFERS</b>			
Transfers In	63,409	-	63,409
Total Transfers	63,409	-	63,409
CHANGES IN NET ASSETS	(107,973)	(354,951)	(462,924)
NET ASSETS, JANUARY 1	678,423	954,825	1,633,248
NET ASSETS, DECEMBER 31	\$ 570,450	\$ 599,874	\$ 1,170,324

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2008

	Information Systems	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Interfund Services Transactions	\$ 1,311,999	\$ 1,753,637	\$ 3,065,636
Payments to Suppliers	(603,954)	(1,756,052)	(2,360,006)
Payments to Employees	(779,109)	-	(779,109)
Net Cash from Operating Activities	(71,064)	(2,415)	(73,479)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	63,409	-	63,409
Reimbursements and Recoveries	-	22,821	22,821
Net Cash from Noncapital Financing Activities	63,409	22,821	86,230
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(81,715)	-	(81,715)
Net Cash from Capital and Related Financing Activities	(81,715)	-	(81,715)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments	-	(1,002,727)	(1,002,727)
Proceeds from Sale of Investments	-	500,000	500,000
Interest Received	12,009	45,372	57,381
Net Cash from Investing Activities	12,009	(457,355)	(445,346)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(77,361)	(436,949)	(514,310)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	733,055	1,032,468	1,765,523
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 655,694</u>	<u>\$ 595,519</u>	<u>\$ 1,251,213</u>
<b>CASH AND INVESTMENTS</b>			
Cash	\$ 655,694	\$ 595,519	\$ 1,251,213
Investments	-	1,502,727	1,502,727
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 655,694</u>	<u>\$ 2,098,246</u>	<u>\$ 2,753,940</u>

(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, 2008

	Information Systems	Insurance	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH FLOWS FROM</b>			
<b>OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (183,391)	\$ (404,144)	\$ (587,535)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash from Operating Activities			
Depreciation and Amortization	19,420	-	19,420
Reimbursements and Recoveries	-	(17,821)	(17,821)
Changes in Assets and Liabilities			
Prepaid Items	(79,378)	-	(79,378)
Due from Other Funds	(4,713)	-	(4,713)
Accounts Payable	90,534	(87,960)	2,574
Accrued Payroll	4,959	-	4,959
Claims Payable	-	150,355	150,355
Benefits Payable	-	7,728	7,728
Due to Other Funds	76,471	349,427	425,898
Compensated Absences Payable	409	-	409
Other Post-Employment Benefits Payable	4,625	-	4,625
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ (71,064)</b>	<b>\$ (2,415)</b>	<b>\$ (73,479)</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,183,310	\$ 1,183,310	\$ 1,098,310	\$ 1,316,420
Total Operating Revenues	1,183,310	1,183,310	1,098,310	1,316,420
<b>OPERATING EXPENSES</b>				
Operations	1,601,340	1,601,340	1,262,281	1,066,016
Depreciation	20,590	20,590	19,420	19,994
Total Operating Expenses	1,621,930	1,621,930	1,281,701	1,086,010
OPERATING INCOME (LOSS)	(438,620)	(438,620)	(183,391)	230,410
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	25,000	25,000	12,009	23,356
Total Nonoperating Revenues (Expenses)	25,000	25,000	12,009	23,356
INCOME (LOSS) BEFORE TRANSFERS	(413,620)	(413,620)	(171,382)	253,766
<b>TRANSFERS</b>				
Transfers In	171,270	171,270	63,409	55,405
Transfers (Out)	-	-	-	(9,630)
Total Transfers	171,270	171,270	63,409	45,775
CHANGES IN NET ASSETS	\$ (242,350)	\$ (242,350)	(107,973)	299,541
NET ASSETS, JANUARY 1			678,423	378,882
NET ASSETS, DECEMBER 31			\$ 570,450	\$ 678,423

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF NET ASSETS - BY PROGRAM

INSURANCE FUND

December 31, 2008  
(with comparative totals for 2007)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Eliminations	Totals	
						2008	2007
<b>ASSETS</b>							
Cash and Investments	\$ 735	\$ 46,387	\$ 1,222,291	\$ 828,833	\$ -	\$ 2,098,246	\$ 2,032,468
Receivables							
Accrued Interest	5	147	5,302	2,372	-	7,826	4,004
Other	-	-	-	-	-	-	5,000
Deposits	-	-	20,000	39,200	-	59,200	59,200
<b>Total Assets</b>	<b>740</b>	<b>46,534</b>	<b>1,247,593</b>	<b>870,405</b>	<b>-</b>	<b>2,165,272</b>	<b>2,100,672</b>
<b>LIABILITIES</b>							
Accounts Payable	-	333	21,319	30,484	-	52,136	140,096
Claims Payable	-	-	796,577	320,484	-	1,117,061	966,705
Benefits Payable	-	46,201	-	-	-	46,201	38,473
Due to General Fund	-	-	175,000	175,000	-	350,000	573
<b>Total Liabilities</b>	<b>-</b>	<b>46,534</b>	<b>992,896</b>	<b>525,968</b>	<b>-</b>	<b>1,565,398</b>	<b>1,145,847</b>
<b>NET ASSETS</b>							
Unrestricted	740	-	254,697	344,437	-	599,874	954,825
<b>TOTAL NET ASSETS</b>	<b>\$ 740</b>	<b>\$ -</b>	<b>\$ 254,697</b>	<b>\$ 344,437</b>	<b>\$ -</b>	<b>\$ 599,874</b>	<b>\$ 954,825</b>

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,754,230	\$ 1,754,230	\$ 1,404,210	\$ 1,843,020
Total Operating Revenues	1,754,230	1,754,230	1,404,210	1,843,020
<b>OPERATING EXPENSES</b>				
Claims and Insurance	1,758,400	1,935,400	1,808,354	976,423
Total Operating Expenses	1,758,400	1,935,400	1,808,354	976,423
OPERATING INCOME (LOSS)	(4,170)	(181,170)	(404,144)	866,597
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	40,000	40,000	49,193	64,784
Total Nonoperating Revenues (Expenses)	40,000	40,000	49,193	64,784
INCOME (LOSS) BEFORE TRANSFERS	35,830	(141,170)	(354,951)	931,381
<b>TRANSFERS</b>				
Transfers In	-	-	-	293
Total Transfers	-	-	-	293
CHANGES IN NET ASSETS	\$ 35,830	\$ (141,170)	(354,951)	931,674
NET ASSETS, JANUARY 1			954,825	23,151
NET ASSETS, DECEMBER 31			\$ 599,874	\$ 954,825

(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, 2008  
(with comparative actual for 2007)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Eliminations	Totals	
						2008	2007
<b>OPERATING REVENUES</b>							
Charges for Services	\$ 3,862	\$ -	\$ 584,467	\$ 815,881	\$ -	\$ 1,404,210	\$ 1,843,020
Total Operating Revenues	3,862	-	584,467	815,881	-	1,404,210	1,843,020
<b>OPERATING EXPENSES</b>							
Claims and Insurance	3,892	(3,245)	898,017	909,690	-	1,808,354	976,423
Total Operating Expenses	3,892	(3,245)	898,017	909,690	-	1,808,354	976,423
OPERATING INCOME (LOSS)	(30)	3,245	(313,550)	(93,809)	-	(404,144)	866,597
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment Income	30	926	33,328	14,909	-	49,193	64,784
Total Nonoperating Revenues (Expenses)	30	926	33,328	14,909	-	49,193	64,784
INCOME (LOSS) BEFORE TRANSFERS	-	4,171	(280,222)	(78,900)	-	(354,951)	931,381
<b>TRANSFERS</b>							
Transfers In	-	-	4,171	-	(4,171)	-	293
Transfers (Out)	-	(4,171)	-	-	4,171	-	-
Total Transfers	-	(4,171)	4,171	-	-	-	293
CHANGES IN NET ASSETS	-	-	(276,051)	(78,900)	-	(354,951)	931,674
NET ASSETS, JANUARY 1	740	-	530,748	423,337	-	954,825	23,151
NET ASSETS, DECEMBER 31	\$ 740	\$ -	\$ 254,697	\$ 344,437	\$ -	\$ 599,874	\$ 954,825

(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 EDA.

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, 2008

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ 1,450,004	\$ 1,091,335	\$ 2,541,339
Investments, at Fair Value			
U.S. Treasury Securities	11,576,299	18,231,005	29,807,304
U.S. Agency Securities	10,979,971	9,871,389	20,851,360
Mutual Funds	15,466,996	4,251,238	19,718,234
Money Market Mutual Funds	728,929	888,845	1,617,774
Equities	-	9,391,562	9,391,562
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	231,818	268,703	500,521
Due from General Fund	5,176	730	5,906
Total Assets	40,439,193	43,994,807	84,434,000
<b>LIABILITIES</b>			
Accounts Payable	-	19,496	19,496
Total Liabilities	-	19,496	19,496
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
	\$ 40,439,193	\$ 43,975,311	\$ 84,414,504

(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, 2008

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ADDITIONS</b>			
Contributions			
Employer Contributions	\$ 1,800,870	\$ 1,561,796	\$ 3,362,666
Employee Contributions	810,177	750,533	1,560,710
Other Contributions	67,851	-	67,851
Total Contributions	2,678,898	2,312,329	4,991,227
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(6,992,121)	(7,460,739)	(14,452,860)
Interest	1,548,432	1,651,417	3,199,849
Total Investment Income	(5,443,689)	(5,809,322)	(11,253,011)
Less Investment Expense	(86,171)	(191,972)	(278,143)
Net Investment Income	(5,529,860)	(6,001,294)	(11,531,154)
Total Additions	(2,850,962)	(3,688,965)	(6,539,927)
<b>DEDUCTIONS</b>			
Benefits and Refunds	2,203,708	2,014,974	4,218,682
Miscellaneous	15,847	32,549	48,396
Total Deductions	2,219,555	2,047,523	4,267,078
NET INCREASE (DECREASE)	(5,070,517)	(5,736,488)	(10,807,005)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	45,509,710	49,711,799	95,221,509
December 31	\$ 40,439,193	\$ 43,975,311	\$ 84,414,504

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>ADDITIONS</b>				
Contributions				
Employer Contributions				
Taxes	\$ 1,678,564	\$ 1,678,564	\$ 1,695,159	\$ 1,533,904
Intergovernmental	106,820	106,820	105,711	104,238
Employee Contributions	827,200	827,200	810,177	776,823
Other Contributions	-	-	67,851	200,737
Total Contributions	2,612,584	2,612,584	2,678,898	2,615,702
Investment Income (Loss)				
Net Appreciation (Depreciation) in Fair Value of Investments				
	-	-	(6,992,121)	1,635,593
Interest	1,321,560	1,321,560	1,548,432	1,481,235
Total Investment Income (Loss)	1,321,560	1,321,560	(5,443,689)	3,116,828
Less Investment Expense	(75,000)	(87,000)	(86,171)	(99,094)
Net Investment Income (Loss)	1,246,560	1,234,560	(5,529,860)	3,017,734
Total Additions	3,859,144	3,847,144	(2,850,962)	5,633,436
<b>DEDUCTIONS</b>				
Benefits and Refunds	2,124,740	2,208,240	2,203,708	2,075,790
Miscellaneous	22,330	22,330	15,847	16,146
Total Deductions	2,147,070	2,230,570	2,219,555	2,091,936
NET INCREASE (DECREASE)	\$ 1,712,074	\$ 1,616,574	(5,070,517)	3,541,500
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
January 1			45,509,710	41,968,210
December 31			\$ 40,439,193	\$ 45,509,710

(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, 2008  
(with comparative actual for 2007)

	2008			2007
	Original Budget	Final Budget	Actual	Actual
<b>ADDITIONS</b>				
Contributions				
Employer Contributions				
Taxes	\$ 1,241,210	\$ 1,241,210	\$ 1,258,555	\$ 1,145,329
Intergovernmental	304,350	304,350	303,241	281,408
Employee Contributions	719,860	719,860	750,533	699,140
Total Contributions	2,265,420	2,265,420	2,312,329	2,125,877
Investment Income (Loss)				
Net Appreciation (Depreciation) in Fair Value of Investments				
Interest	-	-	(7,460,739)	1,133,906
	1,709,180	1,709,180	1,651,417	1,913,845
Total Investment Income (Loss)	1,709,180	1,709,180	(5,809,322)	3,047,751
Less Investment Expense	(120,000)	(192,000)	(191,972)	(194,348)
Net Investment Income (Loss)	1,589,180	1,517,180	(6,001,294)	2,853,403
Total Additions	3,854,600	3,782,600	(3,688,965)	4,979,280
<b>DEDUCTIONS</b>				
Benefits and Refunds	1,846,340	2,016,340	2,014,974	1,813,937
Miscellaneous	23,110	35,110	32,549	35,152
Total Deductions	1,869,450	2,051,450	2,047,523	1,849,089
NET INCREASE (DECREASE)	\$ 1,985,150	\$ 1,731,150	(5,736,488)	3,130,191
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
January 1			49,711,799	46,581,608
December 31			\$ 43,975,311	\$ 49,711,799

(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, 2008

	Balances January 1	Additions	Deletions	Balances December 31
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 6,814,816	\$ 31,048,691	\$ 24,692,957	\$ 13,170,550
Assets Held by Agents	28,775	179,393	184,292	23,876
<b>TOTAL ASSETS</b>	<b>\$ 6,843,591</b>	<b>\$ 31,228,084</b>	<b>\$ 24,877,249</b>	<b>\$ 13,194,426</b>
<b>LIABILITIES</b>				
Due to Participants	\$ 17,775	\$ 179,393	\$ 178,292	\$ 18,876
Due to Other Funds	-	112,976	-	112,976
Advance from Other Funds	11,000	-	6,000	5,000
Due to Other Entities	6,814,816	30,935,715	24,692,957	13,057,574
<b>TOTAL LIABILITIES</b>	<b>\$ 6,843,591</b>	<b>\$ 31,228,084</b>	<b>\$ 24,877,249</b>	<b>\$ 13,194,426</b>
<b>BARRINGTON/HIGGINS TIF FUND</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 323,180	\$ 810,574	\$ 538,932	\$ 594,822
<b>TOTAL ASSETS</b>	<b>\$ 323,180</b>	<b>\$ 810,574</b>	<b>\$ 538,932</b>	<b>\$ 594,822</b>
<b>LIABILITIES</b>				
Due to Other Entities	\$ 323,180	\$ 810,574	\$ 538,932	\$ 594,822
<b>TOTAL LIABILITIES</b>	<b>\$ 323,180</b>	<b>\$ 810,574</b>	<b>\$ 538,932</b>	<b>\$ 594,822</b>

(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, 2008

	Balances January 1	Additions	Deletions	Balances December 31
<b>EDA SPECIAL TAX ALLOCATION FUND</b>				
ASSETS				
Cash and Investments	\$ 6,491,636	\$ 30,238,117	\$ 24,154,025	\$ 12,575,728
<b>TOTAL ASSETS</b>	<b>\$ 6,491,636</b>	<b>\$ 30,238,117</b>	<b>\$ 24,154,025</b>	<b>\$ 12,575,728</b>
LIABILITIES				
Due to Other Entities	\$ 6,491,636	\$ 30,125,141	\$ 24,154,025	\$ 12,462,752
Due to Other Funds	-	112,976	-	112,976
<b>TOTAL LIABILITIES</b>	<b>\$ 6,491,636</b>	<b>\$ 30,238,117</b>	<b>\$ 24,154,025</b>	<b>\$ 12,575,728</b>
<b>FLEXIBLE SPENDING ACCOUNT FUND</b>				
ASSETS				
Assets Held by Agents	\$ 28,775	\$ 179,393	\$ 184,292	\$ 23,876
<b>TOTAL ASSETS</b>	<b>\$ 28,775</b>	<b>\$ 179,393</b>	<b>\$ 184,292</b>	<b>\$ 23,876</b>
LIABILITIES				
Due to Participants	\$ 17,775	\$ 179,393	\$ 178,292	\$ 18,876
Advance from Other Funds	11,000	-	6,000	5,000
<b>TOTAL LIABILITIES</b>	<b>\$ 28,775</b>	<b>\$ 179,393</b>	<b>\$ 184,292</b>	<b>\$ 23,876</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2008

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	\$ 45,584,476	St. Paul Fire and Marine Insurance Co.	01/01/2010
General Liability, Employee Benefits, Law Enforcement Liability, Nurse Professional	100,000 *	\$ 2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2010
Auto Liability	100,000 *	2,000,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2010
Employee Dishonesty, Crime	10,000 *	100,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2010
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)	07/01/2009
Boiler and Machinery	100,000	45,584,476	45,584,476	St. Paul Fire and Marine Insurance Co.	01/01/2010
Employment Related Practices	50,000	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2010
Public Officials' Liability	25,000	2,000,000	2,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2010
Ambulance Attendants' Liability	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2010
Health Division Malpractice	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2010
Pollution Legal Liability, Underground Storage Tanks	5,000	1,000,000	1,000,000	Great American Alliance Insurance Co.	01/01/2010
Position Surety Bonds					
William McLeod, Village President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2010
Cary Collins, Deputy President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2010
Bev Romanoff, Village Clerk	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2010
James Norris, Village Manager	N/A	5,000	5,000	Fidelity & Deposit Co.	01/01/2010
Michael DuCharme, Treasurer	N/A	150,000	150,000	Fidelity & Deposit Co.	01/01/2010
Police and Fire Commission Members	N/A	500	500	Fidelity & Deposit Co.	01/01/2010
Excess Workers' Compensation	500,000/ 600,000 Police & Fire	Statutory	Statutory	Safety National	12/31/2009
Social Service Agency Professional Liability	N/A	1,000,000	1,000,000	American Home Assurance Co.	05/01/2009

\* 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, 2008

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	Bank of New York Mellon

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
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>\$ 1,970,000</u>	<u>\$ 235,176</u>	<u>\$ 2,205,176</u>		<u>\$ 117,588</u>		<u>\$ 117,588</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2001

December 31, 2008

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	Bank of New York Mellon

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
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>\$ 3,230,000</u>	<u>\$ 241,200</u>	<u>\$ 3,471,200</u>		<u>\$ 120,600</u>		<u>\$ 120,600</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2003

December 31, 2008

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	Bank of New York Mellon

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
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>\$ 2,485,000</u>	<u>\$ 150,906</u>	<u>\$ 2,635,906</u>		<u>\$ 75,453</u>		<u>\$ 75,453</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004

December 31, 2008

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	Wells Fargo Bank NA, 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
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>\$ 3,545,000</u>	<u>\$ 325,400</u>	<u>\$ 3,870,400</u>		<u>\$ 162,700</u>		<u>\$ 162,700</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION TAXABLE BOND SERIES OF 2005A

December 31, 2008

Date of Issue	August 1, 2005
Date of Maturity	December 1, 2033
Authorized Issue	\$ 54,935,000
Denomination of Bonds	\$ 5,000
Interest Rates	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	Wells Fargo Bank NA, 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
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>\$ 52,830,000</u>	<u>\$ 43,406,658</u>	<u>\$ 96,236,658</u>		<u>\$ 21,703,332</u>		<u>\$ 21,703,326</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

TAX INCREMENT REVENUE REFUNDING BOND SERIES OF 2005

December 31, 2008

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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 (3.185% at December 31, 2008)
Interest Dates	Monthly
Principal Maturity Date	January 1
Payable at	The Northern Trust Company

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year	Principal	Interest	Total
2009	\$ 11,100,000	\$ 787,491	\$ 11,887,491
2010	23,800,000	63,169	23,863,169
	<u>\$ 34,900,000</u>	<u>\$ 850,660</u>	<u>\$ 35,750,660</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION TAXABLE BOND SERIES OF 2008A

December 31, 2008

Date of Issue	March 7, 2008
Date of Maturity	December 1, 2038
Authorized Issue	\$ 26,645,000
Denomination of Bonds	\$ 5,000
Interest Rates	2030-2038 5.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Wells Fargo Bank NA, 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
2008	\$ -	\$ 1,332,250	\$ 1,332,250	2009	\$ 666,125	2009	\$ 666,125
2009	-	1,332,250	1,332,250	2010	666,125	2010	666,125
2010	-	1,332,250	1,332,250	2011	666,125	2011	666,125
2011	-	1,332,250	1,332,250	2012	666,125	2012	666,125
2012	-	1,332,250	1,332,250	2013	666,125	2013	666,125
2013	-	1,332,250	1,332,250	2014	666,125	2014	666,125
2014	-	1,332,250	1,332,250	2015	666,125	2015	666,125
2015	-	1,332,250	1,332,250	2016	666,125	2016	666,125
2016	-	1,332,250	1,332,250	2017	666,125	2017	666,125
2017	-	1,332,250	1,332,250	2018	666,125	2018	666,125
2018	-	1,332,250	1,332,250	2019	666,125	2019	666,125
2019	-	1,332,250	1,332,250	2020	666,125	2020	666,125
2020	-	1,332,250	1,332,250	2021	666,125	2021	666,125
2021	-	1,332,250	1,332,250	2022	666,125	2022	666,125
2022	-	1,332,250	1,332,250	2023	666,125	2023	666,125
2023	-	1,332,250	1,332,250	2024	666,125	2024	666,125
2024	-	1,332,250	1,332,250	2025	666,125	2025	666,125
2025	-	1,332,250	1,332,250	2026	666,125	2026	666,125
2026	-	1,332,250	1,332,250	2027	666,125	2027	666,125
2027	-	1,332,250	1,332,250	2028	666,125	2028	666,125
2028	-	1,332,250	1,332,250	2029	666,125	2029	666,125
2029	2,415,000	1,332,250	3,747,250	2030	666,125	2030	666,125
2030	2,540,000	1,211,500	3,751,500	2031	605,750	2031	605,750
2031	2,665,000	1,084,500	3,749,500	2032	542,250	2032	542,250
2032	2,795,000	951,250	3,746,250	2033	475,625	2033	475,625
2033	2,935,000	811,500	3,746,500	2034	405,750	2034	405,750
2034	3,085,000	664,750	3,749,750	2035	332,375	2035	332,375
2035	3,240,000	510,500	3,750,500	2036	255,250	2036	255,250
2036	3,400,000	348,500	3,748,500	2037	174,250	2037	174,250
2037	3,570,000	178,500	3,748,500	2038	89,250	2038	89,250
	<u>\$ 26,645,000</u>	<u>\$ 35,070,500</u>	<u>\$ 61,715,500</u>		<u>\$ 17,535,250</u>		<u>\$ 17,535,250</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, 2008

	Developer Cash Advance Note #1	Developer Cash Advance Note #3	Developer Cash Advance Note #11	Developer Cash Advance Note #12	Private Interest Financing Note #1
Date of Issue	March 1, 1993	Sept. 1, 1994	Sept. 1, 1994	Sept. 1, 1997	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
Interest Rate	Adjustable	Adjustable	Adjustable	Adjustable	None
Interest Dates	March 1 and September 1	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
Accrued Interest	660,791	153,049	507,797	95,337	-
Subtotal	1,394,371	349,734	1,776,427	239,584	1,693,397
Previous Payments	-	-	1,776,427	239,584	-
ADJUSTED PRINCIPAL BALANCE	\$ 1,394,371	\$ 349,734	\$ -	\$ -	\$ 1,693,397

Private Interest Financing Note #2	Private Interest Financing Note #3	Private Interest Financing Note #4	Private Interest Financing Note #5	Private Interest Financing Note #6	Developer Project Cost Note #4	Developer Project Cost Note #13	Developer Project Cost Note #14
Feb. 1, 2000 Sept. 10, 2012 \$ 5,009,329 None None	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	Feb 1, 2007 Sep 10, 2012 \$ 13,147,485 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
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					
\$ 5,009,329 -	\$ 5,228,265 -	\$ 4,800,779 -	\$ 4,293,238 -	\$ 13,147,485 -	\$ 752,859 586,991	\$ 47,972 36,041	\$ 318,441 237,419
5,009,329 -	5,228,265 -	4,800,779 -	4,293,238 -	13,147,485 -	1,339,850 1,339,850	84,013 84,013	555,860 555,860
<u>\$ 5,009,329</u>	<u>\$ 5,228,265</u>	<u>\$ 4,800,779</u>	<u>\$ 4,293,238</u>	<u>\$ 13,147,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2008

	Developer Project Cost Note #15	Developer Project Cost Note #16	Developer Project Cost Note #17	Developer Project Cost Note #18	Developer Project Cost Note #19
Date of Issue	Oct. 23, 1996	Nov. 22, 1996	Jan. 23, 1997	March 6, 1997	March 25, 1997
Date of Maturity	Sept. 10, 2012				
Original Amount of Note	\$ 284,177	\$ 121,202	\$ 144,548	\$ 43,449	\$ 72,725
Interest Rate	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	\$ 284,177	\$ 121,202	\$ 144,548	\$ 43,449	\$ 72,725
Accrued Interest	209,880	88,570	103,398	30,629	50,926
Subtotal	494,057	209,772	247,946	74,078	123,651
Previous Payments	494,057	209,772	247,946	74,078	123,651
ADJUSTED PRINCIPAL BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

Developer Project Cost Note #20	Developer Project Cost Note #21	Developer Project Cost Note #22	Developer Project Cost Note #23	Developer Project Cost Note #24	Developer Project Cost Note #25	Developer Project Cost Note #26	Developer Project Cost Note #27
April 18, 1997 Sept. 10, 2012 \$ 15,915 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	May 21, 1997 Sept. 10, 2012 \$ 14,315 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 1997 Sept. 10, 2012 \$ 5,589,262 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 1997 Sept. 10, 2012 \$ 932,132 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	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
\$ 15,915 11,051	\$ 14,315 9,823	\$ 5,589,262 3,827,831	\$ 932,132 639,109	\$ 12,169,244 8,343,753	\$ 5,248,409 3,598,534	\$ 4,347,908 2,981,111	\$ 354,035 242,742
26,966	24,138	9,417,093	1,571,241	20,512,997	8,846,943	7,329,019	596,777
26,966	24,138	372,850	-	-	-	-	-
\$ -	\$ -	\$ 9,044,243	\$ 1,571,241	\$ 20,512,997	\$ 8,846,943	\$ 7,329,019	\$ 596,777

(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, 2008

	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
Date of Issue	Sept. 1, 1997	March 1, 1999	March 1, 1999	March 1, 2000	March 1, 2001
Date of Maturity	Sept. 10, 2012				
Original Amount of Note	\$ 288,720	\$ 2,244,798	\$ 336,341	\$ 814,106	\$ 1,435,686
Interest Rate	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	\$ 288,720	\$ 2,244,798	\$ 336,341	\$ 814,106	\$ 1,435,686
Accrued Interest	197,959	1,272,684	190,688	397,991	589,748
Subtotal	486,679	3,517,482	527,029	1,212,097	2,025,434
Previous Payments	-	-	-	-	-
ADJUSTED PRINCIPAL BALANCE	\$ 486,679	\$ 3,517,482	\$ 527,029	\$ 1,212,097	\$ 2,025,434

Developer Project Cost Note #33	Developer Project Cost Note #34	Developer Project Cost Note #35	Developer Project Cost Note #36	Developer Project Cost Note #38	Developer Project Cost Note #39	Developer Project Cost Note #40	Total
Sept. 1, 2001 Sept. 10, 2012 \$ 708,661 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 2002 Sept. 10, 2012 \$ 10,776,023 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 2002 Sept. 10, 2012 \$ 222,767 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	March 1, 2003 Sept. 10, 2012 \$ 303,071 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sep 1, 2006 Sep 10, 2012 \$ 1,351,407 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Mar 1, 2007 Sep 10, 2012 \$ 120,659 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sep 1, 2007 Sep 10, 2012 \$ 69,366 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	
\$ 708,661 266,149	\$ 10,776,023 3,699,324	\$ 222,767 69,136	\$ 303,071 84,817	\$ 1,351,407 122,447	\$ 120,659 8,175	\$ 69,366 3,189	\$ 85,643,833 29,317,089
974,810	14,475,347	291,903	387,888	1,473,854	128,834	72,555	114,960,922
-	-	-	-	-	-	-	5,569,192
<u>\$ 974,810</u>	<u>\$ 14,475,347</u>	<u>\$ 291,903</u>	<u>\$ 387,888</u>	<u>\$ 1,473,854</u>	<u>\$ 128,834</u>	<u>\$ 72,555</u>	<u>\$ 109,391,730</u>

(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, 2008

	EDA Special Tax Allocation Fund			Totals	Sears EDA General Account Fund
	Unallocated	Government Share Account	Sears Portion of PVS		
<b>REVENUES</b>					
Incremental Taxes	\$ 21,887,513	\$ 7,890,324	\$ -	\$ 29,777,837	\$ -
Investment Income	266,398	-	-	266,398	-
<b>Total Revenues</b>	<b>22,153,911</b>	<b>7,890,324</b>	<b>-</b>	<b>30,044,235</b>	<b>-</b>
<b>EXPENDITURES</b>					
Principal, Bonds and Notes	-	-	-	-	4,135,496
Interest, Bonds and Notes	-	-	-	-	-
Professional Services	-	-	-	-	-
Trustee Fees	-	-	-	-	-
Arbitrage Calculation Fees	-	-	-	-	-
Arbitrage Rebate	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,135,496</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>22,153,911</b>	<b>7,890,324</b>	<b>-</b>	<b>30,044,235</b>	<b>(4,135,496)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	80,903	-	-	80,903	4,135,496
Transfers (Out)	(16,599,422)	-	-	(16,599,422)	-
Distribution of Surplus	-	(3,639,521)	-	(3,639,521)	-
Distribution of Sears PVS	-	(311,615)	-	(311,615)	-
Transfer to EDA Administration Fund	-	(3,490,488)	-	(3,490,488)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(16,518,519)</b>	<b>(7,441,624)</b>	<b>-</b>	<b>(23,960,143)</b>	<b>4,135,496</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,635,392</b>	<b>448,700</b>	<b>-</b>	<b>6,084,092</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT), JANUARY 1</b>	<b>6,491,636</b>	<b>-</b>	<b>-</b>	<b>6,491,636</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<b>\$ 12,127,028</b>	<b>\$ 448,700</b>	<b>\$ -</b>	<b>\$ 12,575,728</b>	<b>\$ -</b>

Sears 2005 EDA TIF Refunding Bond Fund						
Program Expenses Account	Series 2005 Bond and Interest Account	Series 2005 Reserve and Redemption Account	Series 2005 Rebate Account	Totals	1991 Junior Lien Bond and Interest Account	Totals (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,777,837
4,301	24,721	484,793	606	510,120	-	780,819
4,301	24,721	484,793	606	510,120	-	30,558,656
-	10,700,000	-	-	10,700,000	-	14,835,496
265,020	1,113,353	-	-	1,113,353	-	1,378,373
72,359	-	-	-	-	-	72,359
7,500	3,300	-	-	3,300	-	10,800
-	-	-	117,400	117,400	-	117,400
4,500	-	-	-	-	-	4,500
349,379	11,816,653	-	117,400	11,934,053	-	16,418,928
(345,078)	(11,791,932)	484,793	(116,794)	(11,423,933)	-	14,139,728
185,845	12,571,420	-	31,616	12,603,036	-	17,005,280
(1,800)	-	(404,020)	-	(404,020)	(38)	(17,005,280)
-	-	-	-	-	-	(3,639,521)
-	-	-	-	-	-	(311,615)
-	-	-	-	-	-	(3,490,488)
184,045	12,571,420	(404,020)	31,616	12,199,016	(38)	(7,441,624)
(161,033)	779,488	80,773	(85,178)	775,083	(38)	6,698,104
(2,533,822)	14,107,820	12,138,378	(27,616)	26,218,582	38	30,176,434
\$ (2,694,855)	\$ 14,887,308	\$ 12,219,151	\$ (112,794)	\$ 26,993,665	\$ -	\$ 36,874,538

(See independent auditor's report.)

## STATISTICAL SECTION

This part of the Village of Hoffman Estates, Illinois' 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.	151-161
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	162-168
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.	169-173
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.	174-176
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.	177-178

*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 Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>						
Invested in Capital Assets, Net of Related Debt	\$ 74,079,702	\$ 76,288,971	\$ 81,974,472	\$ 85,941,143	\$ 92,578,328	\$ 100,289,513
Restricted	31,736,142	30,610,435	25,510,851	34,581,385	34,874,359	37,276,155
Unrestricted	(208,737,371)	(191,260,938)	(179,534,956)	(202,902,550)	(187,818,909)	(182,324,268)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (102,921,527)</b>	<b>\$ (84,361,532)</b>	<b>\$ (72,049,633)</b>	<b>\$ (82,380,022)</b>	<b>\$ (60,366,222)</b>	<b>\$ (44,758,600)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Invested in Capital Assets, Net of Related Debt	\$ 23,216,582	\$ 22,574,239	\$ 23,568,964	\$ 24,371,756	\$ 25,020,589	\$ 26,267,955
Restricted	-	-	-	-	-	-
Unrestricted	8,759,802	8,594,706	9,612,150	9,228,469	9,457,205	8,404,821
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 31,976,384</b>	<b>\$ 31,168,945</b>	<b>\$ 33,181,114</b>	<b>\$ 33,600,225</b>	<b>\$ 34,477,794</b>	<b>\$ 34,672,776</b>
<b>PRIMARY GOVERNMENT</b>						
Invested in Capital Assets, Net of Related Debt	\$ 97,296,284	\$ 98,863,210	\$ 105,543,436	\$ 110,312,899	\$ 117,598,917	\$ 126,557,468
Restricted	31,736,142	30,610,435	25,510,851	34,581,385	34,874,359	37,276,155
Unrestricted	(199,977,569)	(182,666,232)	(169,922,806)	(193,674,081)	(178,361,704)	(173,919,447)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ (70,945,143)</b>	<b>\$ (53,192,587)</b>	<b>\$ (38,868,519)</b>	<b>\$ (48,779,797)</b>	<b>\$ (25,888,428)</b>	<b>\$ (10,085,824)</b>

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NET ASSETS BY COMPONENT EXCLUDING EDA TIF ACTIVITY

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>						
Invested in Capital Assets, Net of Related Debt	\$ 74,079,702	\$ 76,288,971	\$ 81,974,472	\$ 85,941,143	\$ 92,578,328	\$ 100,289,513
Restricted	1,953,699	2,079,746	7,306,379	6,839,425	6,373,119	8,028,531
Unrestricted	21,850,479	20,136,069	17,632,151	(34,503,578)	(33,037,782)	(38,677,026)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 97,883,880</b>	<b>\$ 98,504,786</b>	<b>\$ 106,913,002</b>	<b>\$ 58,276,990</b>	<b>\$ 65,913,665</b>	<b>\$ 69,641,018</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Invested in Capital Assets, Net of Related Debt	\$ 23,216,582	\$ 22,574,239	\$ 23,568,964	\$ 24,371,756	\$ 25,020,589	\$ 26,267,955
Restricted	-	-	-	-	-	-
Unrestricted	8,759,802	8,594,706	9,612,150	9,228,469	9,457,205	8,404,821
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 31,976,384</b>	<b>\$ 31,168,945</b>	<b>\$ 33,181,114</b>	<b>\$ 33,600,225</b>	<b>\$ 34,477,794</b>	<b>\$ 34,672,776</b>
<b>PRIMARY GOVERNMENT</b>						
Invested in Capital Assets, Net of Related Debt	\$ 97,296,284	\$ 98,863,210	\$ 105,543,436	\$ 110,312,899	\$ 117,598,917	\$ 126,557,468
Restricted	1,953,699	2,079,746	7,306,379	6,839,425	6,373,119	8,028,531
Unrestricted	30,610,281	28,730,775	27,244,301	(25,275,109)	(23,580,577)	(30,272,205)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 129,860,264</b>	<b>\$ 129,673,731</b>	<b>\$ 140,094,116</b>	<b>\$ 91,877,215</b>	<b>\$ 100,391,459</b>	<b>\$ 104,313,794</b>

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>EXPENSES</b>						
Governmental Activities						
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846	\$ 6,900,227	\$ 7,649,033
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353	29,298,255	32,630,767
Highways and Streets	8,729,150	9,286,945	11,532,401	6,140,084	10,578,402	12,635,002
Sanitation	531,458	600,961	930,335	864,300	1,126,761	1,190,250
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857	1,741,403	1,959,118
Culture and Recreation	246,447	229,402	226,608	239,480	251,527	277,806
Economic Development	6,107,232	1,406,319	1,303,688	52,011,995	16,627,938	2,156,338
Interest	13,342,322	11,971,027	11,447,448	11,696,149	9,576,815	9,560,104
Total Governmental Activities Expenses	57,404,774	53,744,895	57,253,618	110,352,064	76,101,328	68,058,418
Business-Type Activities						
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322	12,364,630
Total Business-Type Activities Expenses	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322	12,364,630
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 67,297,001</b>	<b>\$ 64,004,494</b>	<b>\$ 67,837,677</b>	<b>\$ 121,406,532</b>	<b>\$ 87,554,650</b>	<b>\$ 80,423,048</b>
<b>PROGRAM REVENUES</b>						
Governmental Activities						
Charges for Services						
General Government	\$ 1,102,884	\$ 1,093,124	\$ 1,075,793	\$ 1,133,556	\$ 1,333,707	\$ 1,361,435
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630	2,959,938	3,154,367
Highways and Streets	876,053	1,023,264	1,415,253	882,063	1,212,692	586,879
Sanitation	73,499	816,056	880,637	896,554	878,948	1,009,579
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373	2,250,535	860,461
Culture and Recreation	469,330	493,933	513,635	571,287	593,476	579,111
Economic Development	10,212,855	11,093,955	12,585,713	20,107,123	19,807,712	4,036,017
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158	2,129,235	1,959,997
Capital Grants and Contributions	579,609	700,558	687,300	-	3,928,216	7,097,285
Total Governmental Activities Program Revenues	17,861,070	20,008,976	22,586,737	29,212,744	35,094,459	20,645,131

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>PROGRAM REVENUES (Continued)</b>						
Business-Type Activities						
Charges for Services						
Water/Sewer	\$ 8,404,183	\$ 8,919,572	\$ 10,240,821	\$ 9,386,132	\$ 10,378,340	\$ 9,989,993
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	1,448,966	2,146,311
Total Business-Type Activities Program Revenues	8,404,183	8,919,572	10,240,821	9,386,132	11,827,306	12,136,304
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 26,265,253</b>	<b>\$ 28,928,548</b>	<b>\$ 32,827,558</b>	<b>\$ 38,598,876</b>	<b>\$ 46,921,765</b>	<b>\$ 32,781,435</b>
<b>NET (EXPENSES) REVENUES</b>						
Governmental Activities	\$ (39,543,704)	\$ (33,735,919)	\$ (34,666,881)	\$ (81,139,320)	\$ (41,006,869)	\$ (47,413,287)
Business-Type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)	373,984	(228,326)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES</b>	<b>\$ (41,031,748)</b>	<b>\$ (35,075,946)</b>	<b>\$ (35,010,119)</b>	<b>\$ (82,807,656)</b>	<b>\$ (40,632,885)</b>	<b>\$ (47,641,613)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>						
Governmental Activities						
Taxes						
Property	\$ 32,689,908	\$ 31,996,121	\$ 17,575,496	\$ 42,130,319	\$ 35,690,272	\$ 36,232,247
Sales	5,531,118	4,960,882	5,059,287	6,332,164	6,619,848	6,990,526
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927	3,476,984	3,938,726
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758	1,323,132	755,637
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651	5,147,174	5,529,993
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103	3,378,962	3,404,303
Other	1,557,709	1,679,970	1,807,840	3,141,679	3,901,359	3,840,774
Investment Earnings	1,473,816	1,547,181	2,526,601	4,312,040	2,450,774	1,768,185
Miscellaneous	213,611	297,218	236,165	788,180	723,047	576,648
Gain on Sale of Capital Assets	(133,415)	-	-	-	-	-
Contributions	668,807	1,013,507	5,671,102	1,158,480	-	-
Transfers In	-	-	-	2,630	9,850	-
Transfers (Out)	-	-	(50,500)	-	-	(16,130)
Total Governmental Activities	51,968,112	52,295,914	46,978,780	70,808,931	62,721,402	63,020,909

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>						
<b>(Continued)</b>						
<b>Business-Type Activities</b>						
Investment Earnings	\$ 126,699	\$ 105,028	\$ 251,322	\$ 395,450	\$ 419,999	\$ 325,328
Miscellaneous	8,278	310,810	27,455	39,832	75,251	74,250
Gain on Sale of Capital Assets	-	-	-	-	18,185	7,600
Contributions	-	116,750	2,026,130	1,654,795	-	-
Transfers In	-	-	50,500	-	-	16,130
Transfers (Out)	-	-	-	(2,630)	(9,850)	-
<b>Total Business-Type Activities</b>	<b>134,977</b>	<b>532,588</b>	<b>2,355,407</b>	<b>2,087,447</b>	<b>503,585</b>	<b>423,308</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 52,103,089</b>	<b>\$ 52,828,502</b>	<b>\$ 49,334,187</b>	<b>\$ 72,896,378</b>	<b>\$ 63,224,987</b>	<b>\$ 63,444,217</b>
<b>CHANGE IN NET ASSETS</b>						
Governmental Activities	\$ 12,424,408	\$ 18,559,995	\$ 12,311,899	\$ (10,330,389)	\$ 21,714,533	\$ 15,607,622
Business-Type Activities	(1,353,067)	(807,439)	2,012,169	419,111	877,569	194,982
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS</b>	<b>\$ 11,071,341</b>	<b>\$ 17,752,556</b>	<b>\$ 14,324,068</b>	<b>\$ (9,911,278)</b>	<b>\$ 22,592,102</b>	<b>\$ 15,802,604</b>

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS  
CHANGE IN NET ASSETS EXCLUDING EDA TIF ACTIVITY

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>EXPENSES</b>						
Governmental Activities						
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846	\$ 6,900,227	\$ 7,429,416
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353	29,298,255	29,333,107
Highways and Streets	8,729,150	9,286,945	11,532,401	4,555,019	10,113,187	12,059,057
Sanitation	531,458	600,961	930,335	864,300	1,126,761	1,190,250
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857	1,741,403	1,959,118
Culture and Recreation	246,447	229,402	226,608	239,480	251,527	277,806
Economic Development	1,158,602	1,406,319	1,303,688	52,011,995	2,008,387	1,991,344
Interest	1,237,618	978,608	2,073,221	3,895,783	3,695,876	4,322,420
Total Governmental Activities Expenses	<u>40,351,440</u>	<u>42,752,476</u>	<u>47,879,391</u>	<u>100,966,633</u>	<u>55,135,623</u>	<u>58,562,518</u>
Business-Type Activities						
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322	12,364,630
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>	<u>11,453,322</u>	<u>12,364,630</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<u>\$ 50,243,667</u>	<u>\$ 53,012,075</u>	<u>\$ 58,463,450</u>	<u>\$ 112,021,101</u>	<u>\$ 66,588,945</u>	<u>\$ 70,927,148</u>
<b>PROGRAM REVENUES</b>						
Governmental Activities						
Charges for Services						
General Government	\$ 1,102,884	\$ 1,093,124	\$ 1,075,793	\$ 1,133,556	\$ 1,333,707	\$ 1,361,435
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630	2,959,938	3,154,367
Highways and Streets	754,997	601,295	838,681	728,344	1,035,978	537,754
Sanitation	73,499	816,056	880,637	896,554	878,948	1,009,579
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373	2,250,535	860,461
Culture and Recreation	469,330	493,933	513,635	571,287	593,476	579,111
Economic Development	77,552	248,944	123,997	1,514,531	3,108,021	4,036,017
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158	2,129,235	1,959,997
Capital Grants and Contributions	579,609	700,558	687,300	-	3,928,216	7,097,285
Total Governmental Activities Program Revenues	<u>7,604,711</u>	<u>8,741,996</u>	<u>9,548,449</u>	<u>10,466,433</u>	<u>18,218,054</u>	<u>20,596,006</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS EXCLUDING EDA TIF ACTIVITY (Continued)

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>PROGRAM REVENUES (Continued)</b>						
Business-Type Activities						
Charges for Services						
Water/Sewer	\$ 8,404,183	\$ 8,919,572	\$ 10,240,821	\$ 9,386,132	\$ 10,378,340	\$ 9,989,993
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	1,448,966	2,146,311
Total Business-Type Activities Program Revenues	8,404,183	8,919,572	10,240,821	9,386,132	11,827,306	12,136,304
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 16,008,894</b>	<b>\$ 17,661,568</b>	<b>\$ 19,789,270</b>	<b>\$ 19,852,565</b>	<b>\$ 30,045,360</b>	<b>\$ 32,732,310</b>
<b>NET (EXPENSES) REVENUES</b>						
Governmental Activities	\$ (32,746,729)	\$ (34,010,480)	\$ (38,330,942)	\$ (90,500,200)	\$ (36,917,569)	\$ (37,966,512)
Business-Type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)	373,984	(228,326)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSES) REVENUES</b>	<b>\$ (34,234,773)</b>	<b>\$ (35,350,507)</b>	<b>\$ (38,674,180)</b>	<b>\$ (92,168,536)</b>	<b>\$ (36,543,585)</b>	<b>\$ (38,194,838)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>						
Governmental Activities						
Taxes						
Property	\$ 14,878,186	\$ 15,754,259	\$ 16,449,238	\$ 17,842,815	\$ 17,979,463	\$ 15,911,586
Sales	5,531,118	4,960,882	5,059,287	6,332,164	6,619,848	6,990,526
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651	5,147,174	5,529,993
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103	3,378,962	3,404,303
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758	1,323,132	755,637
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927	3,476,984	3,938,726
Other	1,557,709	1,679,970	1,807,840	3,141,679	3,901,359	3,840,774
Investment Earnings	429,786	359,295	1,690,290	3,271,265	1,663,534	1,141,282
Miscellaneous	213,611	297,218	236,165	788,180	723,047	556,431
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	9,850	(16,130)
Transfers (Out)	-	-	(50,500)	-	-	-
Total Governmental Activities	33,112,360	34,866,166	45,016,211	45,480,652	44,223,353	42,053,128

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS EXCLUDING EDA TIF ACTIVITY (Continued)

Last Five Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>						
(Continued)						
Business-Type Activities						
Investment Earnings	\$ 126,699	\$ 105,028	\$ 251,322	\$ 395,450	\$ 419,999	\$ 325,328
Miscellaneous	8,278	310,810	27,455	39,832	75,251	74,250
Gain on Sale of Capital Assets	-	-	-	-	18,185	7,600
Contributions	-	116,750	2,026,130	1,654,795	-	-
Transfers In	-	-	50,500	-	-	16,130
Transfers (Out)	-	-	-	(2,630)	(9,850)	-
Total Business-Type Activities	134,977	532,588	2,355,407	2,087,447	503,585	423,308
TOTAL PRIMARY GOVERNMENT	\$ 33,247,337	\$ 35,398,754	\$ 47,371,618	\$ 47,568,099	\$ 44,726,938	\$ 42,476,436
<b>CHANGE IN NET ASSETS</b>						
Governmental Activities	\$ 365,631	\$ 855,686	\$ 6,685,269	\$ (45,019,548)	\$ 7,305,784	\$ 4,086,616
Business-Type Activities	(1,353,067)	(807,439)	2,012,169	419,111	877,569	194,982
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ (987,436)	\$ 48,247	\$ 8,697,438	\$ (44,600,437)	\$ 8,183,353	\$ 4,281,598

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>GENERAL FUND</b>										
Reserved	\$ 373,857	\$ 1,348,922	\$ 1,433,427	\$ 1,508,813	\$ 1,517,642	\$ 1,578,110	\$ 1,663,522	\$ 709,834 <sup>b</sup>	\$ 405,464 <sup>b</sup>	\$ 469,637
Unreserved	12,998,113	14,451,493	12,681,774	14,207,167	13,134,103	12,079,973	14,363,833	14,302,062	13,608,472	12,370,115
<b>TOTAL GENERAL FUND</b>	<b>\$ 13,371,970</b>	<b>\$ 15,800,415</b>	<b>\$ 14,115,201</b>	<b>\$ 15,715,980</b>	<b>\$ 14,651,745</b>	<b>\$ 13,658,083</b>	<b>\$ 16,027,355</b>	<b>\$ 15,011,896</b>	<b>\$ 14,013,936</b>	<b>\$ 12,839,752</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$ 22,508,851	\$ 23,007,555	\$ 23,012,632	\$ 23,199,554	\$ 31,243,263	\$ 30,566,218	\$ 74,687,887 <sup>a</sup>	\$ 35,135,031 <sup>c</sup>	\$ 34,890,240 <sup>c</sup>	\$ 39,988,262
Unreserved, Reported In										
Special Revenue Funds	(213,373)	(104,052)	(14,036)	(299,539)	(251,801)	(13,215)	198,221	558,736	325,332	74,992
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	21,712,401	17,836,298	17,927,093	14,176,932	8,026,692	7,049,563	6,568,668	7,371,999	8,808,993	8,044,568
<b>TOTAL ALL OTHER GOVERNMENT FUNDS</b>	<b>\$ 44,007,879</b>	<b>\$ 40,739,801</b>	<b>\$ 40,925,689</b>	<b>\$ 37,076,947</b>	<b>\$ 39,018,154</b>	<b>\$ 37,602,566</b>	<b>\$ 81,454,776</b>	<b>\$ 43,065,766</b>	<b>\$ 44,024,565</b>	<b>\$ 48,107,822</b>

Note:

- <sup>a</sup> 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.
- <sup>b</sup> The substantial decrease in reserved fund balance in the General Fund for 2006 and 2007 is due to the repayment of a significant portion of the interfund loan to the EDA Administration Fund.
- <sup>c</sup> The substantial decrease in reserved fund balance in the Other Governmental Funds for 2006 and 2007 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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>REVENUES</b>										
Taxes	\$ 34,251,533	\$ 35,714,069	\$ 36,460,544	\$ 38,651,515	\$ 40,418,162	\$ 40,333,960	\$ 28,591,932	\$ 52,805,630	\$ 47,135,668	\$ 47,532,198
Licenses and Permits	797,930	820,302	1,201,939	1,182,921	1,417,756	1,613,441	2,032,103	1,974,164	2,637,624	1,313,427
Intergovernmental	10,786,179	12,342,108	12,968,152	13,119,641	12,320,841	11,091,829	11,912,242	13,484,480	14,496,249	15,090,587
Charges for Services	2,816,962	2,977,115	3,379,183	3,399,336	12,769,318	15,405,160	18,388,493	23,798,042	23,441,228	5,641,614
Fines and Forfeitures	704,552	880,466	855,569	902,403	760,890	808,496	763,189	973,637	1,347,750	1,682,621
Investment Income	3,250,394	3,857,703	3,326,084	1,955,541	1,437,372	1,547,181	2,526,601	4,312,040	2,450,774	1,768,185
Miscellaneous	1,846,250	3,546,503	6,158,921	6,496,890	401,198	677,244	444,639	1,812,212	3,630,999	4,647,638
<b>Total Revenues</b>	<b>54,453,800</b>	<b>60,138,266</b>	<b>64,350,392</b>	<b>65,708,247</b>	<b>69,525,537</b>	<b>71,477,311</b>	<b>64,659,199</b>	<b>99,160,205</b>	<b>95,140,292</b>	<b>77,676,270</b>
<b>EXPENDITURES</b>										
General Government	4,240,530	4,621,492	4,849,198	5,029,222	4,083,605	4,395,369	4,756,695	5,323,531	6,069,730	6,037,060
Public Safety	16,962,656	18,316,851	19,416,766	19,812,212	20,780,224	23,254,403	24,928,583	26,703,338	29,753,748	30,904,952
Highways and Streets	3,054,066	3,595,352	3,727,237	3,986,615	5,124,716	5,480,075	5,681,472	5,869,622	6,731,571	7,657,433
Sanitation	651,965	632,735	579,592	554,997	531,458	600,961	930,335	864,300	1,126,761	1,190,250
Health and Welfare	1,197,488	1,250,002	1,358,477	1,460,730	1,534,247	1,637,951	1,671,142	1,800,992	1,898,681	1,945,636
Culture and Recreation	225,658	268,791	283,906	281,344	235,705	222,720	223,112	241,172	289,403	276,335
Economic Development	530,550	592,027	789,035	714,776	1,109,856	1,367,588	1,295,346	1,611,713	1,596,225	2,116,346
Capital Outlay	10,626,087	15,161,470	14,149,269	23,896,355	7,929,784	2,992,795	3,827,231	56,236,459	20,642,131	19,130,399
Debt Service										
Principal	13,822,251	15,393,884	19,443,868	22,209,005	26,644,297	29,114,750	21,249,471	33,760,000	36,565,000	19,445,496
Interest and Other Charges	9,675,731	8,878,275	8,373,126	6,743,789	5,658,811	4,916,657	7,235,018	6,115,032	5,512,536	5,884,186
<b>Total Expenditures</b>	<b>60,986,982</b>	<b>68,710,879</b>	<b>72,970,474</b>	<b>84,689,045</b>	<b>73,632,703</b>	<b>73,983,269</b>	<b>71,798,405</b>	<b>138,526,159</b>	<b>110,185,786</b>	<b>94,588,093</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,533,182)</b>	<b>(8,572,613)</b>	<b>(8,620,082)</b>	<b>(18,980,798)</b>	<b>(4,107,166)</b>	<b>(2,505,958)</b>	<b>(7,139,206)</b>	<b>(39,365,954)</b>	<b>(15,045,494)</b>	<b>(16,911,823)</b>

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In	\$ 6,150,276	\$ 12,477,951	\$ 8,024,415	\$ 7,051,353	\$ 5,170,417	\$ 5,291,988	\$ 3,643,861	\$ 5,518,910	\$ 5,073,630	\$ 5,557,908
Transfers (Out)	(6,907,286)	(12,484,201)	(8,402,639)	(7,201,070)	(5,159,253)	(5,333,431)	(3,741,248)	(5,564,264)	(5,109,848)	(5,637,447)
Sale of Capital Assets	-	208,448	64,500	72,952	73,014	61,789	62,084	6,839	123,733	85,058
Bonds Issued, at Par	-	-	10,760,000	-	6,155,000	6,765,000	120,335,000	-	-	19,983,750
Note Proceeds	2,581,139	7,516,832	7,372,612	15,576,802	4,819,075	-	-	-	14,619,551	69,366
Payment to Escrow Agent	-	-	(10,757,630)	-	(6,118,307)	(6,852,230)	(66,518,105)	-	-	-
Premium (Discount) on Issuance of Bonds	-	-	59,498	-	44,192	163,592	(420,904)	-	-	(237,739)
<b>Total Other Financing Sources (Uses)</b>	<b>1,824,129</b>	<b>7,719,030</b>	<b>7,120,756</b>	<b>15,500,037</b>	<b>4,984,138</b>	<b>96,708</b>	<b>53,360,688</b>	<b>(38,515)</b>	<b>14,707,066</b>	<b>19,583,157</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (4,709,053)</b>	<b>\$ (853,583)</b>	<b>\$ (1,499,326)</b>	<b>\$ (3,480,761)</b>	<b>\$ 876,972</b>	<b>\$ (2,409,250)</b>	<b>\$ 46,221,482</b>	<b>\$ (39,404,469)</b>	<b>\$ (338,428)</b>	<b>\$ 2,671,334</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL NONCAPITAL EXPENDITURES</b>	<b>47.61%</b>	<b>46.21%</b>	<b>48.14%</b>	<b>48.26%</b>	<b>49.61%</b>	<b>48.26%</b>	<b>42.23%</b>	<b>48.85%</b>	<b>47.47%</b>	<b>31.92%</b>

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
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	0.936	5,039,919,714	33.333%
2005	885,637,285	403,147,597	163,668,867	187,940	378,056,826	1,830,698,515	0.901	5,492,095,545	33.333%
2006	924,697,143	396,636,596	187,592,635	199,404	397,888,085	1,907,013,863	0.910	5,721,041,589	33.333%
2007	(B)								
2008	(B)								

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

(B) 2007 detail valuations and 2008 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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Village Direct Rates (A)</b>											
General	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	0.566	(B)
Municipal Waste	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	0.000	
IMRF	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	0.091	
Police Pension	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	0.094	
Firefighters' Pension	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	0.069	
<b>Total Direct Rate</b>	<b>1.156</b>	<b>1.096</b>	<b>1.157</b>	<b>0.995</b>	<b>0.974</b>	<b>1.024</b>	<b>0.936</b>	<b>0.901</b>	<b>0.909</b>	<b>0.820</b>	
<b>Overlapping Rates</b>											
School District #54	3.595	3.532	3.706	3.283	3.142	3.414	3.106	3.003	3.104	2.582	
Palatine Twp. H.S. #211	2.464	2.418	2.450	2.147	2.067	2.165	2.158	2.191	2.261	1.972	
Junior College District #512	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260	
Forest Preserve District of Cook County	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	0.000	
Schaumburg Township Library District	0.358	0.361	0.372	0.319	0.304	0.319	0.285	0.277	0.287	0.256	
Township of Schaumburg (All Funds)	0.127	0.110	0.107	0.110	0.105	0.111	0.101	0.100	0.104	0.089	
Metropolitan Sanitary District of Greater Chicago	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	0.008	
Hoffman Estates Park District	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	0.420	
Consolidated Elections	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	0.012	
County of Cook	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	0.446	
Cook County Health Facility	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	0.000	0.000	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>10.024</b>	<b>9.749</b>	<b>10.072</b>	<b>8.942</b>	<b>8.510</b>	<b>8.976</b>	<b>8.373</b>	<b>8.167</b>	<b>8.285</b>	<b>7.181</b>	
<b>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>11.5%</b>	<b>11.2%</b>	<b>11.5%</b>	<b>11.1%</b>	<b>11.4%</b>	<b>11.4%</b>	<b>11.2%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.4%</b>	

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

(B) 2008 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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Village Direct Rates (A)</b>											
General	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	0.566	(B)
Municipal Waste	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	0.000	0.000
IMRF	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	0.091	
Police Pension	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	0.094	
Firefighters' Pension	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	0.069	
<b>Total Direct Rate</b>	<b>1.156</b>	<b>1.096</b>	<b>1.157</b>	<b>0.995</b>	<b>0.974</b>	<b>1.024</b>	<b>0.936</b>	<b>0.901</b>	<b>0.909</b>	<b>0.820</b>	
<b>Overlapping Rates</b>											
Unit School District #220	3.511	3.617	3.862	3.852	3.741	4.011	3.456	3.348	3.460	3.148	
Junior College District #512	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260	
Forest Preserve District of Cook County	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	0.000	
Barrington Public Library District	0.202	0.227	0.241	0.229	0.229	0.230	0.201	0.166	0.180	0.166	
Township of Barrington (All Funds)	0.057	0.057	0.059	0.052	0.041	0.036	0.030	0.028	0.027	0.023	
Metropolitan Sanitary District of Greater Chicago	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	0.008	
Hoffman Estates Park District	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	0.420	
Consolidated Elections	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	0.012	
County of Cook	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	0.446	
Cook County Health Facility	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	0.000	0.000	
Lake County Tax Obj Ct Ord-220	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.065	0.053	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>7.250</b>	<b>7.229</b>	<b>7.599</b>	<b>7.216</b>	<b>6.903</b>	<b>7.244</b>	<b>6.410</b>	<b>6.138</b>	<b>6.261</b>	<b>5.672</b>	
<b>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>15.9%</b>	<b>15.2%</b>	<b>15.2%</b>	<b>13.8%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>14.6%</b>	<b>14.7%</b>	<b>14.5%</b>	<b>14.5%</b>	

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

(B) 2008 Tax Rates were not available at the time of issuance of this report.

Data Source

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
PALATINE TOWNSHIP

Last Ten Levy Years

Tax Levy Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Village Direct Rates (A)</b>											
General	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	0.566	(B)
Municipal Waste	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	0.000	0.000
IMRF	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	0.091	
Police Pension	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	0.094	
Firefighters' Pension	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	0.069	
<b>Total Direct Rate</b>	<b>1.156</b>	<b>1.096</b>	<b>1.157</b>	<b>0.995</b>	<b>0.974</b>	<b>1.024</b>	<b>0.936</b>	<b>0.901</b>	<b>0.909</b>	<b>0.820</b>	
<b>Overlapping Rates</b>											
School District #15	3.662	3.611	3.749	3.289	3.185	3.313	2.925	2.840	2.763	2.435	
Palatine Twp. H.S. #211	2.464	2.418	2.450	2.147	2.067	2.165	2.158	2.191	2.261	1.972	
Junior College District #512	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260	
Forest Preserve District of Cook County	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	0.000	
Palatine Public Library	0.359	0.361	0.381	0.322	0.310	0.315	0.280	0.271	0.280	0.246	
Township of Palatine (All Funds)	0.152	0.149	0.145	0.127	0.123	0.129	0.116	0.114	0.120	0.107	
Metropolitan Sanitary District of Greater Chicago	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	0.008	
Hoffman Estates Park District	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	0.420	
Consolidated Elections	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	0.012	
County of Cook	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	0.446	
Cook County Health Facility	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	0.000	0.000	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>10.117</b>	<b>9.867</b>	<b>10.162</b>	<b>8.968</b>	<b>8.577</b>	<b>8.889</b>	<b>8.202</b>	<b>8.012</b>	<b>7.953</b>	<b>7.042</b>	
<b>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>11.4%</b>	<b>11.1%</b>	<b>11.4%</b>	<b>11.1%</b>	<b>11.4%</b>	<b>11.5%</b>	<b>11.4%</b>	<b>11.2%</b>	<b>11.4%</b>	<b>11.6%</b>	

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

(B) 2008 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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Village Direct Rates (A)</b>											
General	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	0.566	(B)
Municipal Waste	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	0.000	
IMRF	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	0.091	
Police Pension	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	0.094	
Firefighters' Pension	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	0.069	
<b>Total Direct Rate</b>	<b>1.156</b>	<b>1.096</b>	<b>1.157</b>	<b>0.995</b>	<b>0.974</b>	<b>1.024</b>	<b>0.936</b>	<b>0.901</b>	<b>0.909</b>	<b>0.820</b>	
<b>Overlapping Rates</b>											
Unit School District #220	3.511	3.617	3.862	3.852	3.741	4.011	3.456	3.348	3.460	3.148	
Junior College District #512	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260	
Forest Preserve District of Cook County	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	0.000	
Poplar Creek Public Library District	0.397	0.388	0.406	0.351	0.340	0.355	0.318	0.304	0.310	0.367	
Township of Hanover (All Funds)	0.251	0.246	0.254	0.225	0.259	0.273	0.242	0.237	0.250	0.224	
Metropolitan Sanitary District of Greater Chicago	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	
Northwest Mosquito Abatement District	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	0.008	
Hoffman Estates Park District	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	0.420	
Consolidated Elections	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	0.012	
County of Cook	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	0.446	
Cook County Health Facility	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	0.000	0.000	
Comm. Mental Health Facility and Service District	0.049	0.044	0.045	0.040	0.038	0.040	0.036	0.035	0.037	0.033	
Lake County Tax Obj Ct Ord-220	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.065	0.053	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>7.688</b>	<b>7.623</b>	<b>8.004</b>	<b>7.551</b>	<b>7.270</b>	<b>7.646</b>	<b>6.775</b>	<b>6.520</b>	<b>6.651</b>	<b>6.107</b>	
<b>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>15.0%</b>	<b>14.4%</b>	<b>14.5%</b>	<b>13.2%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>13.7%</b>	<b>13.4%</b>	

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

(B) 2008 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	2007 Tax Levy			1998 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 Holdings Corporation	\$ 272,061,625	1	12.15%	\$ 234,716,379	1	26.56%
AT&T Lease & SBC Ameritech	174,727,922	2	7.80%	105,117,922	2	11.90%
Property Tax Advisors	52,168,274	3	2.33%			
Alexian Brothers Health Systems	39,454,457	4	1.76%	36,587,583	3	4.14%
Lisa Philips	33,091,905	5	1.48%			
Stonegate Properties	23,910,129	6	1.07%	19,918,417	5	2.25%
American Heritage	21,561,506	7	0.96%			
Madkatstep Entertainment	21,290,081	8	0.95%			
Hamilton Partners				20,457,657	4	2.32%
G.E. Commercial Finance	18,257,983	9	0.82%			
Town Management Corporation				18,101,689	6	2.05%
Thompson Property Tax	17,813,490	10	0.80%			
Park Place Apartments				13,282,356	7	1.50%
Autumn Chase Apartments				10,053,138	8	1.14%
Siemens Medical System				9,233,453	9	1.04%
Hilldale Atrium Center				7,952,273	10	0.90%
	<u>\$ 674,337,372</u>		<u>30.10%</u>	<u>\$ 475,420,867</u>		<u>53.80%</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
1998	\$ 10,191,844	\$ 9,798,497.00	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%	124,837	12,791,444	97.79%
2006	13,727,555	13,060,920	95.14%	80,301	13,141,221	95.73%
2007	14,540,987	13,815,590	95.01%	89,817	13,905,407	95.63%
2008	15,441,283	(A)				

(A) Collections for the 2008 Tax Levy Year will not be received until fiscal year 2009.

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 Personal Income*	Per Capita*
	General Obligation Bonds	TIF Bonds Payable	TIF Notes Payable	Installment Contracts Payable	General Obligation Bonds	Installment Notes Payable	Capital Leases			
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%	4,868
2007	68,670,000	45,600,000	113,624,749	-	-	-	-	227,894,749	16.9%	4,506
2008	84,043,750	34,900,000	112,976,570	-	6,661,250	-	-	238,581,570	17.7%	4,718

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

\* See the Schedule of Demographic and Economic Information on page 174 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
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	1.21%	1,368.53
2007	68,670,000	2,886,519	65,783,481	1.03%	1,300.76
2008	84,043,750	4,206,373	79,837,377	1.11%	1,578.66

(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 financial statements.

\* See the schedule of Assessed and Actual Value of Taxable Property on page 162 for property value data.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2008

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	\$ 84,043,750	100.000%	\$ 84,043,750
Dundee Township	13,695,000	0.093%	12,736
Schaumburg Township	-	14.572%	-
Dundee Township Park District	1,651,305	0.093%	1,536
Hoffman Estates Park District	9,000,000	93.544%	8,418,960
Palatine Park District	13,495,000	2.444%	329,818
South Barrington Park District	891,000	0.037%	330
Schools			
District No. 211	41,820,000	12.348%	5,163,934
District No. 54	8,380,000	14.728%	1,234,206
District No. 15	37,862,582	7.204%	2,727,620
District No. 220	106,305,000	11.265%	11,975,258
District No. 300	313,184,365	1.377%	4,312,549
District No. 46	316,460,991	2.915%	9,224,838
Junior College District No. 512	43,125,000	6.303%	2,718,169
Junior College District No. 509	54,903,488	2.122%	1,165,052
Metropolitan Water Reclamation District	1,379,237,302	1.133%	15,626,759
Cook County including Forest Preserve District	3,013,080,000	1.114%	33,565,711
Kane County including Forest Preserve District	255,810,866	0.012%	30,697
Gail Borden Library District	25,190,000	5.108%	1,286,705
Palatine Library District	3,270,000	9.629%	314,868
Poplar Creek Library District	19,015,000	7.530%	1,431,830
Schaumburg Library District	6,075,000	15.119%	918,479
	<u>5,662,451,899</u>		<u>100,460,055</u>
	<u>\$ 5,746,495,649</u>		<u>\$ 184,503,805</u>

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

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2008

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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 <sup>b</sup>			
	Incremental Property Taxes	Less Governmental Share	Less Program Expenses	Available for Debt Service	Debt Service			Coverage <sup>a</sup>	Incremental Property Taxes	Debt Service		
					Principal	Interest	Coverage <sup>a</sup>			Principal	Interest	Coverage
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
2007	23,313,072	(6,478,656)	(407,425)	16,426,991	32,215,000	1,484,344		0.49	-	-	-	N/A
2008	25,642,341	(7,440,441)	(349,379)	17,852,521	10,700,000	1,143,544		1.51	4,135,496	4,135,496	-	1.00

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

<sup>a</sup> 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.

<sup>b</sup> 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

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Fiscal Year	(1) Population	(1) Personal Income	(1) Per Capita Personal Income	(2) Unemployment Rate
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	50,573	1,348,731,337	26,669	3.4
2007	50,573	1,722,718,672	34,064	3.5
2008	50,573	1,541,161,602	30,474	5.5

Data Sources

(1) U.S. Department of Commerce, Bureau of the Census. In 2003, a partial Special Census certified by the State of Illinois established the figure shown here.

(2) Illinois Bureau of Employment Security

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2008			1999		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Sears Holdings	6,000	1	11.9%	5,198	1	11.2%
AT&T	2,700	2	5.3%	3,300	2	7.1%
St. Alexius Medical Center	2,045	3	4.0%	1,100	3	2.4%
GE Commercial Finance	800	4	1.6%			
Automated Data Processing	700	5	1.4%	600	6	1.3%
Career Education Corporation	650	6	1.3%			
Siemens Medical Systems	586	7	1.2%	600	5	1.3%
Village of Hoffman Estates	412	8	0.8%	385	8	0.8%
CBI Distributing Corp (Claire's)	400	9	0.8%			
Leopardo Companies, Inc.	400	9	0.8%			
Liberty Mutual	400	9	0.8%			
Township High School No. 211	323	10	0.6%	651	4	1.4%
Schaumburg Community S.D. No. 54				426	7	0.9%
North Suburban Clinic				350	9	0.8%
Bosch Rexroth Corporation	220			200	10	0.4%
TOTAL	15,636			12,810		

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Management Services	23	23	25	27	27	25	25	26	29	32
Finance	16	16	16	17	16	15	15	15	16	16
Public Safety										
Police										
Officers	91	96	94	95	94	95	94	97	99	100
Civilians	23	21	24	24	24	24	24	24	25	25
Fire										
Firefighters and Officers	93	92	92	92	99	98	98	100	103	111
Civilians	4	4	4	4	4	4	5	5	4	3
Highways and Streets										
Administration	3	3	3	3	3	3	3	3	4	4
Engineering	12	12	12	11	11	11	11	11	12	11
Street Maintenance	68	68	70	69	70	70	70	72	73	75
Sanitation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	23	24	24	24	24	23	23	24	24	25
Culture and Recreation	1	1	1	2	2	2	2	2	1	2
Economic Development	6	7	9	10	10	10	10	9	10	10
<b>TOTAL</b>	<b>363</b>	<b>367</b>	<b>374</b>	<b>378</b>	<b>384</b>	<b>380</b>	<b>380</b>	<b>388</b>	<b>399</b>	<b>412</b>

Data Source

Village budget documents

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety</b>										
<b>Police</b>										
Physical Arrests	6,327	8,072	2,247	2,200	1,877	2,008	1,956	2,838	2,418	2,360
Parking Violations	26,356	37,080	8,042	7,331	4,497	5,553	6,321	8,750	8,503	9,608
Traffic Violations	56,624	70,538	16,966	16,604	16,488	16,189	17,765	18,834	12,641	18,700
<b>Fire</b>										
Emergency Responses	2,484	2,721	2,624	2,854	2,889	2,860	2,994	4,984	5,276	5,414
Fire/Miscellaneous Responses	1,835	1,766	1,817	1,646	1,681	1,731	1,758	1,751	1,721	1,956
Inspections	N/A	2,932	2,669	2,796	3,156	3,023	2,923	3,415	3,136	3,282
<b>Public Works</b>										
Vehicles Maintained by Dept	166	168	179	177	179	178	182	191	201	230
Street Reconstruction (Miles)	7.1	6.5	4.2	1.1	1.4	1.5	1.4	1.8	2.0	0.5
Street Resurfacing (Miles)	3.8	5.1	8.6	8.0	4.7	7.1	2.5	5.2	3.4	4.3
<b>Water</b>										
New Connections	12	51	202	237	190	224	237	200	227	54
Water Main Breaks	41	7	12	18	35	23	45	41	66	53
Average Daily Consumption	5,650,841	5,304,614	5,502,910	5,542,619	5,314,263	5,346,751	5,829,000	5,318,000	5,349,000	5,082,000
Peak Daily Consumption	N/A	7,768,000	9,400,000	9,631,000	8,781,000	12,586,000	11,478,000	8,653,000	9,885,000	8,417,000

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety</b>										
<b>Police</b>										
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	41	39	41	40	41	42	47	47	51
<b>Fire</b>										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	8	9	9	9	9	9	9	9	10	12
<b>Public Works</b>										
Miles of Streets	140	140	141	141	142	142	145	145	157	158
Streetlights	N/A	N/A	N/A	N/A	N/A	2,196	2,246	2,261	2,261	2,261
Traffic Signals	2	2	2	2	2	2	2	3	3	3
<b>Water</b>										
Water Mains (Miles)	201	202	208	213	218	221	224	226	228	232
Fire Hydrants	2,393	2,427	2,527	2,581	2,671	2,727	2,775	2,815	2,854	2,926
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
<b>Wastewater</b>										
Sanitary Sewers (Miles)	165	166	167	169	171	172	173	175	176	179
Storm Sewers (Miles)	N/A	N/A	N/A	N/A	N/A	102	106	107	111	10

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, 2008**

**"Annual Report"**

**Prepared by:**  
**Finance Department**  
**Michael DuCharme, Director of Finance**  
**847-882-9100**

**Village of Hoffman Estates**  
**Comparative General Fund Balance Sheet**

Fiscal Years Ended December 31

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Assets</b>					
Cash and Investments	\$11,490,275	\$14,366,578	\$14,501,358	\$12,213,972	\$10,574,805
Receivables:					
Property Taxes	11,381,614	11,426,163	12,061,945	13,604,904	13,456,391
Accounts	42,987	40,584	84,793	25,448	121,345
Accrued Interest	4,770	81,970	55,154	30,738	15,984
Other	309,307	429,213	410,277	711,378	807,566
Prepaid Items	16,959	16,993	17,324	6,154	63,294
Inventory	152,058	166,857	188,866	190,218	216,620
Due from Other Governments	3,316,532	3,192,471	3,619,080	4,019,113	3,900,678
Due from Other Funds	89,811	52,416	113,418	1,066,479	2,646,552
Due from Fiduciary Funds	-	-	-	-	112,976
Advance to Other Funds	1,185,532	1,237,885	287,849	-	-
Advance to Fiduciary Funds	5,470	-	4,000	11,000	5,000
<b>Total Assets</b>	<u>\$27,995,315</u>	<u>\$31,011,130</u>	<u>\$31,344,064</u>	<u>\$31,879,404</u>	<u>\$31,921,211</u>
<b>Liabilities</b>					
Accounts Payable	\$526,370	\$716,456	\$1,041,934	\$1,471,498	\$1,752,815
Accrued Payroll	695,220	786,865	851,509	1,021,549	1,325,720
Deferred Revenues	11,504,468	12,082,680	12,905,051	13,770,134	14,440,946
Due to Other Funds	649,862	2,363	129,309	0	87,799
Due to Fiduciary Funds	56,692	58,588	25,707	187,916	5,906
Deposits Payable	904,620	1,336,823	1,378,658	1,414,371	1,468,273
<b>Total Liabilities</b>	<u>\$14,337,232</u>	<u>\$14,983,775</u>	<u>\$16,332,168</u>	<u>\$17,865,468</u>	<u>\$19,081,459</u>
<b>Fund Balances</b>					
Reserved for Prepaid Items	\$16,959	\$16,993	\$17,324	\$6,154	\$63,294
Reserved for Inventory	152,058	166,857	188,866	190,218	216,620
Reserved for Advances to Other Funds	1,191,002	1,237,885	291,849	11,000	5,000
Reserved for Public Safety	134,286	142,319	121,797	116,371	114,324
Reserved for Employee Loan Program	83,805	99,468	89,998	81,721	70,399
Unreserved	12,079,973	14,363,833	14,302,062	13,608,472	12,370,115
<b>Total Equity and Credits</b>	<u>\$13,658,083</u>	<u>\$16,027,355</u>	<u>\$15,011,896</u>	<u>\$14,013,936</u>	<u>\$12,839,752</u>
 Total Liabilities, Equity and Other Credits	 <u>\$27,995,315</u>	 <u>\$31,011,130</u>	 <u>\$31,344,064</u>	 <u>\$31,879,404</u>	 <u>\$31,921,211</u>

Sources Comprehensive Annual Financial Reports, FY 2004 - 2008

**Village of Hoffman Estates**  
**General Fund Revenues & Expenditures**

Fiscal Years Ended December 31

	2004	2005	2006	2007	2008	Budget 2009
<b>Revenues:</b>						
Taxes	\$18,390,341	\$21,358,959	\$20,909,646	\$21,710,526	\$22,702,394	\$24,034,113
Licenses and Permits	1,613,441	2,032,103	1,974,164	2,637,624	1,313,427	1,157,440
Intergovernmental	9,348,021	10,191,818	11,781,393	12,713,142	13,474,956	13,887,630
Charges for Services	2,503,993	3,754,742	4,100,996	4,950,909	4,566,938	5,022,230
Fines and Forfeits	571,439	597,037	825,005	1,160,360	1,451,980	1,162,680
Investment Income	161,811	426,348	745,136	700,628	345,136	350,000
Miscellaneous	436,486	279,439	151,937	362,605	602,449	189,500
<b>Total Revenues</b>	<u>\$33,025,532</u>	<u>\$38,640,446</u>	<u>\$40,488,277</u>	<u>\$44,235,794</u>	<u>\$44,457,280</u>	<u>\$45,803,593</u>
<b>Expenditures:</b>						
General Government	\$4,213,656	\$4,559,935	\$5,096,565	\$5,534,581	\$5,817,443	\$6,001,730
Public Safety	20,443,226	21,932,451	23,836,847	26,217,176	27,011,405	28,519,503
Highways and Streets	4,053,212	4,265,588	4,436,085	5,286,342	6,261,272	5,703,570
Health and Welfare	1,637,951	1,671,142	1,800,992	1,898,681	1,945,636	1,891,860
Culture and Recreation	222,720	223,112	241,172	289,403	276,335	417,140
Economic Development	1,127,451	1,219,030	971,705	1,393,040	1,932,884	2,017,420
Miscellaneous	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>\$31,698,216</u>	<u>\$33,871,258</u>	<u>\$36,383,366</u>	<u>\$40,619,223</u>	<u>\$43,244,975</u>	<u>\$44,551,223</u>
Excess (Deficiency) of Revenues Over Exp	\$1,327,316	\$4,769,188	\$4,104,911	\$3,616,571	\$1,212,305	\$1,252,370
Other Financing Sources (Uses)	<u>(\$2,320,978)</u>	<u>(\$2,399,916)</u>	<u>(\$5,120,370)</u>	<u>(\$4,614,531)</u>	<u>(\$2,386,489)</u>	<u>(\$1,245,200)</u>
Net Change in Fund Balance	(993,662)	2,369,272	(1,015,459)	(997,960)	(1,174,184)	7,170
Fund Balance, January 1	<u>14,651,745</u>	<u>13,658,083</u>	<u>16,027,355</u>	<u>\$15,011,896</u>	<u>\$14,013,936</u>	<u>\$12,839,752</u>
Ending Fund Balance	<u>\$13,658,083</u>	<u>\$16,027,355</u>	<u>\$15,011,896</u>	<u>\$14,013,936</u>	<u>\$12,839,752</u>	<u>\$12,846,922</u>

Sources Comprehensive Annual Financial Reports, Fiscal Years 2004 - 2008; Budget, Fiscal Year 2009

**Village of Hoffman Estates**  
**Combined Statement - Fund Balances - All Funds**  
Fiscal Years Ended December 31

	2004	2005	2006	2007	2008
<b>Governmental Fund Types:</b>					
General Fund	\$13,658,083	\$16,027,355	\$15,011,896	\$14,013,936	\$12,839,752
Special Revenue Funds:					
Motor Fuel Tax Fund	164,435	209,497	222,347	219,094	137,107
Com. Development Block Grant Fund	-	-	-	1	1
Asset Seizure Fund	96,899	90,630	89,661	96,522	128,209
Econ. Dev. Area Admin.	14,500	151,904	751,429	359,265	453,451
E911	702,695	859,443	1,011,980	1,157,635	924,651
Roselle Rd TIF	(118,376)	332,708	483,744	1,172,555	2,126,206
Municipal Waste	264,810	226,853	599,953	373,656	126,568
Total Special Revenue	\$1,124,963	\$1,871,035	\$3,159,114	\$3,378,728	\$3,896,193
Debt Service Funds	\$22,311,111	\$17,360,240	\$26,682,454	\$26,571,279	\$28,505,183
Capital Project Funds	14,166,492	62,223,501	13,224,198	14,074,558	15,706,446
Total Governmental	\$51,260,649	\$97,482,131	\$58,077,662	\$58,038,501	\$60,947,574
<b>Proprietary Fund Types:</b>					
Waterworks and Sewerage	\$31,168,945	\$33,181,114	\$33,600,225	\$34,477,794	\$34,672,776
Insurance	286,345	103,957	23,151	954,825	599,874
Information Systems	335,926	229,519	378,882	678,423	570,450
Total Proprietary	\$31,791,216	\$33,514,590	\$34,002,258	\$36,111,042	\$35,843,100
<b>Fiduciary Fund Types:</b>					
Expendable Trust Funds	-	-	-	-	-
Pension Trust:					
Police Pension	\$36,312,218	\$38,197,403	\$41,968,210	\$45,509,710	\$40,439,193
Firefighters' Pension	40,731,107	43,322,571	46,581,608	49,711,799	43,975,311
Total Fiduciary	\$77,043,325	\$81,519,974	\$88,549,818	\$95,221,509	\$84,414,504
<i>Total All Funds (Memo Only)</i>	\$160,095,190	\$212,516,695	\$180,629,738	\$189,371,052	\$181,205,178

Sources Comprehensive Annual Financial Reports, FY 2004 - 2008

**Village of Hoffman Estates**  
**Combined Statement - Cash and Investments - All Funds**

As of December 31

	2004	2005	2006	2007	2008
General Fund	\$11,490,275	\$14,366,578	\$14,501,358	\$12,213,972	\$10,574,805
Special Revenue Funds	2,829,903	3,106,000	3,962,652	3,776,172	4,585,577
Debt Service - GO Bonds	443,864	5,038,205	3,791,960	2,696,779	4,192,144
Debt Service - EDA Related	21,888,129	12,291,217	22,936,906	23,762,202	24,475,971
Total Debt Service Funds	\$22,331,993	\$17,329,422	\$26,728,866	\$26,458,981	\$28,668,115
Capital Project Funds	\$8,752,794	\$56,984,193	\$9,050,771	\$11,772,164	\$18,167,827
Capital Projects - EDA, Series 1991	6,753,686	6,336,199	5,702,157	4,973,716	4,517,254
Total Capital Project Funds	\$15,506,480	\$63,320,392	\$14,752,928	\$16,745,880	\$22,685,081
Waterworks and Sewerage	\$7,894,210	\$8,747,938	\$8,554,011	\$8,733,814	\$12,696,513
Insurance	\$1,371,809	\$1,179,764	\$1,038,953	\$2,032,468	\$2,098,246
Information Systems	284,872	223,549	462,428	733,055	655,694
Total Internal Service Funds	\$1,656,681	\$1,403,313	\$1,501,381	\$2,765,523	\$2,753,940
Pension Funds	\$2,036,009	\$1,049,948	\$3,357,826	\$2,499,588	\$2,541,339
All Other Funds	1,278,474	1,672,447	7,717,363	6,814,816	13,170,550
Total	\$65,024,025	\$110,996,038	\$81,076,385	\$80,008,746	\$97,675,920

Sources Comprehensive Annual Financial Reports, FY 2004 - 2008

**Village of Hoffman Estates**  
**General Fund - Major Sources of Revenue**  
Fiscal Years Ended December 31

<b>Revenues</b>	2004	2005	2006	2007	2008
Property Taxes	\$7,975,685	\$8,198,660	\$8,783,938	\$9,007,836	\$9,563,610
Sales Tax	5,011,076	5,055,579	6,233,965	6,590,165	6,990,526
Home Rule Sales tax	1,785,199	2,591,899	3,216,848	3,456,973	3,938,726
Local Use Tax	524,368	578,229	662,370	670,755	748,732
State Income Tax	3,213,757	3,773,525	4,140,270	4,475,720	4,781,261
Licenses and Permits	1,613,441	2,032,103	1,974,164	2,637,624	1,313,427
Charges for Services	2,503,993	3,754,742	4,100,996	4,950,909	4,566,938
Fines and Forfeits	571,439	597,037	825,005	1,160,360	1,451,980
Investment Income	161,811	426,348	745,136	700,625	345,136
Hotel Tax	703,233	750,028	1,070,456	1,106,043	1,263,922
Real Estate Transfer Tax	1,272,280	3,040,388	1,111,758	1,323,132	755,637
Telecommunications Tax	3,976,737	4,097,034	3,753,103	3,378,962	3,404,303
All Other	3,714,048	3,748,035	3,877,106	4,785,947	5,349,802
Total Revenue.....	<u>\$33,027,067</u>	<u>\$38,643,607</u>	<u>\$40,495,115</u>	<u>\$44,245,051</u>	<u>\$44,474,000</u>

*Source: Village Finance Department*

**Village of Hoffman Estates**  
Direct and Overlapping General Obligation Debt  
As of December 31, 2008

	<u>Outstanding</u> <u>Bonds</u>	<u>Applicable to Village</u> <u>Percentage</u>	<u>Amount</u>
<b>Direct Debt</b>			
General Obligation Bonds Outstanding	\$90,705,000	100.0%	\$90,705,000
<b>Overlapping Debt</b>			
Cook County	\$2,897,975,000	1.114%	\$32,283,442
Cook County Forest Preserve	115,105,000	1.114%	1,282,270
Metropolitan Water Reclamation District	1,379,237,302	1.133%	15,626,759
Kane County	7,010,000	0.012%	841
Kane County Forest Preserve	248,800,866	0.012%	29,856
Dundee Township	13,695,000	0.093%	12,736
Dundee Township Park District	1,651,305	0.093%	1,536
Hoffman Estates Park District	9,000,000	93.544%	8,418,960
Palatine Park District	13,495,000	2.444%	329,818
South Barrington Park District	891,000	0.037%	330
Gail Borden Public Library District	25,190,000	5.108%	1,286,705
Palatine Public Library District	3,270,000	9.629%	314,868
Poplar Creek Library District	19,015,000	7.530%	1,431,830
Schaumburg Township Library District	6,075,000	15.119%	918,479
School District #15	37,862,582	7.204%	2,727,620
Community Unit School District #46	316,460,991	2.915%	9,224,838
School District #54	8,380,000	14.728%	1,234,206
Community Unit School District #220	106,305,000	11.265%	11,975,258
Community Unit School District #300	313,184,365	1.377%	4,312,549
High School District #211	41,820,000	12.348%	5,163,934
Community College #509	54,903,488	2.122%	1,165,052
Community College #512	43,125,000	6.303%	<u>2,718,169</u>
			\$100,460,055
<b>Total Direct and Overlapping General Obligation Bonded Debt</b>			<b>\$191,165,055</b>

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Source: Cook and Kane County Clerk's Offices

**Village of Hoffman Estates, Illinois**  
**Total General Obligation Bond Debt Service**  
As of December 31, 2008

Year Ended (December 1)	Prior Principal and Interest			Series 2005A Bonds			Series 2008A Bonds			Total GO Debt Outstanding		
	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service
2009	\$3,800,000	\$439,688	\$4,239,688	\$1,120,000	\$2,775,858	\$3,895,858	-	\$1,332,250	\$1,332,250	\$4,920,000	\$4,547,796	\$9,467,796
2010	3,355,000	291,713	3,646,713	1,175,000	2,724,338	3,899,338	-	1,332,250	1,332,250	4,530,000	4,348,301	8,878,301
2011	2,610,000	161,310	2,771,310	1,230,000	2,669,700	3,899,700	-	1,332,250	1,332,250	3,840,000	4,163,260	8,003,260
2012	1,465,000	59,973	1,524,973	1,285,000	2,611,890	3,896,890	-	1,332,250	1,332,250	2,750,000	4,004,113	6,754,113
2013	-	-	-	1,345,000	2,550,210	3,895,210	-	1,332,250	1,332,250	1,345,000	3,882,460	5,227,460
2014	-	-	-	1,415,000	2,484,305	3,899,305	-	1,332,250	1,332,250	1,415,000	3,816,555	5,231,555
2015	-	-	-	1,485,000	2,414,263	3,899,263	-	1,332,250	1,332,250	1,485,000	3,746,513	5,231,513
2016	-	-	-	1,555,000	2,340,013	3,895,013	-	1,332,250	1,332,250	1,555,000	3,672,263	5,227,263
2017	-	-	-	1,635,000	2,261,485	3,896,485	-	1,332,250	1,332,250	1,635,000	3,593,735	5,228,735
2018	-	-	-	1,720,000	2,177,283	3,897,283	-	1,332,250	1,332,250	1,720,000	3,509,533	5,229,533
2019	-	-	-	1,810,000	2,087,843	3,897,843	-	1,332,250	1,332,250	1,810,000	3,420,093	5,230,093
2020	-	-	-	1,905,000	1,992,818	3,897,818	-	1,332,250	1,332,250	1,905,000	3,325,068	5,230,068
2021	-	-	-	2,005,000	1,892,805	3,897,805	-	1,332,250	1,332,250	2,005,000	3,225,055	5,230,055
2022	-	-	-	2,110,000	1,787,543	3,897,543	-	1,332,250	1,332,250	2,110,000	3,119,793	5,229,793
2023	-	-	-	2,225,000	1,674,130	3,899,130	-	1,332,250	1,332,250	2,225,000	3,006,380	5,231,380
2024	-	-	-	2,345,000	1,554,536	3,899,536	-	1,332,250	1,332,250	2,345,000	2,886,786	5,231,786
2025	-	-	-	2,470,000	1,428,493	3,898,493	-	1,332,250	1,332,250	2,470,000	2,760,743	5,230,743
2026	-	-	-	2,600,000	1,295,730	3,895,730	-	1,332,250	1,332,250	2,600,000	2,627,980	5,227,980
2027	-	-	-	2,740,000	1,155,330	3,895,330	-	1,332,250	1,332,250	2,740,000	2,487,580	5,227,580
2028	-	-	-	2,890,000	1,007,370	3,897,370	-	1,332,250	1,332,250	2,890,000	2,339,620	5,229,620
2029	-	-	-	3,045,000	851,310	3,896,310	-	1,332,250	1,332,250	3,045,000	2,183,560	5,228,560
2030	-	-	-	3,210,000	686,880	3,896,880	2,415,000	1,332,250	3,747,250	5,625,000	2,019,130	7,644,130
2031	-	-	-	3,385,000	513,540	3,898,540	2,540,000	1,211,500	3,751,500	5,925,000	1,725,040	7,650,040
2032	-	-	-	3,565,000	330,750	3,895,750	2,665,000	1,084,500	3,749,500	6,230,000	1,415,250	7,645,250
2033	-	-	-	2,560,000	138,240	2,698,240	2,795,000	951,250	3,746,250	5,355,000	1,089,490	6,444,490
2034	-	-	-	-	-	-	2,935,000	811,500	3,746,500	2,935,000	811,500	3,746,500
2035	-	-	-	-	-	-	3,085,000	664,750	3,749,750	3,085,000	664,750	3,749,750
2036	-	-	-	-	-	-	3,240,000	510,500	3,750,500	3,240,000	510,500	3,750,500
2037	-	-	-	-	-	-	3,400,000	348,500	3,748,500	3,400,000	348,500	3,748,500
2038	-	-	-	-	-	-	3,570,000	178,500	3,748,500	3,570,000	178,500	3,748,500
	<u>\$11,230,000</u>	<u>\$952,684</u>	<u>\$12,182,684</u>	<u>\$52,830,000</u>	<u>\$43,406,663</u>	<u>\$96,236,663</u>	<u>\$26,645,000</u>	<u>\$35,070,500</u>	<u>\$61,715,500</u>	<u>\$90,705,000</u>	<u>\$79,429,847</u>	<u>\$170,134,847</u>

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

<u>Cash</u>	<u>Liability</u>						<u>2006 v.</u>	<u>2007 v.</u>
<u>Received</u>	<u>Month</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
January	October	\$ 427,729	\$ 401,340	\$ 362,896	\$ 490,417	\$ 614,831	35%	25%
February	November	457,278	380,001	370,157	500,844	567,087	35%	13%
March	December	514,378	422,742	555,981	614,877	651,535	11%	6%
April	January	358,744	437,891	506,421	436,642	537,730	-14%	23%
May	February	395,012	421,752	422,455	482,243	527,687	14%	9%
June	March	484,410	408,345	566,616	527,647	572,460	-7%	8%
July	April	426,207	435,966	561,962	529,255	609,868	-6%	15%
August	May	441,877	411,570	570,342	550,515	585,116	-3%	6%
September	June	392,301	473,621	492,612	617,219	633,604	25%	3%
October	July	416,071	456,655	555,596	539,236	592,928	-3%	10%
November	August	454,719	459,373	491,131	541,242	613,051	10%	13%
December	September	367,860	394,610	519,588	569,370	580,285	10%	2%
<b>Year Totals</b>		<b>\$ 5,136,586</b>	<b>\$ 5,103,866</b>	<b>\$ 5,975,757</b>	<b>\$ 6,399,508</b>	<b>\$ 7,086,181</b>	<b>7%</b>	<b>11%</b>

*Village Home-Rule Sales Tax History by Month - Cash Basis*

<u>Cash</u>	<u>Liability</u>						<u>2006 v.</u>	<u>2007 v.</u>
<u>Received</u>	<u>Month</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
January	October	\$ 122,448	\$ 205,617	\$ 221,472	\$ 266,186	\$ 334,762	20%	26%
February	November	122,548	201,726	196,668	263,335	330,135	34%	25%
March	December	147,786	228,014	304,762	334,386	383,795	10%	15%
April	January	94,922	183,273	211,546	204,165	311,781	-3%	53%
May	February	88,493	201,009	208,890	231,916	285,826	11%	23%
June	March	122,592	201,650	255,858	268,747	299,470	5%	11%
July	April	93,718	236,093	289,267	260,833	320,295	-10%	23%
August	May	99,578	214,381	261,775	287,708	324,084	10%	13%
September	June	109,239	221,855	302,261	306,232	341,857	1%	12%
October	July	199,764	219,767	297,866	289,547	341,887	-3%	18%
November	August	207,120	239,857	249,237	279,871	349,666	12%	25%
December	September	214,644	227,859	305,864	328,669	331,086	7%	1%
<b>Year Totals</b>		<b>\$ 1,622,852</b>	<b>\$ 2,581,101</b>	<b>\$ 3,105,466</b>	<b>\$ 3,321,595</b>	<b>\$ 3,954,646</b>	<b>7%</b>	<b>19%</b>

Source: Village Finance Department