

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
December 31, 2007

Prepared by Finance Department

Michael DuCharme  
Director of Finance

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2007

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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



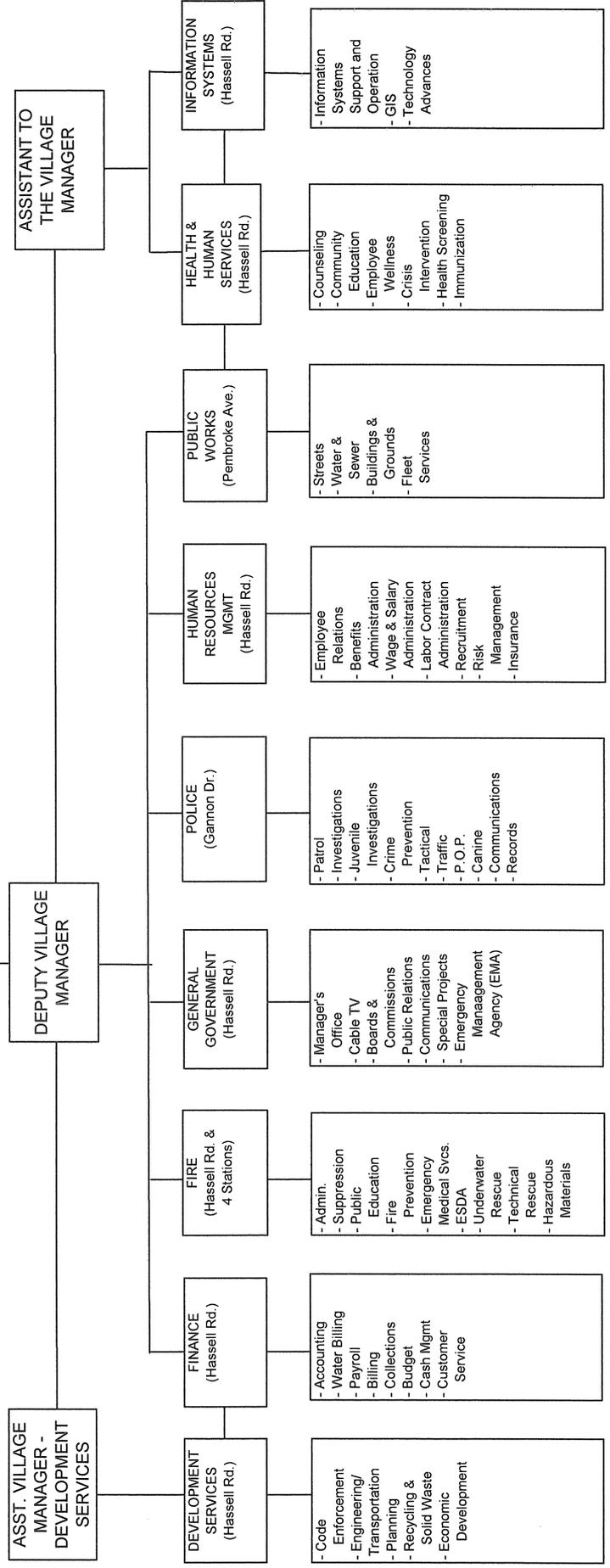
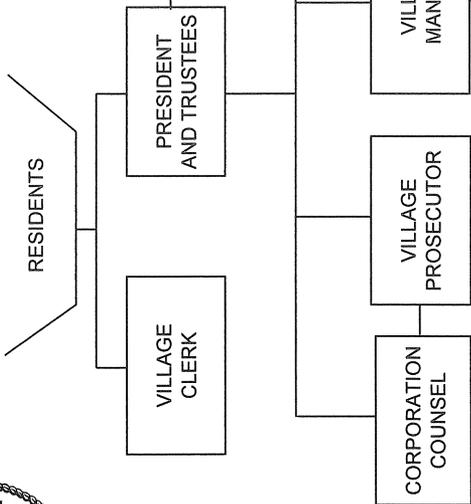
# Village of Hoffman Estates, Illinois

**BOARDS & COMMISSIONS**

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

**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, 2006

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 30, 2008

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, 2007.

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, 2007, 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 53,075. This figure represents an increase of 3,580 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**

The Village of Hoffman Estates enjoyed a successful 2007. One of the proudest moments for our community was the opening of the 185,000 square foot, two floor, Cabela's store in the Prairie Stone Business Park. As "the world's foremost outfitter", Cabela's offers clothing and equipment for a variety of outdoor activities. This store added 400 full and part-time jobs to the Village and will attract many out-of-town visitors.

Cabela's is the second "anchor" to the emerging Entertainment District in Prairie Stone and joins the Sears Centre Arena which opened in 2006. The 9,400 seat Prairie Creek outdoor amphitheater was approved by the Village Board and will be open in spring 2009. Plans for the Sun Island indoor outdoor water park, hotel and convention center are being finalized with construction anticipated to begin in mid-2008. Other restaurants and entertainment uses will

fill in areas around the four main attractions in the Entertainment District.

Hoffman Estates has over a half million square feet of new office space built and under construction, with more on the drawing board, mostly in the Prairie Stone Business Park. This is quite remarkable in an economy that is sluggish and with only a few new office projects region-wide. These new businesses are projected to add over 2,000 new jobs to the local economy:

W-T Engineering (completed February 2007)	25,000 square feet
Camelot School (completed May 2007)	17,000 square feet
Liberty Mutual (completed November 2007)	100,000 square feet
Serta International (under construction)	100,000 square feet
AMCOL International (under construction)	70,000 square feet
Prairie Pointe medical office (under construction)	65,000 square feet
Prairie Stone Corporate Center (under construction)	<u>140,000</u> square feet
TOTAL	517,000 square feet

Construction also began at the Prairie Stone Crossing retail center that features Sports Authority as the anchor to a 140,000 square foot retail center. Other new businesses in the Village include a Starbucks and financial services at Barrington and Higgins Roads, and new tenants in the 400,000 square foot Target-anchored Poplar Creek Crossing Shopping Center that opened in 2006 (Great Clips, Verizon Wireless, and Froots).

#### **Roselle Road Business District**

The Hoffman Plaza Shopping Center and Jewel Foods store are scheduled for major remodeling starting spring 2008. The Jewel store will enjoy the highest upgrade level given by SuperValu. Hoffman Plaza will receive a new facade, lighting, landscaping, new signage, and a repaved parking lot. The Village looks forward to a grand re-opening in fall 2008.

The Business District Committee has been meeting regarding streetscape improvements within the Roselle Road Business Improvement District. Working with the project consultant, several areas within the public rights of way have been identified for streetscape improvements, including plantings, artwork and hardscape features.

#### **Residential Projects**

The western area of the Village continues to be the focus of new residential growth. A total of 220 new single-family homes were occupied in 2007. Subdivisions currently under construction include:

- **White Oak Units 4 and 5** (west of Rohrssen Road between Golf and Shoe Factory Roads). Construction is wrapping up on this 274 lot single-family subdivision by Kimball Hill. Approximately 10 lots remain to be built where the starting home price is approximately \$422,000.
- **Yorkshire Woods I** (south of Shoe Factory Road and west of McDonough Road). Dartmoor Homes is finishing up 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 continues towards build 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 60 lots remain to be built.
- *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 is developing 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). Preliminary concept approval was granted to Kenar Homes to develop 75 lots with single-family homes. The developer expects the average sale price for a new home to be approximately \$525,000.

Elsewhere in the Village, a five-story, 121 unit senior living facility, known as *Poplar Creek Village* and located on Golf Road (next to the Poplar Creek Golf Course), opened last summer.

#### Other Highlights

The Village advanced the implementation of the Community Development Block Grant program and became eligible to receive over \$300,000 in funds, which were designated for four specific projects: Subsidized Taxi Program, Community Resource Center (CRC), Barrington Square Area Lighting Project, and Single Family Housing Rehabilitation Assistance. The Village plans on continuing these programs in 2008 and beyond.

#### **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. 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, 2007, unreserved fund balance is 32.4 percent of budgeted operating expenditures.

### **Relevant Financial Policies**

*Cash Management Policies and Practices.* The Village's policy regarding cash management is based upon the realization that there is a time value to money. A high priority is placed on procedures to ensure that monies due the Village are collected and deposited as promptly as possible. Disbursements are closely monitored. Of equal importance is the emphasis on the management of the Village's investment portfolio. All idle cash is invested in accordance with an established investment policy. The investment policy, which was formally adopted by the Village Board of Trustees in August 1997 (amended in July 1999 and again in December 2005), establishes safety of principal as the foremost objective. The Village is not permitted to leverage its portfolio or invest in derivatives.

Third-party custodians hold all Village investments for safekeeping or they are insured by a third party. Also, the Village asks its depository banks to collateralize Village deposits. The banks do this by placing high-quality securities with a third-party custodian that have a value of 110 percent of the amount of the Village deposits.

During 2007, 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, 2007, 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 2007 was 10.75 percent of employee salaries. As with both of the pension plans, the Village made 100 percent of the required contributions to the IMRF.

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

## Major Initiatives

The Village of Hoffman Estates is dedicated to constantly improving the delivery of its services, thereby enhancing the quality of life for its residents and the operating environment for its businesses. The Village Board sets goals at the beginning of every year that provide valuable input into the financial planning and practices that will take place throughout the rest of the year, specifically during the budgeting process. The goals for 2007 were:

### *Short-Term Goals:*

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

### *Ongoing Goals:*

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

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

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hoffman Estates for its comprehensive annual financial report for the fiscal year ended December 31, 2006. This was the twenty-fourth consecutive year the Village has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Michael F. DuCharme  
Director of Finance/Village Treasurer



998 Corporate Boulevard • Aurora, IL 60502

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2007, 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 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, 2007, 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 14, 2008, 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 black ink that reads "Siskich LLP". The signature is written in a cursive, slightly slanted style.

Aurora, Illinois  
March 14, 2008

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

**December 31, 2007**

---

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, 2007. 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 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 1991 EDA TIF Bond Fund, 2005 EDA TIF Refunding Bond Fund, and EDA Series 1991 Project Fund, all of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 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 60 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 61 through 70 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 71 through 145 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, 2007.

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

(See independent auditor's report.)

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

**Table 1**  
**Statement of Net Assets**  
**As of December 31, 2007**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
Current and Other Assets	\$ 84,787,388	\$ 86,675,599	\$ 10,204,738	\$ 10,513,767	\$ 94,992,126	\$ 97,189,366
Capital Assets	104,026,143	107,343,328	24,371,756	25,020,589	128,397,899	132,363,917
<b>Total Assets</b>	<b>188,813,531</b>	<b>194,018,927</b>	<b>34,576,494</b>	<b>35,534,356</b>	<b>223,390,025</b>	<b>229,553,283</b>
Long-Term Liabilities	248,470,460	230,502,970	217,232	269,143	248,687,692	230,772,113
Other Liabilities	22,723,093	23,882,179	759,037	787,419	23,482,130	24,669,598
<b>Total Liabilities</b>	<b>271,193,553</b>	<b>254,385,149</b>	<b>976,269</b>	<b>1,056,562</b>	<b>272,169,822</b>	<b>255,441,711</b>
Net Assets:						
Invested in Capital Assets,						
Net of Debt	85,941,143	92,578,328	24,371,756	25,020,589	110,312,899	117,598,917
Restricted	34,581,385	34,874,359	-	-	34,581,385	34,874,359
Unrestricted	(202,902,550)	(187,818,909)	9,228,469	9,457,205	(193,674,081)	(178,361,704)
<b>Total Net Assets</b>	<b>\$ (82,380,022)</b>	<b>\$ (60,366,222)</b>	<b>\$ 33,600,225</b>	<b>\$ 34,477,794</b>	<b>\$ (48,779,797)</b>	<b>\$ (25,888,428)</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 \$110,039,909 (as of December 31, 2007). These bonds and notes did not produce a capital asset that is owned by the Village, and even though the Village is not generally obligated for the retirement of the debt as it is payable solely from the incremental taxes generated by the EDA, the bonds and notes are, nonetheless, required to be reported as a liability of the Village. If sufficient funds are not available in the EDA TIF to pay the debt as of the end of the useful life of the EDA in 2012, then the obligations would be cancelled and the Village would report a gain on the cancellation of said debt. Therefore, the deficit will be reduced and eliminated over the remaining life of the EDA TIF.

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

(See independent auditor's report.)

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

**Table 1-a**  
**Statement of Net Assets Excluding EDA TIF Activity**  
**As of December 31, 2007**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
Current and Other Assets	\$ 54,793,368	\$ 57,888,846	\$ 10,204,738	\$ 10,513,767	\$ 64,998,106	\$ 68,402,613
Capital Assets	104,026,142	107,343,328	24,371,756	25,020,589	128,397,898	132,363,917
<b>Total Assets</b>	<b>158,819,510</b>	<b>165,232,174</b>	<b>34,576,494</b>	<b>35,534,356</b>	<b>193,396,004</b>	<b>200,766,530</b>
Long-Term Liabilities	78,893,454	75,721,843	217,232	269,143	79,110,686	75,990,986
Other Liabilities	21,649,066	23,596,666	759,037	787,419	22,408,103	24,384,085
<b>Total Liabilities</b>	<b>100,542,520</b>	<b>99,318,509</b>	<b>976,269</b>	<b>1,056,562</b>	<b>101,518,789</b>	<b>100,375,071</b>
Net Assets:						
Invested in Capital Assets,						
Net of Debt	85,941,143	92,578,328	24,371,756	25,020,589	110,312,899	117,598,917
Restricted	6,839,425	6,373,119	-	-	6,839,425	6,373,119
Unrestricted	(34,503,578)	(33,037,782)	9,228,469	9,457,205	(25,275,109)	(23,580,577)
<b>Total Net Assets</b>	<b>\$ 58,276,990</b>	<b>\$ 65,913,665</b>	<b>\$ 33,600,225</b>	<b>\$ 34,477,794</b>	<b>\$ 91,877,215</b>	<b>\$ 100,391,459</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 \$100,391,459 as of December 31, 2007. The increase in net assets from 2006 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.

(See independent auditor's report.)

**Table 2**  
**Net Assets Invested in Capital Assets, Net of Related Debt**  
**As of December 31, 2007**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
Capital Assets	\$ 104,026,143	\$ 107,343,328	\$ 24,371,756	\$ 25,020,589	\$ 128,397,899	\$ 132,363,917
Less Outstanding Related Debt:						
1997A G.O. Bonds	(2,820,000)	(2,405,000)	-	-	(2,820,000)	(2,405,000)
2001 G.O. Bonds	(6,095,000)	(4,720,000)	-	-	(6,095,000)	(4,720,000)
2003 G.O. Bonds	(4,030,000)	(3,285,000)	-	-	(4,030,000)	(3,285,000)
2004 G.O. Bonds	(5,140,000)	(4,355,000)	-	-	(5,140,000)	(4,355,000)
<b>Total</b>	<b>85,941,143</b>	<b>92,578,328</b>	<b>24,371,756</b>	<b>25,020,589</b>	<b>110,312,899</b>	<b>117,598,917</b>

The second portion of the Village's net assets in the amount of \$6,373,119 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 \$23,580,577. 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, 2007**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 27,390,586	\$ 29,037,008	\$ 9,386,132	\$ 10,378,340	\$ 36,776,718	\$ 39,415,348
Operating Grants	1,822,158	2,129,235	-	-	1,822,158	2,129,235
Capital Grants	-	3,928,216	-	1,448,966	-	5,377,182
General Revenues:						
Property Taxes	42,130,319	35,690,272	-	-	42,130,319	35,690,272
Other Taxes	22,417,282	23,847,459	-	-	22,417,282	23,847,459
Other	6,258,700	3,173,821	2,090,077	513,435	8,348,777	3,687,256
<b>Total Revenues</b>	<b>100,019,045</b>	<b>97,806,011</b>	<b>11,476,209</b>	<b>12,340,741</b>	<b>111,495,254</b>	<b>110,146,752</b>
<b>EXPENSES</b>						
General Government	10,482,846	6,900,227	-	-	10,482,846	6,900,227
Public Safety	27,142,353	29,298,255	-	-	27,142,353	29,298,255
Highways and Streets	6,140,084	10,578,402	-	-	6,140,084	10,578,402
Sanitation	864,300	1,126,761	-	-	864,300	1,126,761
Health and Welfare	1,774,857	1,741,403	-	-	1,774,857	1,741,403
Culture and Recreation	239,480	251,527	-	-	239,480	251,527
Economic Development	52,011,995	16,627,938	-	-	52,011,995	16,627,938
Water and Sewer	-	-	11,054,468	11,453,322	11,054,468	11,453,322
Interest on Long-Term Debt	11,696,149	9,576,815	-	-	11,696,149	9,576,815
<b>Total Expenses</b>	<b>110,352,064</b>	<b>76,101,328</b>	<b>11,054,468</b>	<b>11,453,322</b>	<b>121,406,532</b>	<b>87,554,650</b>
<i>Excess (Deficiency) Before Transfers</i>	(10,333,019)	21,704,683	421,741	887,419	(9,911,278)	22,592,102
Transfers In (Out)	2,630	9,850	(2,630)	(9,850)	-	-
<b>Change in Net Assets</b>	<b>\$ (10,330,389)</b>	<b>\$ 21,714,533</b>	<b>\$ 419,111</b>	<b>\$ 877,569</b>	<b>\$ (9,911,278)</b>	<b>\$ 22,592,102</b>
<i>Net Assets (Deficit), January 1</i>	<b>\$ (72,049,633)</b>	<b>\$ (82,380,022)</b>	<b>\$ 33,181,114</b>	<b>\$ 33,600,225</b>	<b>\$ (38,868,519)</b>	<b>\$ (48,779,797)</b>
<i>Prior Period Adjustment</i>	\$ -	\$ 299,267	\$ -	\$ -	\$ -	\$ 299,267
<i>Net Assets (Deficit), January 1 Restated</i>	<b>\$ (72,049,633)</b>	<b>\$ (82,080,755)</b>	<b>\$ 33,181,114</b>	<b>\$ 33,600,225</b>	<b>\$ (38,868,519)</b>	<b>\$ (48,480,530)</b>
<i>Net Assets (Deficit), December 31</i>	<b>\$ (82,380,022)</b>	<b>\$ (60,366,222)</b>	<b>\$ 33,600,225</b>	<b>\$ 34,477,794</b>	<b>\$ (48,779,797)</b>	<b>\$ (25,888,428)</b>

The Prior Period Adjustment 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

(See independent auditor's report.)

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

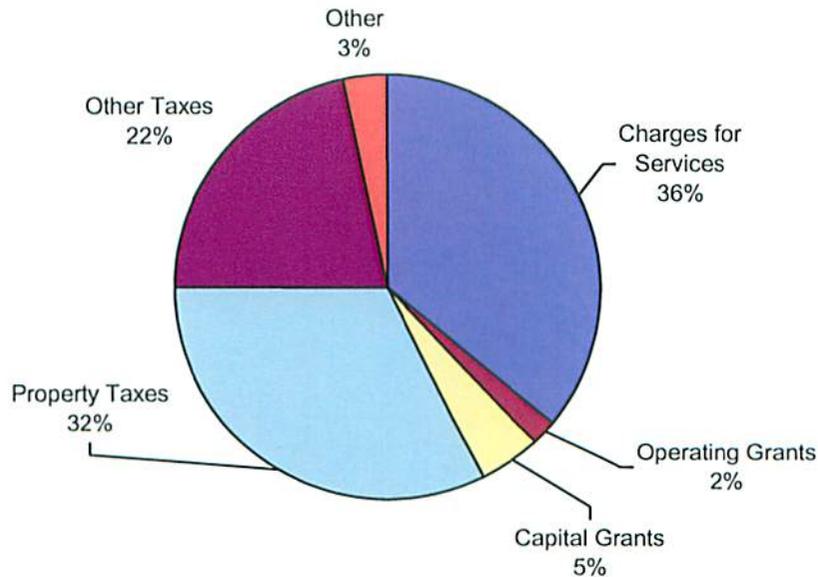
as a liability but determined to be revenue of the Village during the year ended December 31, 2007.

For the fiscal year ended December 31, 2007, revenues from governmental activities totaled \$97.8 million. The Village benefits from a highly diversified revenue base. Revenues from the Village's largest single source, property taxes, amounted to over \$35 million. Property taxes support governmental activities and include the Village's contribution to the Police Pension Fund and Firefighters' Pension Fund. The reason for the decrease in property tax revenue between 2006 and 2007 is due to the timing of the EDA revenue distribution by the Trustee. There were two distributions in 2006 and one in 2007.

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 2007 was 1 percent and all of its proceeds were remitted to Hoffman Estates.

In 2007, state-shared sales tax revenues were \$6,619,848 compared to \$6,332,164 in 2006. Home-rule sales tax revenues increased from \$3,268,927 to \$3,476,984 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, 2007**



(See independent auditor's report.)

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

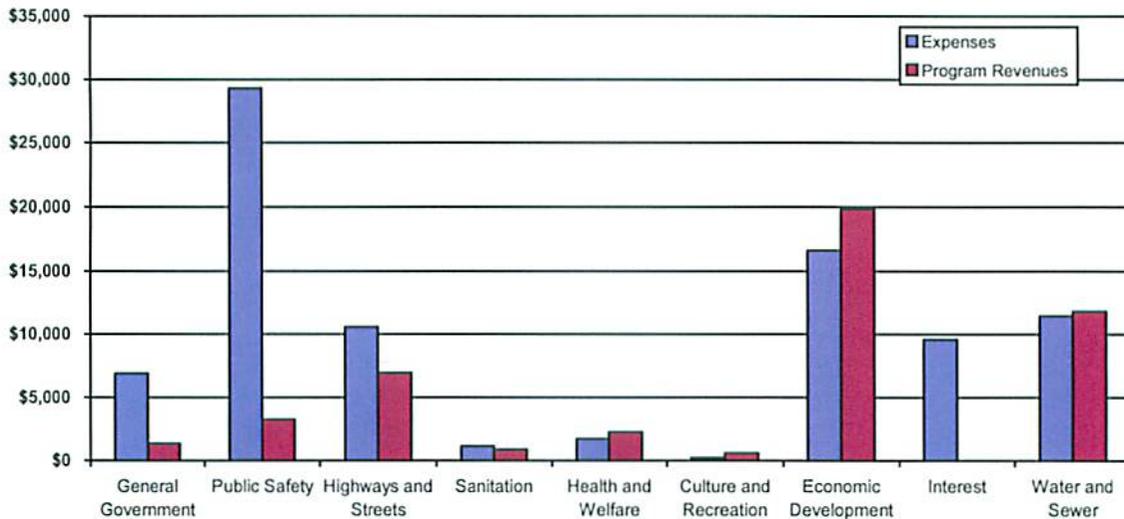
Income and local use taxes are also shared by the state, but on a per-capita basis. Between 2006 and 2007, the Village's income and local use tax revenues increased from \$4,809,651 to \$5,147,174 reflecting an overall increase in the economy.

A major revenue component of the "charges for services" classification is from the Village's 1991 Junior Lien EDA TIF Bond Fund. For any year that incremental property taxes do not cover the debt service, the retailer must provide for the shortage. This income represents just under \$16.7 million for 2007. It should be noted that 2007 was the final year for the Junior Lien bond and interest payments.

Another major revenue component for this revenue classification is fees from the Village's water and sewer utility. Water and sewer fee revenue was \$10,378,340 in 2007 compared to \$9,386,132 in 2006. The increase in these revenues is somewhat due to the fact that 2007 was a high demand year in terms of water usage. But the increase in revenues is primarily due to the rate increases that took place. There was a 5.8 percent rate increase on December 1, 2006 and another similar increase on December 1, 2007.

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, 2007**  
**(Dollars in Thousands)**



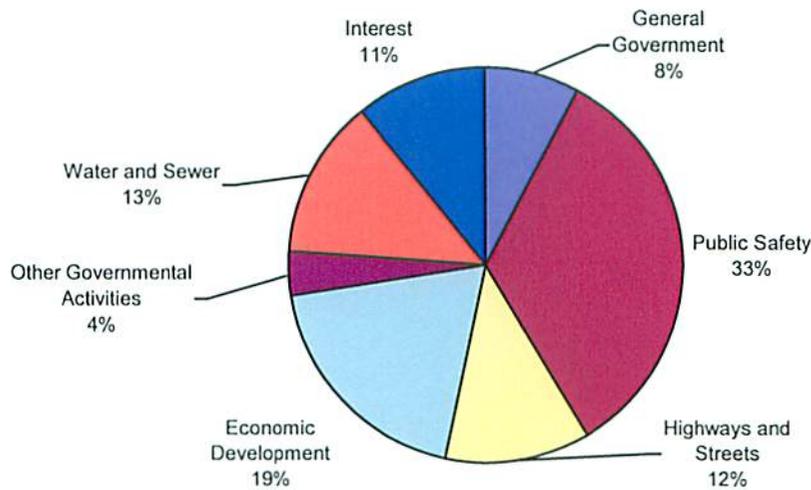
Village expenses amounted to \$87.5 million in 2007. Accounting for the largest share of the total expenses are public safety expenses related to the operations of the Police and Fire Departments. In 2007, the Police and Fire Departments added two Police Officers, one Police

(See independent auditor's report.)

Sergeant, and three Firefighters. In the General Government Department, there were also added a Communications Coordinator and Emergency Operations Coordinator.

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 2007 expenses included funding for the Village's performance based employee compensation package with a 3.5 percent increase. Several collective bargaining agreements established salary increases during 2007. 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, 2007**



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 \$17,710,809, which represents general revenue to the governmental activities. In addition, the retailer is required to contribute any shortfall annually in the funds necessary to retire the Senior and Junior Lien Revenue Bonds, Series 2005 and 1991. The amount of the contribution from the retailer in the current year was \$16,699,691. On the expense side, the Village recognized interest expense of \$1,934,959 related to the Senior Lien Bonds as well as \$15,084,766 of infrastructure improvements to 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, 2007**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 8,644,275	\$ 12,160,603	\$ 9,386,132	\$ 10,378,340	\$ 18,030,407	\$ 22,538,943
Operating Grants	1,822,158	2,129,235	-	-	1,822,158	2,129,235
Capital Grants	-	3,928,216	-	1,448,966	-	5,377,182
General Revenues:						
Property Taxes	17,842,815	17,979,463	-	-	17,842,815	17,979,463
Other Taxes	22,417,282	23,847,459	-	-	22,417,282	23,847,459
Other	5,217,925	2,386,581	2,090,077	513,435	7,308,002	2,900,016
<b>Total Revenues</b>	<b>55,944,455</b>	<b>62,431,557</b>	<b>11,476,209</b>	<b>12,340,741</b>	<b>67,420,664</b>	<b>74,772,298</b>
<b>EXPENSES</b>						
General Government	10,482,846	6,900,227	-	-	10,482,846	6,900,227
Public Safety	27,142,353	29,298,255	-	-	27,142,353	29,298,255
Highways and Streets	4,555,019	10,113,187	-	-	4,555,019	10,113,187
Sanitation	864,300	1,126,761	-	-	864,300	1,126,761
Health and Welfare	1,774,857	1,741,403	-	-	1,774,857	1,741,403
Culture and Recreation	239,480	251,527	-	-	239,480	251,527
Economic Development	52,011,995	2,008,387	-	-	52,011,995	2,008,387
Water and Sewer	-	-	11,054,468	11,453,322	11,054,468	11,453,322
Interest on Long-Term Debt	3,895,783	3,695,876	-	-	3,895,783	3,695,876
<b>Total Expenses</b>	<b>100,966,633</b>	<b>55,135,623</b>	<b>11,054,468</b>	<b>11,453,322</b>	<b>112,021,101</b>	<b>66,588,945</b>
Excess (Deficiency)						
Before Transfers	(45,022,178)	7,295,934	421,741	887,419	(44,600,437)	8,183,353
Transfers In (Out)	2,630	9,850	(2,630)	(9,850)	-	-
<b>Change in Net Assets</b>	<b>\$ (45,019,548)</b>	<b>\$ 7,305,784</b>	<b>\$ 419,111</b>	<b>\$ 877,569</b>	<b>\$ (44,600,437)</b>	<b>\$ 8,183,353</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, 2007, the governmental funds reported combined ending fund balances of \$58 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 \$13,608,472, while total fund balance equaled \$14,013,936. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and as a measure of the General Fund's liquidity. It may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents

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

33.5 percent of the total General Fund expenditures, while total fund balance represents 34.5 percent of that same amount.

**Table 4**  
**General Fund Budgetary Highlights**  
**For the Fiscal Year Ended December 31, 2007**

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	
			2007	2006
<i>REVENUES</i>				
Taxes	\$23,544,071	\$23,544,071	\$21,710,526	\$20,909,646
Inter-Governmental	13,084,040	13,084,040	12,713,142	11,781,393
Other	8,472,830	8,472,830	9,821,385	7,804,077
<b>Total Revenues</b>	<b>45,100,941</b>	<b>45,100,941</b>	<b>44,245,053</b>	<b>40,495,116</b>
<i>EXPENDITURES AND TRANSFERS</i>				
Expenditures	(41,256,731)	(42,030,981)	(40,619,223)	(36,383,366)
Transfers Out	(4,935,250)	(4,935,250)	(4,623,790)	(5,127,209)
<b>Total Expenditures and Transfers</b>	<b>(46,191,981)</b>	<b>(46,966,231)</b>	<b>(45,243,013)</b>	<b>(41,510,575)</b>
<b>Change in Fund Balance</b>	<b>(\$1,091,040)</b>	<b>(\$1,865,290)</b>	<b>(\$997,960)</b>	<b>(\$1,015,459)</b>

The fund balance of the Village's General Fund decreased by \$997,960 during the current fiscal year, which was a planned drawdown for one-time projects due to the health of the General Fund fund balance. 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 original/final budgeted revenues by \$855,888 during fiscal year 2007, primarily due to sales taxes and telecommunication taxes coming in under budget. It should be noted that sales taxes for 2007 were budgeted high based on estimates received from a new shopping center 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 \$948,968 and were less than the amended budget by \$1,723,218.

The 1991 EDA TIF Bond Fund decreased the combined fund balance of the governmental funds by \$6,478. This fund has a minor fund balance as of the end of 2007 and will be closed out in 2008. These bonds expired in 2007.

The 2005 EDA TIF Refunding Bond Fund has a total fund balance of \$23,684,760. All of this fund balance is reserved for the payment of debt service. This amount includes a debt service

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

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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 \$817,932 which is primarily interest income.

The EDA Series 1991 Project Fund decreased the combined fund balance of the governmental funds by \$52,174. This fund is used to account for EDA TIF-approved capital projects that occur as well as any revenue notes that are issued and the corresponding note proceeds. This fund contributed to the combined fund balance of the governmental funds in the amount of \$4,816,442.

With respect to the business-type activities, the Waterworks and Sewerage Fund recorded an increase in net assets in the amount of \$877,569, which was significantly higher than the \$5.5 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 2007. Unrestricted net assets of the Waterworks and Sewerage Fund at the end of the year amounted to \$9,457,205.

The Village Board amended the fiscal year 2007 budget once. This budget amendment was primarily for the following purposes related to the General Fund:

- The Fire Department had to increase their budget \$170,500 for salaries, resulting from the staffing of a new ambulance that was purchased.
- The Public Works Department had to increase their budget for overtime wages and salt in the amount of \$291,300 due to above average snow and ice events in 2007.
- The Public Works Department also had to increase their gas & oil budget in the amount of \$123,000 due to market increases.

Of the total increases of \$16,766,760, \$868,950 was to be funded from available fund balance in various funds; \$14,760,000 represented note proceeds; and the remaining \$1,137,810 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, 2007 amounts to \$132,363,917 (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 3.1 percent from 2006.

Major capital asset events during 2007 included the following:

- Nine streets were reconstructed as part of the 2007 Street Revitalization Program. This resulted in \$2,115,210 being added to infrastructure assets.
- The Hunter's Ridge, Unit 3 subdivision was accepted into the Village, adding \$1,742,587 to land right of way and infrastructure assets and \$505,767 to water main and sanitary sewer assets.

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

- Fountain Crossing-Ring Road was accepted into the Village, adding \$495,450 to water main and sanitary sewer assets.
- Forbes Avenue was extended and accepted into the Village, adding \$952,090 to infrastructure assets and \$143,959 to water main and sanitary sewer assets.
- A roundabout was added to Essex Drive in Haverford Place and accepted into the Village, adding \$979,969 to infrastructure assets and \$34,080 to water main assets.
- Cabela's was accepted into the Village, adding \$198,000 to water main assets.
- The Police Department purchased 14 new vehicles, totaling \$301,650.
- The Fire Department purchased a heavy rescue squad with extrication equipment for \$550,465, an ambulance for \$164,295 and three vehicles for a total of \$80,122.
- The Public Works Department purchased seven trucks and two vans, totaling \$304,131 and a used semi-tractor for \$70,270.
- Construction in Progress was recorded for the remodeling and renovation of Village Hall in the amount of \$138,037.

The following schedule reflects the Village's capital asset balances as of December 31, 2007.

**Table 5**  
**Capital Assets**  
**As of December 31, 2007**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
Land and Land Right of Way	\$ 39,197,133	\$ 40,352,312	\$ 474,000	\$ 474,000	\$ 39,671,133	\$ 40,826,312
Buildings and Improvements	17,427,256	17,487,004	41,612,783	43,191,032	59,040,039	60,678,036
Machinery, Vehicles and Equipment	10,038,242	10,829,133	1,502,396	1,653,744	11,540,638	12,482,877
Infrastructure	85,156,337	89,192,053	-	-	85,156,337	89,192,053
Construction in Progress	-	138,037	-	-	-	138,037
Less:						
Accumulated Depreciation	(47,792,825)	(50,655,211)	(19,217,423)	(20,298,187)	(67,010,248)	(70,953,398)
<b>Total</b>	<b>104,026,143</b>	<b>107,343,328</b>	<b>24,371,756</b>	<b>25,020,589</b>	<b>128,397,899</b>	<b>132,363,917</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.

(See independent auditor's report.)

**Table 6**  
**Bonded and Similar Indebtedness**  
**As of December 31, 2007**

	<i>Governmental</i>		<i>Business-Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
General Obligation Bonds	\$ 73,020,000	\$ 68,670,000	\$ -	\$ -	\$ 73,020,000	\$ 68,670,000
TIF Revenue Bonds	77,247,623	45,600,000	-	-	77,247,623	45,600,000
TIF Revenue Notes	95,914,221	113,624,749	-	-	95,914,221	113,624,749
<b>Total</b>	<b>\$ 246,181,844</b>	<b>\$ 227,894,749</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 246,181,844</b>	<b>\$ 227,894,749</b>

At the end of the current fiscal year, the Village had total debt outstanding of \$227,894,749 (excluding compensated absences, Net Pension Obligation, and Net Other Post-Employment Benefit Obligations). Of this amount, \$68,670,000 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 2007, the Village's total debt decreased by \$18,287,095 which was 7.4 percent. The Village issued no new bonds during 2007.

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 3.5 percent, which compares favorably to the county's average unemployment rate of 5.1 percent and the state's average rate of 5.0 percent. The 2000 census found that the median household income was \$65,937 and the median home value was \$181,700. The Village undertook a special census in 2003. The census found that the

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

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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 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased from \$14,302,062 to \$13,608,472 due to planned drawdowns. The Village has appropriated \$865,465 of this amount for spending in the 2008 fiscal year budget.

The water and sewer rates were increased in December 2006 by an average of 5.8 percent for all customers, and again in December 2007 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.

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 61,960,528	\$ 8,733,814	\$ 70,694,342
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	16,021,078	-	16,021,078
Accounts	25,448	1,582,128	1,607,576
Accrued Interest	167,057	74,414	241,471
Other	1,509,449	8,171	1,517,620
Deposits	59,200	-	59,200
Prepaid Expenses	138,406	6,299	144,705
Inventory	190,218	195,668	385,886
Due from Other Governments	4,136,704	-	4,136,704
Due to/from Other Funds	86,727	(86,727)	-
Advance to Fiduciary Funds	11,000	-	11,000
Net Pension Asset	340,306	-	340,306
Capital Assets			
Not Depreciated	40,490,349	474,000	40,964,349
Depreciated (Net of Accumulated Depreciation)	66,852,979	24,546,589	91,399,568
Deferred Charges	2,029,478	-	2,029,478
<b>Total Assets</b>	<b>194,018,927</b>	<b>35,534,356</b>	<b>229,553,283</b>
<b>LIABILITIES</b>			
Accounts Payable	3,067,951	664,194	3,732,145
Accrued Payroll	1,135,078	94,200	1,229,278
Accrued Interest Payable	397,394	-	397,394
Claims Payable	966,705	-	966,705
Benefits Payable	38,473	-	38,473
Unearned Revenues	15,654,006	-	15,654,006
Due to Fiduciary Funds	187,916	-	187,916
Deposits Payable	2,434,656	29,025	2,463,681
Long-Term Liabilities			
Due Within One Year	16,675,977	107,182	16,783,159
Due in More than One Year	214,047,178	161,961	214,209,139
Unamortized Bond Premium/Discount	(220,185)	-	(220,185)
<b>Total Liabilities</b>	<b>254,385,149</b>	<b>1,056,562</b>	<b>255,441,711</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt Restricted for	92,578,328	25,020,589	117,598,917
Highways and Streets	219,094	-	219,094
Emergency Equipment	1,157,635	-	1,157,635
Public Safety	212,893	-	212,893
Economic Development	6,329,035	-	6,329,035
Bridge Maintenance and Repairs	384,423	-	384,423
Debt Service	26,571,279	-	26,571,279
Unrestricted (Deficit)	(187,818,909)	9,457,205	(178,361,704)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (60,366,222)</b>	<b>\$ 34,477,794</b>	<b>\$ (25,888,428)</b>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General Government	\$ 6,900,227	\$ 1,333,707	\$ 765	\$ -
Public Safety	29,298,255	2,959,938	289,288	-
Highways and Streets	10,578,402	1,212,692	1,799,436	3,928,216
Sanitation	1,126,761	878,948	-	-
Health and Welfare	1,741,403	2,250,535	-	-
Culture and Recreation	251,527	593,476	-	-
Economic Development	16,627,938	19,807,712	39,746	-
Interest	9,576,815	-	-	-
<b>Total Governmental Activities</b>	<b>76,101,328</b>	<b>29,037,008</b>	<b>2,129,235</b>	<b>3,928,216</b>
Business-Type Activities				
Waterworks and Sewerage	11,453,322	10,378,340	-	1,448,966
<b>Total Business-Type Activities</b>	<b>11,453,322</b>	<b>10,378,340</b>	<b>-</b>	<b>1,448,966</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 87,554,650</b>	<b>\$ 39,415,348</b>	<b>\$ 2,129,235</b>	<b>\$ 5,377,182</b>

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (5,565,755)	\$ -	\$ (5,565,755)
	(26,049,029)	-	(26,049,029)
	(3,638,058)	-	(3,638,058)
	(247,813)	-	(247,813)
	509,132	-	509,132
	341,949	-	341,949
	3,219,520	-	3,219,520
	(9,576,815)	-	(9,576,815)
	<u>(41,006,869)</u>	<u>-</u>	<u>(41,006,869)</u>
	-	373,984	373,984
	-	373,984	373,984
	<u>(41,006,869)</u>	<u>373,984</u>	<u>(40,632,885)</u>
General Revenues			
Taxes			
Property	35,690,272	-	35,690,272
Sales	6,619,848	-	6,619,848
Home Rule Sales	3,476,984	-	3,476,984
Real Estate Transfer	1,323,132	-	1,323,132
Income and Local Use	5,147,174	-	5,147,174
Hotel/Motel	1,106,043	-	1,106,043
Telecommunications	3,378,962	-	3,378,962
Food and Beverage	1,908,293	-	1,908,293
Entertainment	547,848	-	547,848
Replacement	320,920	-	320,920
Other	18,255	-	18,255
Investment Income	2,450,774	419,999	2,870,773
Miscellaneous	723,047	75,251	798,298
Gain on Sale of Capital Assets	-	18,185	18,185
Transfers In (Out)	9,850	(9,850)	-
Total	<u>62,721,402</u>	<u>503,585</u>	<u>63,224,987</u>
CHANGE IN NET ASSETS	<u>21,714,533</u>	<u>877,569</u>	<u>22,592,102</u>
NET ASSETS (DEFICIT), JANUARY 1	(82,380,022)	33,600,225	(48,779,797)
Prior Period Adjustment	<u>299,267</u>	<u>-</u>	<u>299,267</u>
NET ASSETS (DEFICIT), JANUARY 1, RESTATED	<u>(82,080,755)</u>	<u>33,600,225</u>	<u>(48,480,530)</u>
NET ASSETS (DEFICIT), DECEMBER 31	<u>\$ (60,366,222)</u>	<u>\$ 34,477,794</u>	<u>\$ (25,888,428)</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2007

	General	1991 EDA TIF Bond	2005 EDA TIF Refunding Bond	EDA Series 1991 Project	Nonmajor Governmental Funds	Total
<b>ASSETS</b>						
Cash and Investments	\$ 12,213,972	\$ 38	\$ 23,762,164	\$ 4,973,716	\$ 18,245,115	\$ 59,195,005
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)						
Property Taxes	13,604,904	-	-	-	2,416,174	16,021,078
Accounts	25,448	-	-	-	-	25,448
Accrued Interest	30,738	-	43,779	7,056	81,480	163,053
Other	711,378	-	-	-	793,071	1,504,449
Prepaid Items	6,154	-	-	-	132,252	138,406
Inventory	190,218	-	-	-	-	190,218
Due from Other Governments	4,019,113	-	-	-	117,591	4,136,704
Due from Other Funds	1,066,479	-	-	-	102,309	1,168,788
Advance to Fiduciary Funds	11,000	-	-	-	-	11,000
<b>TOTAL ASSETS</b>	<b>\$ 31,879,404</b>	<b>\$ 38</b>	<b>\$ 23,805,943</b>	<b>\$ 4,980,772</b>	<b>\$ 21,887,992</b>	<b>\$ 82,554,149</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 1,471,498	\$ -	\$ 121,183	\$ 164,330	\$ 1,129,606	\$ 2,886,617
Accrued Payroll	1,021,549	-	-	-	91,249	1,112,798
Deferred Revenues	13,770,134	-	-	-	3,082,280	16,852,414
Due to Other Funds	-	-	-	-	1,041,247	1,041,247
Due to Fiduciary Funds	187,916	-	-	-	-	187,916
Deposits Payable	1,414,371	-	-	-	1,020,285	2,434,656
<b>Total Liabilities</b>	<b>17,865,468</b>	<b>-</b>	<b>121,183</b>	<b>164,330</b>	<b>6,364,667</b>	<b>24,515,648</b>
<b>FUND BALANCES</b>						
Reserved for Prepaid Items	6,154	-	-	-	132,252	138,406
Reserved for Inventory	190,218	-	-	-	-	190,218
Reserved for Advances to Other Funds	11,000	-	-	-	-	11,000
Reserved for Employee Loan Program	81,721	-	-	-	-	81,721
Reserved for Highways and Streets	-	-	-	-	219,094	219,094
Reserved for Emergency Equipment	-	-	-	-	1,157,635	1,157,635
Reserved for Public Safety	116,371	-	-	-	96,522	212,893
Reserved for Economic Development	-	-	-	4,816,442	1,512,593	6,329,035
Reserved for Bridge Maintenance and Repairs	-	-	-	-	384,423	384,423
Reserved for Debt Service	-	38	23,684,760	-	2,886,481	26,571,279
Unreserved						
Designated for Compensated Absences						
General Fund	2,250,193	-	-	-	-	2,250,193
Special Revenue Funds	-	-	-	-	19,228	19,228
Designated for Capital Projects	659,874	-	-	-	8,808,993	9,468,867
Undesignated - Special Revenue Funds	-	-	-	-	306,104	306,104
Undesignated - General Fund	10,698,405	-	-	-	-	10,698,405
<b>Total Fund Balances</b>	<b>14,013,936</b>	<b>38</b>	<b>23,684,760</b>	<b>4,816,442</b>	<b>15,523,325</b>	<b>58,038,501</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 31,879,404</b>	<b>\$ 38</b>	<b>\$ 23,805,943</b>	<b>\$ 4,980,772</b>	<b>\$ 21,887,992</b>	<b>\$ 82,554,149</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, 2007

---

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 58,038,501
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	107,343,328
Less Capital Assets of Internal Service Funds Included Below	(70,705)
Net Pension Asset is Reported as an Asset on the Statement of Net Assets	340,306
Unamortized Loss on Refunding is Shown as a Deferred Charge on the Statement of Net Assets	423,706
Unamortized Bond Issuance Cost is Shown as a Deferred Charge on the Statement of Net Assets	1,605,772
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	(2,288,218)
Plus Compensated Absences of Internal Service Funds Included Above	18,797
Termination Benefit	(9,021)
Net Other Post-Employment Benefit Obligation	(304,119)
Plus Net Other Post-Employment Benefit Obligation of Internal Service Funds Included Above	2,781
Net Pension Obligation	(227,048)
Unamortized Bond Premium/Discount	220,185
General Obligation Bonds Payable	(68,670,000)
Tax Increment Financing Bonds Payable	(45,600,000)
Tax Increment Financing Notes Payable	(113,624,749)
Accrued Interest on Long-Term Liabilities is Shown as a Liability on the Statement of Net Assets	(397,394)
Certain Revenues that are Deferred in Governmental Funds are Recognized as Revenue on the Statement of Net Assets	1,198,408
The Net Assets of the Internal Service Funds are Included in the Governmental Activities in the Statement of Net Assets	<u>1,633,248</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (60,366,222)</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, 2007

	General	1991 EDA TIF Bond	2005 EDA TIF Refunding Bond	EDA Series 1991 Project	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 21,710,526	\$ 5,208,718	\$ 12,502,091	\$ -	\$ 7,714,333	\$ 47,135,668
Licenses and Permits	2,637,624	-	-	-	-	2,637,624
Intergovernmental	12,713,142	-	-	-	1,783,107	14,496,249
Charges for Services	4,950,909	16,699,691	-	176,714	1,613,914	23,441,228
Fines and Forfeits	1,160,360	-	-	-	187,390	1,347,750
Investment Income	700,628	113	550,800	236,327	962,906	2,450,774
Miscellaneous	362,605	-	-	-	3,268,394	3,630,999
<b>Total Revenues</b>	<b>44,235,794</b>	<b>21,908,522</b>	<b>13,052,891</b>	<b>413,041</b>	<b>15,530,044</b>	<b>95,140,292</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	5,534,581	-	-	-	535,149	6,069,730
Public Safety	26,217,176	-	-	-	3,536,572	29,753,748
Highways and Streets	5,286,342	-	-	-	1,445,229	6,731,571
Sanitation	-	-	-	-	1,126,761	1,126,761
Health and Welfare	1,898,681	-	-	-	-	1,898,681
Culture and Recreation	289,403	-	-	-	-	289,403
Economic Development	1,393,040	-	-	-	203,185	1,596,225
Capital Outlay	-	-	-	15,084,766	5,557,365	20,642,131
<b>Debt Service</b>						
Principal Retirement	-	21,915,000	10,300,000	-	4,350,000	36,565,000
Interest and Fiscal Charges	-	-	1,934,959	-	3,577,577	5,512,536
<b>Total Expenditures</b>	<b>40,619,223</b>	<b>21,915,000</b>	<b>12,234,959</b>	<b>15,084,766</b>	<b>20,331,838</b>	<b>110,185,786</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,616,571</b>	<b>(6,478)</b>	<b>817,932</b>	<b>(14,671,725)</b>	<b>(4,801,794)</b>	<b>(15,045,494)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	5,073,630	5,073,630
Transfers (Out)	(4,623,790)	-	-	-	(486,058)	(5,109,848)
Notes Issued, at Par	-	-	-	14,619,551	-	14,619,551
Sale of Capital Assets	9,259	-	-	-	114,474	123,733
<b>Total Other Financing Sources (Uses)</b>	<b>(4,614,531)</b>	<b>-</b>	<b>-</b>	<b>14,619,551</b>	<b>4,702,046</b>	<b>14,707,066</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(997,960)</b>	<b>(6,478)</b>	<b>817,932</b>	<b>(52,174)</b>	<b>(99,748)</b>	<b>(338,428)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>15,011,896</b>	<b>6,516</b>	<b>22,866,828</b>	<b>4,868,616</b>	<b>15,323,806</b>	<b>58,077,662</b>
Prior Period Adjustment	-	-	-	-	299,267	299,267
<b>FUND BALANCES, JANUARY 1, RESTATED</b>	<b>15,011,896</b>	<b>6,516</b>	<b>22,866,828</b>	<b>4,868,616</b>	<b>15,623,073</b>	<b>58,376,929</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 14,013,936</b>	<b>\$ 38</b>	<b>\$ 23,684,760</b>	<b>\$ 4,816,442</b>	<b>\$ 15,523,325</b>	<b>\$ 58,038,501</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, 2007

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (338,428)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental Funds Report Capital Outlay as Expenditures, However, They are Capitalized and Depreciated in the Statement of Activities	3,745,050
Contributions of Capital Assets are Reported Only in the Statement of Activities	3,674,646
Sales of Capital Assets are Reported as a Proceed in Governmental Funds but as a Gain (Loss) from Sale on the Statement of Activities	(259,583)
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	36,565,000
Certain Items are Reported as Interest Expense on the Statement of Activities:	
Accretion of Interest on Bonds	(3,658,354)
Change in Accrued Interest Payable	50,555
Amortization of Certain Deferred Charges	(456,480)
Depreciation Expense does not Require the Use of Current Financial Resources and, Therefore, is not Reported as Expenditures in Governmental Funds	(3,895,694)
Certain Revenues Recognition is Different on the Full Accrual Basis Than on the Modified Accrual Basis	(35,178)
The Issuance of Notes Payable 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	(14,619,551)
The Termination Benefit is Shown as a Increase in Expense on the Statement of Activities	10,817
The Increase in the Net Pension Obligation is Shown as an Increase in Expense on the Statement of Activities	7,174
The Decrease in the Net Pension Asset is Shown as an Increase in Expense on the Statement of Activities	2,932
The Change in Compensated Absences Payable is Shown as an Expense on the Statement of Activities	(329,582)
The Change in Net Assets of Certain Activities of Internal Service Funds (Excluding Depreciation Included Above) is in Governmental Funds	<u>1,251,209</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 21,714,533</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2007

	Business-Type Activities <u>Waterworks and Sewerage</u>	Governmental Activities <u>Internal Service</u>
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 8,733,814	\$ 2,765,523
Receivables		
Accounts	1,582,128	-
Accrued Interest	74,414	4,004
Other	8,171	5,000
Deposits	-	59,200
Prepaid Expenses	6,299	-
Inventories	195,668	-
Due from Other Funds	-	12,408
	<u>10,600,494</u>	<u>2,846,135</u>
<b>CAPITAL ASSETS</b>		
Not Depreciated	474,000	-
Depreciated	44,844,776	235,229
Accumulated Depreciation	(20,298,187)	(164,524)
	<u>25,020,589</u>	<u>70,705</u>
Net Capital Assets		
	<u>25,020,589</u>	<u>70,705</u>
Total Assets	<u>35,621,083</u>	<u>2,916,840</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	664,194	181,334
Accrued Payroll	94,200	22,280
Claims Payable	-	966,705
Benefits Payable	-	38,473
Due to Other Funds	86,727	53,222
Deposits Payable	29,025	-
Compensated Absences Payable	107,182	18,797
	<u>981,328</u>	<u>1,280,811</u>
Total Current Liabilities		
	<u>981,328</u>	<u>1,280,811</u>
<b>LONG-TERM LIABILITIES</b>		
Compensated Absences Payable	135,538	-
Other Post-Employment Benefit Obligations	26,423	2,781
	<u>161,961</u>	<u>2,781</u>
Total Long-Term Liabilities		
	<u>161,961</u>	<u>2,781</u>
Total Liabilities	<u>1,143,289</u>	<u>1,283,592</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	25,020,589	70,705
Unrestricted	9,457,205	1,562,543
	<u>34,477,794</u>	<u>1,633,248</u>
TOTAL NET ASSETS	<u>\$ 34,477,794</u>	<u>\$ 1,633,248</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, 2007

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 10,378,340	\$ 3,159,440
Total Operating Revenues	10,378,340	3,159,440
<b>OPERATING EXPENSES</b>		
Operations	-	1,066,016
Claims and Insurance	-	976,423
Water Division	8,722,324	-
Sewer Division	1,600,714	-
Depreciation	1,130,284	19,994
Total Operating Expenses	11,453,322	2,062,433
<b>OPERATING INCOME (LOSS)</b>	<b>(1,074,982)</b>	<b>1,097,007</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	419,999	88,140
Gain on Sale of Capital Assets	18,185	-
Miscellaneous Revenue	75,251	-
Total Nonoperating Revenues (Expenses)	513,435	88,140
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>(561,547)</b>	<b>1,185,147</b>
<b>TRANSFERS</b>		
Transfers In	19,200	55,698
Transfers (Out)	(29,050)	(9,630)
Total Transfers	(9,850)	46,068
<b>CONTRIBUTIONS</b>	<b>1,448,966</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>877,569</b>	<b>1,231,215</b>
<b>NET ASSETS, JANUARY 1</b>	<b>33,600,225</b>	<b>402,033</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 34,477,794</b>	<b>\$ 1,633,248</b>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2007

	Business-Type Activities <u>Waterworks and Sewerage</u>	Governmental Activities <u>Internal Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 10,336,941	\$ -
Receipts from Interfund Services Transactions	-	3,459,287
Payments to Suppliers	(6,698,558)	(1,796,035)
Payments for Interfund Services Transactions	(944,132)	-
Payments to Employees	(2,571,944)	(628,969)
Net Cash from Operating Activities	<u>122,307</u>	<u>1,034,283</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers In	19,200	55,698
Transfers (Out)	(29,050)	(9,630)
Reimbursements and Recoveries	-	152,422
Net Cash from Noncapital Financing Activities	<u>(9,850)</u>	<u>198,490</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Assets Purchased	(330,151)	(52,766)
Proceeds from the Sale of Capital Assets	18,185	-
Net Cash from Capital and Related Financing Activities	<u>(311,966)</u>	<u>(52,766)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(4,928,135)	(1,000,000)
Sale of Investments	3,791,357	-
Interest Received	380,970	84,135
Net Cash from Investing Activities	<u>(755,808)</u>	<u>(915,865)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(955,317)</b>	<b>264,142</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b><u>3,154,514</u></b>	<b><u>1,501,381</u></b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b><u>\$ 2,199,197</u></b>	<b><u>\$ 1,765,523</u></b>
<b>CASH AND INVESTMENTS</b>		
Cash	\$ 2,199,197	\$ 1,765,523
Investments	6,534,617	1,000,000
<b>TOTAL CASH AND INVESTMENTS</b>	<b><u>\$ 8,733,814</u></b>	<b><u>\$ 2,765,523</u></b>

(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, 2007

	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)	\$ (1,074,982)	\$ 1,097,007
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash from Operating Activities		
Depreciation and Amortization	1,130,284	19,994
Miscellaneous Revenue	75,251	-
Reimbursements and Recoveries	-	(105,521)
Changes in Assets and Liabilities		
Receivables	(109,562)	-
Prepaid Expenses	4,252	-
Due from Other Funds	-	153,345
Inventory	4,163	-
Accounts Payable	19,508	82,887
Accrued Payroll	15,962	4,714
Claims Payable	-	(213,286)
Benefits Payable	-	(18,326)
Due to Other Funds	12,608	12,432
Deposits Payable	(7,088)	-
Compensated Absences Payable	51,911	1,037
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 122,307</b>	<b>\$ 1,034,283</b>
<b>NONCASH TRANSACTIONS</b>		
Developer Contributions	\$ 1,448,966	\$ -

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2007

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Short-Term Investments	\$ 2,499,588	\$ 6,814,816
Investments, at Fair Value		
U.S. Treasury Securities	27,774,028	-
U.S. Agency Securities	22,981,427	-
Illinois Metropolitan Investment Trust	734,763	-
Mutual Funds	21,278,898	-
Money Market Mutual Funds	2,364,510	-
Equity Securities	16,944,173	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accrued Interest	550,045	-
Due from General Fund	187,916	-
Assets Held by Agents	-	28,775
	<u>95,315,348</u>	<u>6,843,591</u>
<b>Total Assets</b>		
<b>LIABILITIES</b>		
Accounts Payable	93,839	-
Due to Participants	-	17,775
Advances from Other Funds	-	11,000
Due to Other Entities	-	6,814,816
	<u>93,839</u>	<u>6,843,591</u>
<b>Total Liabilities</b>		
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$ 95,221,509</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, 2007

<b>ADDITIONS</b>	
Contributions	
Employer Contributions	\$ 3,064,879
Employee Contributions	1,475,963
Other Contributions	<u>200,737</u>
Total Contributions	<u>4,741,579</u>
Investment Income	
Net Appreciation in Fair Value of Investments	2,769,499
Interest	<u>3,395,080</u>
Total Investment Income	6,164,579
Less Investment Expense	<u>(293,442)</u>
Net Investment Income	<u>5,871,137</u>
Total Additions	<u>10,612,716</u>
<b>DEDUCTIONS</b>	
Benefits and Refunds	3,889,727
Miscellaneous	<u>51,298</u>
Total Deductions	<u>3,941,025</u>
<b>NET INCREASE</b>	6,671,691
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
January 1	<u>88,549,818</u>
December 31	<u><u>\$ 95,221,509</u></u>

See accompanying notes to financial statements.

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

December 31, 2007

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# VILLAGE OF HOFFMAN ESTATES, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The 2005 EDA TIF Refunding Bond Fund, a debt service fund, is used to account for the accumulation of resources and the payment of principal, interest and fiscal charges on the Series 2005 tax increment revenue refunding bond issue.

The EDA Series 1991 Project Fund, a capital projects fund, is used to account for bond proceeds and revenue notes used to pay qualified project costs related to the Village's Economic Development Area

The Village reports the following major proprietary fund:

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

Additionally, the Village reports the following internal service funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund (pension funds) fund financial statements. Agency funds use the accrual basis of accounting but have no measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Deposits and Investments

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes

Property taxes for 2007 attach as an enforceable lien on January 1, 2007 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, 2008 and August 1, 2008, and are payable in two installments, on or about March 1, 2008 and September 1, 2008. The County collects such taxes and remits them periodically. Since the 2007 levy is intended to finance the 2008 fiscal year, the levy has been recorded as receivable and deferred revenue.

G. Inventories

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

H. Deferred Charges

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

I. Prepaid Items/Expenses

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

J. Capital Assets

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

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

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

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

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

K. Compensated Absences

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

L. Interfund Transactions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Receivables/Payables

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

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

N. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

O. Fund Balance/Net Assets

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

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

2. DEPOSITS AND INVESTMENTS

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

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

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

A. Deposits with Financial Institutions

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

B. Investments

Village

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money Market Mutual Funds	\$ 23,199,504	\$ 23,199,504	\$ -	\$ -	\$ -
Investment Contracts	12,098,000	12,098,000	-	-	-
Illinois Funds	19,543,583	19,543,583	-	-	-
IMET	2,317,726	1,107,138	1,210,588	-	-
<b>TOTAL</b>	<b>\$ 57,158,813</b>	<b>\$ 55,948,225</b>	<b>\$ 1,210,588</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, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 12,826,180	\$ 974,154	\$ 5,948,975	\$ 5,903,051	\$ -
U.S. Agency Obligations	12,319,770	2,013,895	3,298,389	4,188,536	2,818,950
Money Market Mutual Funds	857,567	857,567	-	-	-
Illinois Funds	1,769,816	1,769,816	-	-	-
<b>TOTAL</b>	<b>\$ 27,773,333</b>	<b>\$ 5,615,432</b>	<b>\$ 9,247,364</b>	<b>\$ 10,091,587</b>	<b>\$ 2,818,950</b>

Fire Pension

The following table presents the investments and maturities of the Fire Pension Fund's debt securities as of December 31, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 14,947,848	\$ -	\$ 1,088,814	\$ 10,407,001	\$ 3,452,033
U.S. Agency Obligations	10,661,657	179,213	2,439,770	3,192,893	4,849,781
Money Market Mutual Funds	1,506,943	1,506,943	-	-	-
Illinois Funds	727,762	727,762	-	-	-
IMET	734,763	-	734,763	-	-
<b>TOTAL</b>	<b>\$ 28,578,973</b>	<b>\$ 2,413,918</b>	<b>\$ 4,263,347</b>	<b>\$ 13,599,894</b>	<b>\$ 8,301,814</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 policy has an investment horizon for its investments of three years. The Fire Pension has an investment horizon for its investments of three to five years. Also, up to 5% of police plan assets may be invested in non-liquid, long-term investments.

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 primarily investing in Obligations guaranteed by the United States government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. Illinois Funds and IMET are rated AAA by a national rating agency. Additionally, the U.S. Agency Obligations that consist of FHLMC securities are rated AAA by a national rating agency. For the pension funds, the U.S. Agency Obligations consist of FHLMC, FNMA, FHLB, GNMA and FFCB securities. For ratings that were available, these securities were rated AAA by a national rating agency.

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

Concentration of credit risk - The Village's investment policy has the following diversification guidelines: no more than 40% of the Village's investments can be held at any one financial institution, exclusive of bonds, notes debenture or other obligations of the United States or its agencies. The Police Pension Fund has the following limitations: 10% to 45% of the overall portfolio should be invested in equities, 40% to 80% should be invested in fixed income securities and 1% to 10% should be invested in cash and cash equivalents. The Police Pension Fund had greater than 5% of its overall portfolio invested in FNMA, FFCB and FHLMC securities implicitly guaranteed by the United States Government. The Fire Pension Fund 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 Fire 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)

3. RECEIVABLES

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

GOVERNMENTAL ACTIVITIES	
Hotel Tax	\$ 212,732
Cable Franchise Fees	86,966
Grants	155,423
Entertainment Tax	63,866
911 Surcharge	29,495
Tipping Fees	48,670
Food and Beverage Tax	251,570
Employee Computer Program	81,721
KCAT Salary Reimbursement	49,099
Primeco Settlement	85,514
Installment Note	305,250
Auction Proceeds	40,096
IPBC Terminal Reserve	90,077
Other Miscellaneous	<u>8,970</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,509,449</u></b>
BUSINESS-TYPE ACTIVITIES	
Auction Proceeds	\$ 2,406
Other Miscellaneous	<u>5,765</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b><u>\$ 8,171</u></b>

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

GOVERNMENTAL ACTIVITIES	
Sales Tax	\$ 1,731,098
Home Rule Sales Tax	952,979
Income Tax	256,781
Local Use Tax	173,084
Motor Fuel Tax	117,591
Simplified Telecommunications Tax	814,190
Court Fines	<u>90,981</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,136,704</u></b>

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balances January 1	Increases	Decreases	Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 4,249,750	\$ -	\$ -	\$ 4,249,750
Land Right of Way	34,947,383	1,155,179	-	36,102,562
Construction in Progress	-	138,037	-	138,037
Total Capital Assets not Being Depreciated	39,197,133	1,293,216	-	40,490,349
Capital Assets Being Depreciated				
Buildings and Improvements	17,427,256	59,748	-	17,487,004
Department Equipment	1,625,583	217,169	64,278	1,778,474
Vehicles	8,260,596	1,267,652	629,652	8,898,596
Office Furniture	15,225	-	-	15,225
Office Equipment	136,838	-	-	136,838
Infrastructure	85,156,337	4,634,677	598,961	89,192,053
Total Capital Assets Being Depreciated	112,621,835	6,179,246	1,292,891	117,508,190
Less Accumulated Depreciation for				
Buildings and Improvements	6,976,225	445,590	-	7,421,815
Department Equipment	1,033,332	123,499	64,278	1,092,553
Vehicles	4,237,871	721,453	416,670	4,542,654
Office Furniture	9,135	1,015	-	10,150
Office Equipment	100,348	9,123	-	109,471
Infrastructure	35,435,914	2,595,014	552,360	37,478,568
Total Accumulated Depreciation	47,792,825	3,895,694	1,033,308	50,655,211
Total Capital Assets Being Depreciated, Net	64,829,010	2,283,552	259,583	66,852,979
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$104,026,143</b>	<b>\$ 3,576,768</b>	<b>\$ 259,583</b>	<b>\$107,343,328</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	41,612,783	1,578,249	-	43,191,032
Vehicles	919,254	200,868	49,520	1,070,602
Department Equipment	583,142	-	-	583,142
Total Capital Assets Being Depreciated	43,115,179	1,779,117	49,520	44,844,776
Less Accumulated Depreciation for				
Plant System and Equipment	18,026,675	1,067,402	-	19,094,077
Vehicles	810,740	38,752	49,520	799,972
Department Equipment	380,008	24,130	-	404,138
Total Accumulated Depreciation	19,217,423	1,130,284	49,520	20,298,187
Total Capital Assets Being Depreciated, Net	23,897,756	648,833	-	24,546,589
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 24,371,756</b>	<b>\$ 648,833</b>	<b>\$ -</b>	<b>\$ 25,020,589</b>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General Government	\$ 226,851
Public Safety	694,033
Highways and Streets, including Depreciation of General Infrastructure Assets	2,942,251
Health and Welfare	16,713
Culture and Recreation	2,836
Economic Development	13,010
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 3,895,694</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	Refundings	Balances December 31	Current Portion
\$6,365,000 General Obligation Bonds, Series 1997A, dated December 15, 1997 with interest at 4.50% to 4.70%.	Street Improvements and Fire Equipment	Debt Service	\$ 2,820,000	\$ -	\$ 415,000	\$ -	\$ 2,405,000	\$ 435,000
\$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	6,095,000	-	1,375,000	-	4,720,000	1,490,000
\$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	4,030,000	-	745,000	-	3,285,000	800,000
\$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	5,140,000	-	785,000	-	4,355,000	810,000
\$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	54,935,000	-	1,030,000	-	53,905,000	1,075,000
<b>TOTAL GENERAL OBLIGATION BONDS</b>			<b>\$ 73,020,000</b>	<b>\$ -</b>	<b>\$ 4,350,000</b>	<b>\$ -</b>	<b>\$ 68,670,000</b>	<b>\$ 4,610,000</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	Refundings	Balances December 31	Current Portion
\$68,947,092 Tax Increment Revenue Bonds Series 1991, dated October 15, 1991 with interest at 5.9% to 7.2%.	Debt Service	\$ 21,347,623	\$ 567,377	\$21,915,000	\$ -	\$ -	\$ -
\$65,400,000 Tax Increment Revenue Refunding Bonds Series 2006, dated July 1, 2006 with interest of varied rates.	Debt Service	55,900,000	-	10,300,000	-	45,600,000	10,700,000
<b>TOTAL TAX INCREMENT FINANCING BONDS</b>		<b>\$ 77,247,623</b>	<b>\$ 567,377</b>	<b>\$32,215,000</b>	<b>\$ -</b>	<b>\$ 45,600,000</b>	<b>\$ 10,700,000</b>
Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.	Debt Service	\$ 92,329,381	\$17,710,528	\$ -	\$ -	\$110,039,909	\$ -
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>\$ 95,914,221</b>	<b>\$17,710,528</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$113,624,749</b>	<b>\$ -</b>

The increase of \$567,377 in the 1991 Tax Increment Revenue Bonds reflects the increase in the accumulated value during the year ended December 31, 2007. The increase of \$17,710,528 in the Tax Increment Revenue Notes represents interest due March 31 and September 30, 2007 of \$3,090,977 that accrues to the principal balance if not paid and \$14,619,551 of new Tax Increment Revenue Notes issued in 2007.

5. LONG-TERM DEBT (Continued)

B. Tax Increment Financing Bonds and Notes (Continued)

2005 Tax Increment Revenue Refunding Bonds - Interest Rate Swap

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

*Terms* - The bonds and the related swap agreement mature on January 1, 2010 and the swap's 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 (July 2005). The notional value of the swap and the principal amount of the associated debt decline beginning in 2006 by equal principal amounts as noted in the debt service requirements to maturity schedule. As of December 31, 2007 the notional amount of \$45,600,000 matches the \$45,600,000 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, 2007, rates were as follows:

Interest rate swap		
Fixed payment to counterparty	Fixed	3.185%
Variable payment from counterparty	BMA Index	(3.420)%
Net interest rate swap payments		(0.235)%
Variable-rate bond coupon payments	Variable	3.420%
Synthetic variable interest rate on bonds		3.185%

*Fair value* - As of December 31, 2007, the swap had a negative fair value of (\$219,095). 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)

*Credit risk* - The swap's fair value represented the Village's credit exposure to the counterparty as of December 31, 2007. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the Village faced a maximum possible loss equivalent to the swap's fair value. The swap counterparty was rated AA - by Fitch Ratings and Standard and Poor's and Aa1 by Moody's Investors Service as of December 31, 2007.

*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, 2007. As rates vary in the future, variable rate bond interest payments will change.

C. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Year Ending December 31	General Obligation Bonds		Tax Increment Financing Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 4,610,000	\$ 3,399,305	\$10,700,000	\$ 1,139,965
2009	4,920,000	3,215,543	11,100,000	787,491
2010	4,530,000	3,016,052	23,800,000	63,169
2011	3,840,000	2,831,009	-	-
2012	2,750,000	2,671,863	-	-
2013-2017	7,435,000	12,050,275	-	-
2018-2022	9,550,000	9,938,290	-	-
2023-2027	12,380,000	7,108,218	-	-
2028-2032	16,095,000	3,389,850	-	-
2033	2,560,000	138,240	-	-
<b>TOTALS</b>	<b>\$68,670,000</b>	<b>\$47,758,645</b>	<b>\$45,600,000</b>	<b>\$ 1,990,625</b>

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

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5. LONG-TERM DEBT (Continued)

C. Debt Service Requirements to Maturity (Continued)

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

\* 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	\$ 73,020,000	\$ -	\$ 4,350,000	\$ -	\$ 68,670,000	\$ 4,610,000
Tax Increment Financing Bonds Payable	77,247,623	567,377	32,215,000	-	45,600,000	10,700,000
Notes Payable	95,914,221	17,710,528	-	-	113,624,749	-
Net Pension Obligation	234,222	-	7,174	-	227,048	-
Compensated Absences Payable - Governmental Funds *	1,939,839	1,572,754	1,243,172	-	2,269,421	1,338,159
Compensated Absences Payable - Internal Services Fund	17,760	18,797	17,760	-	18,797	18,797
Net Other Post-Employment Benefit Obligations	301,338	-	-	-	301,338	-
Net Other Post-Employment Benefit Obligations - Internal Service Fund	2,781	-	-	-	2,781	-
Termination Benefit**	19,838	-	10,817	-	9,021	9,021
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$248,697,622</b>	<b>\$ 19,869,456</b>	<b>\$ 37,843,923</b>	<b>\$ -</b>	<b>\$230,723,155</b>	<b>\$ 16,675,977</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
Compensated Absences Payable	\$ 190,809	\$ 166,210	\$ 114,299	\$ 242,720	\$ 107,182
Net Other Post-Employment Benefit Obligations	26,423	-	-	26,423	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 217,232</b>	<b>\$ 166,210</b>	<b>\$ 114,299</b>	<b>\$ 269,143</b>	<b>\$ 107,182</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
2007	\$ 4,653,985	25
2008	4,886,684	30
2009	5,131,018	30
2010	5,387,569	30
2011	5,656,947	30
2012	5,939,795	30

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

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

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 144-145.

G. Tax Increment Revenue Note Disclosures

The Village, pursuant to an economic development agreement dated February 25, 1990, has agreed to reimburse Sears, Roebuck and Co. for certain project costs Sears has incurred as the Village's agent in furthering the economic development plan and project. The economic development agreement requires that an economic development tax increment revenue note be executed each time Sears makes such an advance. These notes are payable from and secured solely by the pledged incremental revenues deposited from time to time in the Sears EDA General Account Fund created by the indenture of the Series 2006 and Series 1991 tax increment revenue bonds.

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

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, 2007.

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, 2007.

6. INTERFUND ACCOUNTS

Due from/to other funds at December 31, 2007 consist of the following:

	Due From	Due To
General	\$ 1,066,479	\$ 187,916
Waterworks and Sewerage	-	86,727
Nonmajor Governmental	102,309	1,041,247
Fiduciary	187,916	-
Internal Service	12,408	53,222
TOTAL	<u>\$ 1,369,112</u>	<u>\$ 1,369,112</u>

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

Advances from/to other funds at December 31, 2007 consisted of the following:

	Advance To	Advance From
General	\$ -	\$ 11,000
Fiduciary	11,000	-
TOTAL	<u>\$ 11,000</u>	<u>\$ 11,000</u>

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

6. INTERFUND ACCOUNTS (Continued)

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

\$11,000 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, 2007 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 4,623,790
Nonmajor Governmental	5,073,630	486,058
Waterworks and Sewerage	19,200	29,050
Internal Service	55,698	9,630
	<u>\$ 5,148,528</u>	<u>\$ 5,148,528</u>
TOTAL	<u>\$ 5,148,528</u>	<u>\$ 5,148,528</u>

The purposes of significant interfund transfers are as follows:

- \$4,623,790 Transferred to other funds from the General Fund. This relates to routine transfers from the General Fund to the 2001 GO Debt Service Fund (\$235,980), 1997A GO Debt Service Fund (\$426,820), 2004 GO Debt Service Fund (\$572,550), Capital Improvements Fund (\$1,797,120), Capital Replacement Fund (\$1,020,470), Capital Vehicle and Equipment Fund (\$516,200), Insurance Fund (\$293), Information Systems Fund (\$47,157), and the Waterworks and Sewerage Fund (\$7,200) for the payment of debt service and capital project costs. The transfers will not be repaid.
- \$5,073,630 Transferred from other funds to the Nonmajor Governmental Funds. This relates primarily to transfers from the General Fund to the 2001 GO Debt Service Fund (\$235,980), 1997A GO Debt Service Fund (\$426,820), 2004 GO Debt Service Fund (\$572,550), Capital Improvements Fund (\$1,797,120), Capital Replacement Fund (\$1,020,470) and Capital Vehicle and Equipment Fund (\$516,200), transfers from the Motor Fuel Tax Fund to the 2004 GO Debt Service Fund (\$174,370), transfers from the EDA Administration Fund to the 1997A GO Debt Service Fund (\$33,270), Capital Vehicle and Equipment Fund (\$23,250), and Capital Replacement Fund (\$149,920), transfers from the E-911 Fund to the 1997A GO Debt Service Fund (\$85,000), transfers from the Waterworks and Sewerage Fund to the Capital Vehicle and Equipment Fund (\$29,050), and transfers from the Information Systems Fund to the Capital Replacement Fund (\$9,630) all for the payment of debt service and capital project costs. The transfers will not be repaid.

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

6. INTERFUND ACCOUNTS (Continued)

- \$486,058 Transferred to other funds from the Nonmajor Governmental Funds. This relates primarily to transfers from the Motor Fuel Tax Fund to the 2004 GO Debt Service Fund (\$174,370), transfers from the EDA Administration Fund to the 1997A GO Debt Service Fund (\$33,270), Capital Vehicle and Equipment Fund (\$23,250), and Capital Replacement Fund (\$149,920), transfers from the E-911 Fund to the 1997A GO Debt Service Fund (\$85,000), transfers from the Asset Seizure Fund to the Information Systems Fund (\$8,248) and transfers from the Capital Replacement Fund to the Waterworks and Sewerage Fund (\$12,000) all for the payment of debt service and capital project costs. The transfers will not be repaid.

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The Village is self-insured for general liability and workers compensation, and has established a risk financing Insurance Fund (the Fund) for those risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. Under this program, the Fund provides coverage up to a maximum of \$100,000 for each general liability and property damage claim, \$250,000 for each workers compensation claim in 2003 and prior, \$300,000 for each workers compensation claim in 2004, \$350,000 for each workers compensation claims in 2005 and \$500,000 for each workers compensation claims in 2006 and 2007. 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:

	2007	2006
UNPAID CLAIMS, BEGINNING OF YEAR	\$ 1,179,992	\$ 1,000,634
Incurred Claims (including IBNR)	352,186	1,390,583
Claim Payments	(565,473)	(1,211,225)
UNPAID CLAIMS, END OF YEAR	<u>\$ 966,705</u>	<u>\$ 1,179,992</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 and the members provided that HELP and its members were obligated to the Village of Elk Grove Village for payment of principal and interest on the bonds until such bonds were retired. Additionally, each member was liable for its proportionate share of any default by other members. The obligations of HELP and its members are unconditional. The bonds were paid in full as of April 30, 1997.

Intergovernmental Personnel Benefit Cooperative (IPBC)

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

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

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 the High-level Excess Liability Pool (HELP) through April 30, 2018. The Village expects to make the following payments to HELP:

<u>Year Ending December 31</u>	<u>Amount</u>
2008	\$ 84,800
2009	84,800
2010	84,800
2011	84,800
2012	84,800
2013-2017	424,000
2018	42,400

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>
2008	\$ 4,801,650
2009	4,801,650
2010	4,801,650
2011	4,801,650
2012	4,801,650
2013-2017	24,008,250
2018-2022	24,008,250

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>
2008	\$ 74,281
2009	72,054
2010	69,828
2011	67,602
2012	65,375
2013-2015	201,590

These amounts have been estimated based upon the Village's commitment for 2007. In future years, the annual expense will be subject to change based upon the actual tonnage of refuse disposed of and current SWANCC costs.

D. Economic Incentive Agreements

The Village has entered into economic incentive agreements with commercial entities whereby the Village has agreed to reimburse the commercial entities for certain unique infrastructure costs incurred by the commercial entities through sales tax rebates. The amount of the rebates is limited to the lower of actual costs or \$19,270,000 (\$811,702 paid as of December 31, 2007) and are payable over seven - seventeen 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, 2007, the Village has accrued an estimated rebate liability of \$451,596 for amounts collected by the state through December 31, 2007. The amounts to be reimbursed annually are limited to various percentages of sales 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 a significant contract for the purpose of Village Hall remodeling. At December 31, 2007, the Village was committed for the following:

Project	Total Contract Amount	Work Completed as of December 31, 2007	Total Contract Outstanding at December 31, 2007
Village Hall Remodeling	\$ 4,634,824	\$ 138,037	\$ 4,496,787

10. JOINT VENTURES

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

Description of Joint Venture

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

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

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

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

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

10. JOINT VENTURES (Continued)

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

Description of Joint Venture (Continued)

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

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

In accordance with the joint venture agreement, the Village remitted \$4,501,874 to JAWA for 2007. The Village does not have an equity interest in JAWA at December 31, 2007.

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

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

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

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

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

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

10. JOINT VENTURES (Continued)

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

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 \$999,592 to SWANCC in 2007. The payments have been recorded in the Municipal Waste System Fund. The Village does not have an equity interest in SWANCC at December 31, 2007.

11. DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters’ Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The police and fire pension plans issue separate reports on the pension plans. These reports can be obtained from the Village, 1900 Hassell Road, Hoffman Estates, Illinois 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.

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, 2007 was 10.75% of covered payroll.

11. DEFINED BENEFIT PENSION PLANS

A. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At December 31, 2006, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	49
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	67
Nonvested	33
	<hr/>
TOTAL	<u>149</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service costs for the Police Pension Plan. For the year ended December 31, 2006, the Village's contribution was 19.95% of covered payroll.

11. DEFINED BENEFIT PENSION PLANS

A. Plan Descriptions (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At December 31, 2006, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	39
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	55
Nonvested	42
	<hr/>
TOTAL	<u><u>136</u></u>

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75.00% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees are required to contribute 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, 2006, the Village's contribution was 19.37% of covered payroll.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. Significant Investments

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

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2005	December 31, 2005	December 31, 2005
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	27 Years, Closed	27 Years, Closed	27 Years, Closed
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	5.00% Compounded Annually	5.00% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40 to 11.60%	1.00%	1.00%
d) Post-Retirement Benefit Increases	3.00%	3.00%	3.00%

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

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

	Fiscal Year	Illinois Municipal Retirement	Fiscal Year	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2005	\$ 956,952	2004	\$ 1,336,949	\$ 1,182,673
	2006	1,090,910	2005	1,354,615	1,276,028
	2007	1,172,145	2006	1,468,083	1,340,046
Actual Contribution	2005	\$ 956,952	2004	\$ 1,373,666	\$ 1,194,531
	2006	1,090,910	2005	1,355,494	1,262,516
	2007	1,172,145	2006	1,471,015	1,347,220
Percentage of APC Contributed	2005	100.00%	2004	102.70%	101.00%
	2006	100.00	2005	100.06	98.94
	2007	100.00	2006	100.20	100.54
NPO (Asset)	2005	\$ -	2004	\$ (336,495)	\$ 220,710
	2006	-	2005	(337,374)	234,222
	2007	-	2006	(340,306)	227,048

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

	Police Pension	Firefighters' Pension
Annual Required Contributions	\$ 1,476,740	\$ 1,334,036
Interest on Net Pension Obligation	(25,303)	17,567
Adjustment to Annual Required Contribution	16,646	(11,557)
Annual Pension Cost	1,468,083	1,340,046
Contributions Made	1,471,015	1,347,220
Change in Net Pension Obligation (Asset)	(2,932)	(7,174)
Net Pension Obligation (Asset), Beginning of Year	(337,374)	234,222
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ (340,306)	\$ 227,048

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Segment Information

Fiduciary Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ASSETS</b>			
Cash and Short-Term-Investments	\$ 1,770,821	\$ 728,767	\$ 2,499,588
Investments, at Fair Value			
U.S. Treasury Securities	12,826,180	14,947,848	27,774,028
U.S. Agency Securities	12,319,770	10,661,657	22,981,427
Illinois Metropolitan Investment Trust	-	734,763	734,763
Mutual Funds	17,395,899	3,882,999	21,278,898
Money Market Mutual Funds	857,567	1,506,943	2,364,510
Equities	-	16,944,173	16,944,173
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	252,586	297,459	550,045
Due from General Fund	106,843	81,073	187,916
<b>Total Assets</b>	<b>45,529,666</b>	<b>49,785,682</b>	<b>95,315,348</b>
<b>LIABILITIES</b>			
Accounts Payable	19,956	73,883	93,839
<b>Total Liabilities</b>	<b>19,956</b>	<b>73,883</b>	<b>93,839</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 45,509,710</b>	<b>\$ 49,711,799</b>	<b>\$ 95,221,509</b>

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Segment Information (Continued)

Changes in Plan Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ADDITIONS</b>			
Contributions			
Employer Contributions	\$ 1,638,142	\$ 1,426,737	\$ 3,064,879
Employee Contributions	776,823	699,140	1,475,963
Other Contributions	200,737	-	200,737
Total Contributions	2,615,702	2,125,877	4,741,579
Investment Income			
Net Appreciation in Fair Value of Investments	1,635,593	1,133,906	2,769,499
Interest	1,481,235	1,913,845	3,395,080
Total Investment Income	3,116,828	3,047,751	6,164,579
Less Investment Expense	(99,094)	(194,348)	(293,442)
Net Investment Income	3,017,734	2,853,403	5,871,137
Total Additions	5,633,436	4,979,280	10,612,716
<b>DEDUCTIONS</b>			
Benefits and Refunds	2,075,790	1,813,937	3,889,727
Miscellaneous	16,146	35,152	51,298
Total Deductions	2,091,936	1,849,089	3,941,025
NET INCREASE	3,541,500	3,130,191	6,671,691
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	41,968,210	46,581,608	88,549,818
December 31	\$ 45,509,710	\$ 49,711,799	\$ 95,221,509

12. TERMINATION BENEFITS

On September 22, 2003 and November 19, 2004, the Village entered into two separate agreements providing for the payment of 39 and 44 months of health insurance costs, respectively. Employees were required to resign as of a designated date and to maintain the same coverage as they were provided during their employment. Under the agreement, the Village contributed 100% of the employee's health insurance premiums for the period covered, July 1, 2004 - September 30, 2008 and January 1, 2005 - August 31, 2008, respectively. The Village has calculated the premium payments for the remaining period of the benefit based on the 2008 premium rates for 2008 and assuming an 8% medical inflation rate for premiums to be paid in 2008. The Village makes monthly insurance payments for the premium amount in conjunction with their regular health insurance premium payments. As of December 31, 2007 only one of the agreements was still active, the Village's remaining contributions due under the agreement was \$9,021.

13. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

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

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

13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

C. Membership

At December 31, 2006 (most recent information available), membership consisted of:

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

D. Funding Policy

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

E. Annual OPEB Costs and Net OPEB Obligation

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

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

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

13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of December 31, 2006 (most recent information available), was calculated as follows:

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

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2006, (most recent information available) was as follows:

Actuarial Accrued Liability (AAL)	\$ 8,678,983
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	8,678,983
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

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

13. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

14. DEFICIT FUND BALANCE

The 2008 Capital Projects fund had a deficit fund balance of (\$1,053,775) as of December 31, 2007.

15. PRIOR PERIOD ADJUSTMENT

Fund balance in the Capital Improvement Fund and Net Assets of Governmental Activities were restated by \$299,267 as of January 1, 2007 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.

16. SUBSEQUENT EVENT

On March 20, 2008, the Village issued \$26,645,000 General Obligation Bonds, Series 2008A for the construction of municipal facilities and the purchase of land for future use. Interest is payable semiannually on June 1 and December 1. The 2008A bonds mature serially on December 1 annually beginning on December 1, 2030 through December 1, 2038 and bear interest at a rate of 5.00%.

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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 23,544,071	\$ 23,544,071	\$ 21,710,526	\$ 20,909,646
Licenses and Permits	2,229,500	2,229,500	2,637,624	1,974,164
Intergovernmental	13,084,040	13,084,040	12,713,142	11,781,393
Charges for Services	4,597,470	4,597,470	4,950,909	4,100,996
Fines and Forfeits	716,600	716,600	1,160,360	825,005
Investment Income	710,220	710,220	700,628	745,136
Miscellaneous	215,040	215,040	362,605	151,937
<b>Total Revenues</b>	<b>45,096,941</b>	<b>45,096,941</b>	<b>44,235,794</b>	<b>40,488,277</b>
<b>EXPENDITURES</b>				
Current				
General Government	5,508,490	5,791,940	5,534,581	5,096,565
Public Safety	26,437,991	26,608,491	26,217,176	23,836,847
Highways and Streets	5,132,840	5,424,140	5,286,342	4,436,085
Health and Welfare	2,000,600	2,000,600	1,898,681	1,800,992
Culture and Recreation	285,130	314,130	289,403	241,172
Economic Development	1,891,680	1,891,680	1,393,040	971,705
<b>Total Expenditures</b>	<b>41,256,731</b>	<b>42,030,981</b>	<b>40,619,223</b>	<b>36,383,366</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,840,210</b>	<b>3,065,960</b>	<b>3,616,571</b>	<b>4,104,911</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	(4,935,250)	(4,935,250)	(4,623,790)	(5,127,209)
Sale of Capital Assets	4,000	4,000	9,259	6,839
<b>Total Other Financing Sources (Uses)</b>	<b>(4,931,250)</b>	<b>(4,931,250)</b>	<b>(4,614,531)</b>	<b>(5,120,370)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,091,040)</b>	<b>\$ (1,865,290)</b>	<b>(997,960)</b>	<b>(1,015,459)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>15,011,896</b>	<b>16,027,355</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 14,013,936</b>	<b>\$ 15,011,896</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2007

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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, 2007

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)
2002	\$ 20,951,836	\$ 21,967,250	95.38%	\$ 1,015,414	\$ 8,789,689	11.55%
2003	21,537,876	23,777,749	90.58%	2,239,873	9,106,366	24.60%
2004	22,711,178	26,116,924	86.96%	3,405,746	9,188,213	37.07%
2005	24,975,810	28,864,113	86.53%	3,888,303	9,607,953	40.47%
2006	27,262,318	30,742,302	88.68%	3,479,984	10,148,000	34.29%
2007	25,719,656	30,858,858	83.35%	5,139,202	10,924,003	47.05%

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

POLICE PENSION FUND

December 31, 2007

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2001	\$ 28,333,908	\$ 41,590,258	68.13%	\$ 13,256,350	\$ 5,628,950	235.50%
2002	29,478,058	44,943,914	65.59%	15,465,856	5,839,753	264.84%
2003	33,455,485	48,354,837	69.19%	14,899,352	6,224,502	239.37%
2004	36,312,217	52,154,449	69.62%	15,842,232	6,624,855	239.13%
2005	38,197,403	57,086,394	66.91%	18,888,991	6,771,593	278.94%
2006	41,968,210	61,447,157	68.30%	19,478,947	7,373,997	264.16%
2007	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, 2007

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2001	\$ 32,844,579	\$ 36,224,569	90.67%	\$ 3,379,990	\$ 5,335,465	63.35%
2002	32,792,236	39,735,129	82.53%	6,942,893	5,495,896	126.33%
2003	36,983,919	43,920,572	84.21%	6,936,653	5,975,159	116.09%
2004	40,731,107	49,152,952	82.87%	8,421,845	6,340,870	132.82%
2005	43,322,571	53,329,382	81.24%	10,006,811	6,661,577	150.22%
2006	46,581,608	57,700,568	80.73%	11,118,960	6,954,964	159.87%
2007	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, 2007

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (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	*	*	*	*	*	*

\*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, 2007

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<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 350,709	\$ 350,709	100.00%
2003	531,812	531,812	100.00%
2004	872,022	872,022	100.00%
2005	956,952	956,952	100.00%
2006	1,090,910	1,090,910	100.00%
2007	1,172,145	1,172,145	100.00%

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

POLICE PENSION FUND

December 31, 2007

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<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 986,517	\$ 1,009,184	97.75%
2003	1,228,908	1,208,284	101.71%
2004	1,373,666	1,345,336	102.11%
2005	1,355,494	1,363,653	99.40%
2006	1,471,015	1,476,740	99.61%
2007	1,638,142	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, 2007

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<u>Fiscal Year December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 805,030	\$ 818,935	98.30%
2003	951,957	941,978	101.06%
2004	1,194,531	1,176,166	101.56%
2005	1,262,516	1,270,100	99.40%
2006	1,347,220	1,334,036	100.99%
2007	1,426,737	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, 2007

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

\*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, 2007

(with comparative totals for 2006)

	2007	2006
<b>ASSETS</b>		
Cash and Investments	\$ 12,213,972	\$ 14,501,358
Receivables		
Property Taxes	13,604,904	12,061,945
Accounts	25,448	84,793
Accrued Interest	30,738	55,154
Other	711,378	410,277
Prepaid Items	6,154	17,324
Inventory	190,218	188,866
Due from Other Governments	4,019,113	3,619,080
Due from Other Funds	1,066,479	113,418
Advance to Other Funds	-	287,849
Advance to Fiduciary Funds	11,000	4,000
<b>TOTAL ASSETS</b>	<b>\$ 31,879,404</b>	<b>\$ 31,344,064</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 1,471,498	\$ 1,041,934
Accrued Payroll	1,021,549	851,509
Deferred Revenues	13,770,134	12,905,051
Due to Other Funds	-	129,309
Due to Fiduciary Funds	187,916	25,707
Deposits Payable	1,414,371	1,378,658
<b>Total Liabilities</b>	<b>17,865,468</b>	<b>16,332,168</b>
<b>FUND BALANCE</b>		
Reserved for Prepaid Items	6,154	17,324
Reserved for Inventory	190,218	188,866
Reserved for Advances to Other Funds	11,000	291,849
Reserved for Public Safety	116,371	121,797
Reserved for Employee Loan Program	81,721	89,998
Unreserved - Designated for Compensated Absences	2,250,193	1,923,346
Unreserved - Designated for Police Facility	659,874	161,874
Unreserved - Undesignated	10,698,405	12,216,842
<b>Total Fund Balance</b>	<b>14,013,936</b>	<b>15,011,896</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 31,879,404</b>	<b>\$ 31,344,064</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>GENERAL GOVERNMENT</b>				
Legislative	\$ 353,800	\$ 373,800	\$ 367,995	\$ 323,699
Administration	670,670	670,670	662,270	673,677
Legal	297,840	357,840	352,900	290,152
Finance	772,640	777,440	776,906	718,325
Village Clerk	179,790	179,790	162,587	164,591
Human Resources Management	540,130	540,130	484,591	359,376
Special Projects	133,710	133,710	24,315	146,134
Buildings and Grounds	869,660	869,660	864,082	708,278
Equipment and Supply	1,355,660	1,535,660	1,535,131	1,400,608
Police and Fire Commission	31,390	36,390	35,874	151,863
Emergency Operations	67,800	81,450	77,756	16,191
Miscellaneous Boards and Commissions	235,400	235,400	190,174	143,671
<b>Total General Government</b>	<b>5,508,490</b>	<b>5,791,940</b>	<b>5,534,581</b>	<b>5,096,565</b>
<b>PUBLIC SAFETY</b>				
<b>Police Department</b>				
Administration	1,686,370	1,686,370	1,735,117	1,491,231
Juvenile Investigations	704,090	704,090	692,422	635,360
Problem Oriented Policing	226,920	226,920	228,527	215,214
Tactical	830,660	830,660	753,417	709,234
Patrol and Response	7,247,637	7,247,637	7,345,550	6,572,603
Traffic Control	916,700	916,700	888,997	828,643
Investigations	1,042,500	1,042,500	1,027,427	982,912
Community Relations	244,590	244,590	243,212	231,503
Communications	862,920	862,920	754,028	602,995
Canine	264,380	264,380	251,213	230,548
Special Services	461,040	461,040	267,111	142,575
Records	272,060	272,060	314,188	226,233
Administrative Services	761,090	761,090	707,488	695,693
<b>Total Police Department</b>	<b>15,520,957</b>	<b>15,520,957</b>	<b>15,208,697</b>	<b>13,564,744</b>
<b>Fire Department</b>				
Administration	747,810	747,810	797,552	702,677
Public Education	102,810	102,810	111,269	92,447
Suppression	5,620,824	5,620,824	5,545,937	5,288,997
Emergency Medical Services	3,937,230	4,107,730	4,076,846	3,727,879
Fire Prevention	365,180	365,180	364,438	336,590
E.S.D.A.	51,360	51,360	44,806	45,691
Fire Stations	91,820	91,820	67,631	77,822
<b>Total Fire Department</b>	<b>10,917,034</b>	<b>11,087,534</b>	<b>11,008,479</b>	<b>10,272,103</b>
<b>Total Public Safety</b>	<b>26,437,991</b>	<b>26,608,491</b>	<b>26,217,176</b>	<b>23,836,847</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>HIGHWAYS AND STREETS</b>				
Administration - Public Works	\$ 320,300	\$ 320,300	\$ 315,048	\$ 295,088
Snow and Ice Control	1,363,990	1,655,290	1,641,716	1,093,431
Asphalt	276,260	276,260	312,942	298,026
Forestry	948,820	948,820	816,735	774,863
Maintenance	310,650	310,650	254,223	240,325
Storm Sewers	183,860	183,860	219,561	173,783
Utilities	615,250	615,250	617,005	524,779
Engineering	1,113,710	1,113,710	1,109,112	1,035,790
Total Highways and Streets	5,132,840	5,424,140	5,286,342	4,436,085
<b>HEALTH AND WELFARE</b>				
Health and Human Services	754,440	754,440	708,890	674,889
Code Enforcement	1,246,160	1,246,160	1,189,791	1,126,103
Total Health and Welfare	2,000,600	2,000,600	1,898,681	1,800,992
<b>CULTURE AND RECREATION</b>				
Cable T.V.	144,930	173,930	159,819	127,868
4th of July	140,200	140,200	129,584	113,304
Total Culture and Recreation	285,130	314,130	289,403	241,172
<b>ECONOMIC DEVELOPMENT</b>				
Administration - Community Development	179,220	179,220	179,518	176,207
Planning	641,300	641,300	591,884	587,759
Economic Development	1,071,160	1,071,160	621,638	207,739
Total Economic Development	1,891,680	1,891,680	1,393,040	971,705
<b>TOTAL EXPENDITURES</b>	<b>\$ 41,256,731</b>	<b>\$ 42,030,981</b>	<b>\$ 40,619,223</b>	<b>\$ 36,383,366</b>

(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, 2007  
(with comparative actual for 2006)

	2007		2006	
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 5,208,718	\$ 2,483,072
Investment Income	40,000	40,000	113	22,697
Miscellaneous	19,875,010	19,875,010	16,699,691	18,592,592
Total Revenues	21,915,010	21,915,010	21,908,522	21,098,361
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	7,308,220	7,308,220	21,915,000	21,110,000
Interest and Fiscal Charges	14,606,790	14,606,790	-	-
Total Expenditures	21,915,010	21,915,010	21,915,000	21,110,000
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(6,478)	(11,639)
FUND BALANCE, JANUARY 1			6,516	18,155
FUND BALANCE, DECEMBER 31			\$ 38	\$ 6,516

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 10,980,340	\$ 11,385,340	\$ 12,502,091	\$ 21,804,432
Investment Income	850,000	850,000	550,800	714,560
Total Revenues	11,830,340	12,235,340	13,052,891	22,518,992
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	10,300,000	10,300,000	10,300,000	9,500,000
Interest and Fiscal Charges	1,530,340	1,935,340	1,934,959	2,342,037
Total Expenditures	11,830,340	12,235,340	12,234,959	11,842,037
NET CHANGE IN FUND BALANCE	\$ -	\$ -	817,932	10,676,955
FUND BALANCE, JANUARY 1			22,866,828	12,189,873
FUND BALANCE, DECEMBER 31			\$ 23,684,760	\$ 22,866,828

(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, 2007

(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ 175,000	\$ 175,000	\$ 176,714	\$ 153,719
Investment Income	255,750	255,750	236,327	303,518
<b>Total Revenues</b>	<b>430,750</b>	<b>430,750</b>	<b>413,041</b>	<b>457,237</b>
<b>EXPENDITURES</b>				
Capital Outlay	325,000	15,085,000	15,084,766	1,585,065
<b>Total Expenditures</b>	<b>325,000</b>	<b>15,085,000</b>	<b>15,084,766</b>	<b>1,585,065</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>105,750</b>	<b>(14,654,250)</b>	<b>(14,671,725)</b>	<b>(1,127,828)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Notes Issued, at Par	-	14,760,000	14,619,551	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>14,760,000</b>	<b>14,619,551</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 105,750</b>	<b>\$ 105,750</b>	<b>(52,174)</b>	<b>(1,127,828)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>4,868,616</b>	<b>5,996,444</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 4,816,442</b>	<b>\$ 4,868,616</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 3,776,172	\$ 2,696,779	\$ 11,772,164	\$ 18,245,115
Receivables				
Property Taxes	732,280	1,683,894	-	2,416,174
Accrued Interest	21,303	9,121	51,056	81,480
Other	469,472	125,785	197,814	793,071
Prepaid Items	67,552	-	64,700	132,252
Due from Other Governments	117,591	-	-	117,591
Due from Other Funds	51,752	-	50,557	102,309
<b>TOTAL ASSETS</b>	<b>\$ 5,236,122</b>	<b>\$ 4,515,579</b>	<b>\$ 12,136,291</b>	<b>\$ 21,887,992</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 163,215	\$ -	\$ 966,391	\$ 1,129,606
Accrued Payroll	91,249	-	-	91,249
Deferred Revenues	1,503,864	1,578,416	-	3,082,280
Due to Other Funds	67,076	50,682	923,489	1,041,247
Deposits Payable	31,990	-	988,295	1,020,285
<b>Total Liabilities</b>	<b>1,857,394</b>	<b>1,629,098</b>	<b>2,878,175</b>	<b>6,364,667</b>
<b>FUND BALANCES</b>				
Reserved for Prepaid Items	67,552	-	64,700	132,252
Reserved for Highways and Streets	219,094	-	-	219,094
Reserved for Emergency Equipment	1,157,635	-	-	1,157,635
Reserved for Public Safety	96,522	-	-	96,522
Reserved for Debt Service	-	2,886,481	-	2,886,481
Reserved for Economic Development	1,512,593	-	-	1,512,593
Reserved for Bridge Maintenance and Repairs	-	-	384,423	384,423
Unreserved - Designated for Compensated Absences	19,228	-	-	19,228
Unreserved - Designated for Capital Projects	-	-	8,808,993	8,808,993
Unreserved - Undesignated	306,104	-	-	306,104
<b>Total Fund Balances</b>	<b>3,378,728</b>	<b>2,886,481</b>	<b>9,258,116</b>	<b>15,523,325</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,236,122</b>	<b>\$ 4,515,579</b>	<b>\$ 12,136,291</b>	<b>\$ 21,887,992</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, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 4,030,127	\$ 2,466,947	\$ 1,217,259	\$ 7,714,333
Intergovernmental	1,783,107	-	-	1,783,107
Charges for Services	878,948	-	734,966	1,613,914
Fines and Forfeits	187,390	-	-	187,390
Investment Income	223,708	223,886	515,312	962,906
Miscellaneous	433,119	2,786,125	49,150	3,268,394
<b>Total Revenues</b>	<b>7,536,399</b>	<b>5,476,958</b>	<b>2,516,687</b>	<b>15,530,044</b>
<b>EXPENDITURES</b>				
Current				
General Government	535,149	-	-	535,149
Public Safety	3,536,572	-	-	3,536,572
Highways and Streets	1,445,229	-	-	1,445,229
Sanitation	1,126,761	-	-	1,126,761
Economic Development	203,185	-	-	203,185
Capital Outlay	-	-	5,557,365	5,557,365
Debt Service				
Principal Retirement	-	4,350,000	-	4,350,000
Interest and Fiscal Charges	-	3,577,577	-	3,577,577
<b>Total Expenditures</b>	<b>6,846,896</b>	<b>7,927,577</b>	<b>5,557,365</b>	<b>20,331,838</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>689,503</b>	<b>(2,450,619)</b>	<b>(3,040,678)</b>	<b>(4,801,794)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	1,527,990	3,545,640	5,073,630
Transfers (Out)	(474,058)	-	(12,000)	(486,058)
Proceeds from Sale of Capital Assets	4,169	-	110,305	114,474
<b>Total Other Financing Sources (Uses)</b>	<b>(469,889)</b>	<b>1,527,990</b>	<b>3,643,945</b>	<b>4,702,046</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>219,614</b>	<b>(922,629)</b>	<b>603,267</b>	<b>(99,748)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>3,159,114</b>	<b>3,809,110</b>	<b>8,355,582</b>	<b>15,323,806</b>
Prior Period Adjustment	-	-	299,267	299,267
<b>FUND BALANCES, JANUARY 1</b>	<b>3,159,114</b>	<b>3,809,110</b>	<b>8,654,849</b>	<b>15,623,073</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 3,378,728</b>	<b>\$ 2,886,481</b>	<b>\$ 9,258,116</b>	<b>\$ 15,523,325</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 Economic Development Area and the Sears Development, in accordance with State statutes.

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

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

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

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2007

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration
<b>ASSETS</b>				
Cash and Investments	\$ 113,837	\$ 1	\$ 537,078	\$ 562,449
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Other	-	-	-	543
Prepaid Items	-	-	-	-
Due from Other Governments	117,591	-	-	-
Due from Other Funds	-	-	51,752	-
<b>TOTAL ASSETS</b>	<b>\$ 231,428</b>	<b>\$ 1</b>	<b>\$ 588,830</b>	<b>\$ 562,992</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 12,334	\$ -	\$ 2,768	\$ 16,912
Accrued Payroll	-	-	3,500	87,749
Deferred Revenues	-	-	486,040	-
Due to Other Funds	-	-	-	67,076
Deposits Payable	-	-	-	31,990
<b>Total Liabilities</b>	<b>12,334</b>	<b>-</b>	<b>492,308</b>	<b>203,727</b>
<b>FUND BALANCES</b>				
Reserved for Prepaid Items	-	-	-	-
Reserved for Highways and Streets	219,094	-	-	-
Reserved for Emergency Equipment	-	-	-	-
Reserved for Economic Development	-	1	-	340,037
Reserved for Public Safety	-	-	96,522	-
Unreserved				
Designated for Compensated Absences	-	-	-	19,228
Undesignated	-	-	-	-
<b>Total Fund Balances</b>	<b>219,094</b>	<b>1</b>	<b>96,522</b>	<b>359,265</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 231,428</b>	<b>\$ 1</b>	<b>\$ 588,830</b>	<b>\$ 562,992</b>

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ 1,129,908	\$ 268,884	\$ 1,164,015	\$ 3,776,172
-	-	732,280	732,280
-	-	21,303	21,303
115,009	48,670	305,250	469,472
-	67,552	-	67,552
-	-	-	117,591
-	-	-	51,752
<u>\$ 1,244,917</u>	<u>\$ 385,106</u>	<u>\$ 2,222,848</u>	<u>\$ 5,236,122</u>
\$ 87,282	\$ 11,450	\$ 32,469	\$ 163,215
-	-	-	91,249
-	-	1,017,824	1,503,864
-	-	-	67,076
-	-	-	31,990
<u>87,282</u>	<u>11,450</u>	<u>1,050,293</u>	<u>1,857,394</u>
-	67,552	-	67,552
-	-	-	219,094
1,157,635	-	-	1,157,635
-	-	1,172,555	1,512,593
-	-	-	96,522
-	-	-	19,228
-	306,104	-	306,104
<u>1,157,635</u>	<u>373,656</u>	<u>1,172,555</u>	<u>3,378,728</u>
<u>\$ 1,244,917</u>	<u>\$ 385,106</u>	<u>\$ 2,222,848</u>	<u>\$ 5,236,122</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, 2007

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 3,324,275
Intergovernmental	1,470,859	39,746	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	187,390	-
Investment Income	10,886	-	3,294	79,618
Miscellaneous	-	1	-	345,608
<b>Total Revenues</b>	<b>1,481,745</b>	<b>39,747</b>	<b>190,684</b>	<b>3,749,501</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	535,149
Public Safety	-	-	179,744	3,265,475
Highways and Streets	1,310,628	-	-	134,601
Sanitation	-	-	-	-
Economic Development	-	39,746	-	-
<b>Total Expenditures</b>	<b>1,310,628</b>	<b>39,746</b>	<b>179,744</b>	<b>3,935,225</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>171,117</b>	<b>1</b>	<b>10,940</b>	<b>(185,724)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	(174,370)	-	(8,248)	(206,440)
Proceeds from Sale of Capital Assets	-	-	4,169	-
<b>Total Other Financing Sources (Uses)</b>	<b>(174,370)</b>	<b>-</b>	<b>(4,079)</b>	<b>(206,440)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,253)</b>	<b>1</b>	<b>6,861</b>	<b>(392,164)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>222,347</b>	<b>-</b>	<b>89,661</b>	<b>751,429</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 219,094</b>	<b>\$ 1</b>	<b>\$ 96,522</b>	<b>\$ 359,265</b>

Emergency 911	Municipal Waste System	Roselle Road TIF	Total
\$ -	\$ -	\$ 705,852	\$ 4,030,127
272,502	-	-	1,783,107
-	878,948	-	878,948
-	-	-	187,390
49,506	19,577	60,827	223,708
-	1,939	85,571	433,119
322,008	900,464	852,250	7,536,399
-	-	-	535,149
91,353	-	-	3,536,572
-	-	-	1,445,229
-	1,126,761	-	1,126,761
-	-	163,439	203,185
91,353	1,126,761	163,439	6,846,896
230,655	(226,297)	688,811	689,503
(85,000)	-	-	(474,058)
-	-	-	4,169
(85,000)	-	-	(469,889)
145,655	(226,297)	688,811	219,614
1,011,980	599,953	483,744	3,159,114
\$ 1,157,635	\$ 373,656	\$ 1,172,555	\$ 3,378,728

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 1,474,000	\$ 1,474,000	\$ 1,470,859	\$ 1,482,856
Investment Income	9,000	9,000	10,886	9,518
<b>Total Revenues</b>	<b>1,483,000</b>	<b>1,483,000</b>	<b>1,481,745</b>	<b>1,492,374</b>
<b>EXPENDITURES</b>				
Current				
Highways and Streets	1,316,800	1,316,800	1,310,628	1,310,234
<b>Total Expenditures</b>	<b>1,316,800</b>	<b>1,316,800</b>	<b>1,310,628</b>	<b>1,310,234</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>166,200</b>	<b>166,200</b>	<b>171,117</b>	<b>182,140</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(174,370)	(174,370)	(174,370)	(169,290)
<b>Total Other Financing Sources (Uses)</b>	<b>(174,370)</b>	<b>(174,370)</b>	<b>(174,370)</b>	<b>(169,290)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (8,170)</b>	<b>\$ (8,170)</b>	<b>(3,253)</b>	<b>12,850</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>222,347</b>	<b>209,497</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 219,094</b>	<b>\$ 222,347</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 310,380	\$ 310,380	\$ 39,746	\$ 9,395
Miscellaneous	-	-	1	-
Total Revenues	310,380	310,380	39,747	9,395
<b>EXPENDITURES</b>				
Current				
Economic Development	310,380	310,380	39,746	9,395
Total Expenditures	310,380	310,380	39,746	9,395
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1	-
FUND BALANCE, JANUARY 1			-	-
FUND BALANCE, DECEMBER 31			\$ 1	\$ -

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Fines and Forfeits	\$ 518,800	\$ 518,800	\$ 187,390	\$ 148,632
Investment Income	3,000	3,000	3,294	3,170
<b>Total Revenues</b>	<b>521,800</b>	<b>521,800</b>	<b>190,684</b>	<b>151,802</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	368,800	368,800	179,744	152,771
<b>Total Expenditures</b>	<b>368,800</b>	<b>368,800</b>	<b>179,744</b>	<b>152,771</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>153,000</b>	<b>153,000</b>	<b>10,940</b>	<b>(969)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(150,000)	(150,000)	(8,248)	-
Proceeds from Sale of Capital Assets	-	-	4,169	-
<b>Total Other Financing Sources (Uses)</b>	<b>(150,000)</b>	<b>(150,000)</b>	<b>(4,079)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>6,861</b>	<b>(969)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>89,661</b>	<b>90,630</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 96,522</b>	<b>\$ 89,661</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 3,635,890	\$ 3,635,890	\$ 3,324,275	\$ 3,611,523
Investment Income	110,000	110,000	79,618	139,770
Miscellaneous	-	335,200	345,608	12,661
<b>Total Revenues</b>	<b>3,745,890</b>	<b>4,081,090</b>	<b>3,749,501</b>	<b>3,763,954</b>
<b>EXPENDITURES</b>				
Current				
General Government	283,980	619,180	535,149	226,966
Public Safety	3,359,710	3,359,710	3,265,475	2,704,215
Highways and Streets	118,630	135,930	134,601	123,303
<b>Total Expenditures</b>	<b>3,762,320</b>	<b>4,114,820</b>	<b>3,935,225</b>	<b>3,054,484</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(16,430)</b>	<b>(33,730)</b>	<b>(185,724)</b>	<b>709,470</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(206,440)	(206,440)	(206,440)	(109,945)
<b>Total Other Financing Sources (Uses)</b>	<b>(206,440)</b>	<b>(206,440)</b>	<b>(206,440)</b>	<b>(109,945)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (222,870)</b>	<b>\$ (240,170)</b>	<b>(392,164)</b>	<b>599,525</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>751,429</b>	<b>151,904</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 359,265</b>	<b>\$ 751,429</b>

(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, 2007

(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 218,000	\$ 303,600	\$ 272,502	\$ 210,836
Investment Income	35,000	35,000	49,506	36,206
<b>Total Revenues</b>	<b>253,000</b>	<b>338,600</b>	<b>322,008</b>	<b>247,042</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	-	91,500	91,353	9,505
<b>Total Expenditures</b>	<b>-</b>	<b>91,500</b>	<b>91,353</b>	<b>9,505</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>253,000</b>	<b>247,100</b>	<b>230,655</b>	<b>237,537</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (Out)	(85,000)	(85,000)	(85,000)	(85,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(85,000)</b>	<b>(85,000)</b>	<b>(85,000)</b>	<b>(85,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 168,000</b>	<b>\$ 162,100</b>	<b>145,655</b>	<b>152,537</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1,011,980</b>	<b>859,443</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 1,157,635</b>	<b>\$ 1,011,980</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 308
Charges for Services	907,560	907,560	878,948	896,554
Investment Income	12,000	12,000	19,577	17,545
Miscellaneous	2,400	2,400	1,939	2,183
<b>Total Revenues</b>	<b>921,960</b>	<b>921,960</b>	<b>900,464</b>	<b>916,590</b>
<b>EXPENDITURES</b>				
Current				
Sanitation	1,108,820	1,128,220	1,126,761	864,300
<b>Total Expenditures</b>	<b>1,108,820</b>	<b>1,128,220</b>	<b>1,126,761</b>	<b>864,300</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(186,860)</b>	<b>(206,260)</b>	<b>(226,297)</b>	<b>52,290</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	320,810
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,810</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (186,860)</b>	<b>\$ (206,260)</b>	<b>(226,297)</b>	<b>373,100</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>599,953</b>	<b>226,853</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 373,656</b>	<b>\$ 599,953</b>

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 607,050	\$ 607,050	\$ 705,852	\$ 750,351
Investment Income	34,940	34,940	60,827	36,416
Miscellaneous Income	105,530	105,530	85,571	67,702
Total Revenues	747,520	747,520	852,250	854,469
<b>EXPENDITURES</b>				
Current				
Economic Development	442,240	442,240	163,439	630,613
Total Expenditures	442,240	442,240	163,439	630,613
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	305,280	305,280	688,811	223,856
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	-	-	-	(72,820)
Total Other Financing Sources (Uses)	-	-	-	(72,820)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 305,280</u>	<u>\$ 305,280</u>	688,811	151,036
FUND BALANCE, JANUARY 1			483,744	332,708
FUND BALANCE, DECEMBER 31			<u>\$ 1,172,555</u>	<u>\$ 483,744</u>

(See independent auditor's report.)

## NONMAJOR DEBT SERVICE FUNDS

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

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

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

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

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

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2007

	1997A & B General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
<b>ASSETS</b>			
Cash and Investments	\$ 4,895	\$ 168,998	\$ 105,785
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	-	444,894	957,443
Accrued Interest	-	-	-
Other	-	125,785	-
<b>TOTAL ASSETS</b>	<b>\$ 4,895</b>	<b>\$ 739,677</b>	<b>\$ 1,063,228</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Deferred Revenues	\$ -	\$ 413,120	\$ 898,523
Due to Other Funds	-	50,682	-
<b>Total Liabilities</b>	<b>-</b>	<b>463,802</b>	<b>898,523</b>
<b>FUND BALANCES</b>			
Reserved for Debt Service	4,895	275,875	164,705
<b>Total Fund Balances</b>	<b>4,895</b>	<b>275,875</b>	<b>164,705</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,895</b>	<b>\$ 739,677</b>	<b>\$ 1,063,228</b>

2004 General Obligation Refunding Bond	2005A General Obligation Debt Service	Total
\$ 102,714	\$ 2,314,387	\$ 2,696,779
281,557	-	1,683,894
-	9,121	9,121
-	-	125,785
<u>\$ 384,271</u>	<u>\$ 2,323,508</u>	<u>\$ 4,515,579</u>
\$ 266,773	\$ -	\$ 1,578,416
-	-	50,682
<u>266,773</u>	<u>-</u>	<u>1,629,098</u>
<u>117,498</u>	<u>2,323,508</u>	<u>2,886,481</u>
<u>117,498</u>	<u>2,323,508</u>	<u>2,886,481</u>
<u>\$ 384,271</u>	<u>\$ 2,323,508</u>	<u>\$ 4,515,579</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, 2007

	1997A & B General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
<b>REVENUES</b>			
Taxes	\$ -	\$ 1,409,805	\$ 845,026
Investment Income	1,902	31,484	21,997
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>1,902</b>	<b>1,441,289</b>	<b>867,023</b>
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	415,000	1,375,000	745,000
Interest and Fiscal Charges	130,088	271,438	117,748
<b>Total Expenditures</b>	<b>545,088</b>	<b>1,646,438</b>	<b>862,748</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(543,186)</b>	<b>(205,149)</b>	<b>4,275</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	545,090	235,980	-
<b>Total Other Financing Sources (Uses)</b>	<b>545,090</b>	<b>235,980</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,904</b>	<b>30,831</b>	<b>4,275</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>2,991</b>	<b>245,044</b>	<b>160,430</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 4,895</b>	<b>\$ 275,875</b>	<b>\$ 164,705</b>

2004 General Obligation Refunding Bond	2005A General Obligation Debt Service	Total
\$ 212,116	\$ -	\$ 2,466,947
10,098	158,405	223,886
-	2,786,125	2,786,125
222,214	2,944,530	5,476,958
785,000	1,030,000	4,350,000
178,750	2,879,553	3,577,577
963,750	3,909,553	7,927,577
(741,536)	(965,023)	(2,450,619)
746,920	-	1,527,990
746,920	-	1,527,990
5,384	(965,023)	(922,629)
112,114	3,288,531	3,809,110
\$ 117,498	\$ 2,323,508	\$ 2,886,481

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 720	\$ 720	\$ 1,902	\$ 2,427
Total Revenues	720	720	1,902	2,427
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	415,000	415,000	415,000	400,000
Interest and Fiscal Charges	130,690	130,690	130,088	148,688
Total Expenditures	545,690	545,690	545,088	548,688
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(544,970)	(544,970)	(543,186)	(546,261)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	545,090	545,090	545,090	548,090
Total Other Financing Sources (Uses)	545,090	545,090	545,090	548,090
NET CHANGE IN FUND BALANCE	\$ 120	\$ 120	1,904	1,829
FUND BALANCE, JANUARY 1			2,991	1,162
FUND BALANCE, DECEMBER 31			\$ 4,895	\$ 2,991

(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, 2007

(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 1,414,860	\$ 1,414,860	\$ 1,409,805	\$ 1,271,230
Investment Income	22,590	22,590	31,484	32,655
<b>Total Revenues</b>	<b>1,437,450</b>	<b>1,437,450</b>	<b>1,441,289</b>	<b>1,303,885</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	1,375,000	1,375,000	1,375,000	1,265,000
Interest and Fiscal Charges	271,440	271,440	271,438	325,200
<b>Total Expenditures</b>	<b>1,646,440</b>	<b>1,646,440</b>	<b>1,646,438</b>	<b>1,590,200</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(208,990)</b>	<b>(208,990)</b>	<b>(205,149)</b>	<b>(286,315)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	235,980	235,980	235,980	234,180
<b>Total Other Financing Sources (Uses)</b>	<b>235,980</b>	<b>235,980</b>	<b>235,980</b>	<b>234,180</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 26,990</b>	<b>\$ 26,990</b>	<b>30,831</b>	<b>(52,135)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>245,044</b>	<b>297,179</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 275,875</b>	<b>\$ 245,044</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, 2007

(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 870,150	\$ 870,150	\$ 845,026	\$ 857,116
Investment Income	16,840	16,840	21,997	24,308
<b>Total Revenues</b>	<b>886,990</b>	<b>886,990</b>	<b>867,023</b>	<b>881,424</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	745,000	745,000	745,000	725,000
Interest and Fiscal Charges	117,750	117,750	117,748	135,873
<b>Total Expenditures</b>	<b>862,750</b>	<b>862,750</b>	<b>862,748</b>	<b>860,873</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 24,240</b>	<b>\$ 24,240</b>	4,275	20,551
FUND BALANCE, JANUARY 1			160,430	139,879
FUND BALANCE, DECEMBER 31			\$ 164,705	\$ 160,430

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 218,830	\$ 218,830	\$ 212,116	\$ 224,138
Investment Income	7,480	7,480	10,098	11,778
Total Revenues	226,310	226,310	222,214	235,916
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	785,000	785,000	785,000	760,000
Interest and Fiscal Charges	178,750	178,750	178,750	201,550
Total Expenditures	963,750	963,750	963,750	961,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(737,440)	(737,440)	(741,536)	(725,634)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	746,920	746,920	746,920	736,350
Total Other Financing Sources (Uses)	746,920	746,920	746,920	736,350
NET CHANGE IN FUND BALANCE	\$ 9,480	\$ 9,480	5,384	10,716
FUND BALANCE, JANUARY 1			112,114	101,398
FUND BALANCE, DECEMBER 31			\$ 117,498	\$ 112,114

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 100,000	\$ 110,100	\$ 158,405	\$ 165,452
Miscellaneous	1,875,700	1,875,700	2,786,125	1,380,038
Total Revenues	<u>1,975,700</u>	<u>1,985,800</u>	<u>2,944,530</u>	<u>1,545,490</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	1,030,000	1,030,000	1,030,000	-
Interest and Fiscal Charges	2,869,550	2,879,650	2,879,553	2,869,553
Total Expenditures	<u>3,899,550</u>	<u>3,909,650</u>	<u>3,909,553</u>	<u>2,869,553</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,923,850)</u>	<u>\$ (1,923,850)</u>	(965,023)	(1,324,063)
FUND BALANCE, JANUARY 1			<u>3,288,531</u>	<u>4,612,594</u>
FUND BALANCE, DECEMBER 31			<u>\$ 2,323,508</u>	<u>\$ 3,288,531</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.

2008 Capital Project Fund - to account for financial resources arising from the issuance of the Series 2008A General Obligation Bonds, to be used for various municipal building improvements.

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

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

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

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

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

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

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

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

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2007

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	2008 Capital Project
ASSETS				
Cash and Investments	\$ 288,784	\$ 245,897	\$ 768,207	\$ -
Receivables				
Accrued Interest	-	1,636	2,525	-
Other	-	-	-	-
Prepaid Items	-	-	-	-
Due from Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 288,784</b>	<b>\$ 247,533</b>	<b>\$ 770,732</b>	<b>\$ -</b>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 140,618	\$ -	\$ 52,009	\$ 441,111
Deposits Payable	25,897	-	-	-
Due to Other Funds	-	-	-	612,664
<b>Total Liabilities</b>	<b>166,515</b>	<b>-</b>	<b>52,009</b>	<b>1,053,775</b>
FUND BALANCES				
Reserved for Prepaid Items	-	-	-	-
Reserved for Bridge Maintenance and Repairs	-	-	-	-
Unreserved (Deficit) - Designated for Capital Projects	122,269	247,533	718,723	(1,053,775)
<b>Total Fund Balances (Deficit)</b>	<b>122,269</b>	<b>247,533</b>	<b>718,723</b>	<b>(1,053,775)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 288,784</b>	<b>\$ 247,533</b>	<b>\$ 770,732</b>	<b>\$ -</b>

Western Area Traffic Improvement	Capital Improvements	Arena Reserve	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Columbine Bridge Maintenance	Capital Replacement	Western Corridor	Total
\$ 383,774	\$ 1,103,037	\$ 316,848	\$ 1,642,609	\$ 651,467	\$ 381,969	\$ 5,433,314	\$ 556,258	\$ 11,772,164
2,456	-	1,106	4,754	-	2,454	36,125	-	51,056
-	125,785	31,933	-	-	-	40,096	-	197,814
-	-	-	-	-	-	64,700	-	64,700
-	50,557	-	-	-	-	-	-	50,557
<b>\$ 386,230</b>	<b>\$ 1,279,379</b>	<b>\$ 349,887</b>	<b>\$ 1,647,363</b>	<b>\$ 651,467</b>	<b>\$ 384,423</b>	<b>\$ 5,574,235</b>	<b>\$ 556,258</b>	<b>\$ 12,136,291</b>
\$ 52,009	\$ 100,271	\$ -	\$ 140,618	\$ 32,263	\$ -	\$ 3,924	\$ 3,568	\$ 966,391
-	-	-	824,571	-	-	-	137,827	988,295
-	310,825	-	-	-	-	-	-	923,489
52,009	411,096	-	965,189	32,263	-	3,924	141,395	2,878,175
-	-	-	-	-	-	64,700	-	64,700
-	-	-	-	-	384,423	-	-	384,423
334,221	868,283	349,887	682,174	619,204	-	5,505,611	414,863	8,808,993
334,221	868,283	349,887	682,174	619,204	384,423	5,570,311	414,863	9,258,116
<b>\$ 386,230</b>	<b>\$ 1,279,379</b>	<b>\$ 349,887</b>	<b>\$ 1,647,363</b>	<b>\$ 651,467</b>	<b>\$ 384,423</b>	<b>\$ 5,574,235</b>	<b>\$ 556,258</b>	<b>\$ 12,136,291</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, 2007

	Central Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	2008 Capital Project
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	143,543	-	-	-
Investment Income	13,379	11,837	36,802	-
Miscellaneous	-	-	-	-
Total Revenues	156,922	11,837	36,802	-
EXPENDITURES				
Capital Outlay	143,543	-	52,009	1,053,775
Total Expenditures	143,543	-	52,009	1,053,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,379	11,837	(15,207)	(1,053,775)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	13,379	11,837	(15,207)	(1,053,775)
FUND BALANCES, JANUARY 1	108,890	235,696	733,930	-
Prior Period Adjustment	-	-	-	-
FUND BALANCE, JANUARY 1, RESTATED	108,890	235,696	733,930	-
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 122,269	\$ 247,533	\$ 718,723	\$ (1,053,775)

Western Area Traffic Improvement	Capital Improvements	Arena Reserve	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Columbine Bridge Maintenance	Capital Replacement	Western Corridor	Total
\$ -	\$ 954,147	\$ 263,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,217,259
-	232,605	-	253,570	-	-	-	105,248	734,966
18,776	61,943	9,977	61,414	27,811	18,573	236,719	18,081	515,312
-	49,150	-	-	-	-	-	-	49,150
18,776	1,297,845	273,089	314,984	27,811	18,573	236,719	123,329	2,516,687
52,009	2,813,817	-	143,543	452,884	-	845,785	-	5,557,365
52,009	2,813,817	-	143,543	452,884	-	845,785	-	5,557,365
(33,233)	(1,515,972)	273,089	171,441	(425,073)	18,573	(609,066)	123,329	(3,040,678)
-	1,797,120	-	-	568,500	-	1,180,020	-	3,545,640
-	-	-	-	-	-	(12,000)	-	(12,000)
-	-	-	-	-	-	110,305	-	110,305
-	1,797,120	-	-	568,500	-	1,278,325	-	3,643,945
(33,233)	281,148	273,089	171,441	143,427	18,573	669,259	123,329	603,267
367,454	287,868	76,798	510,733	475,777	365,850	4,901,052	291,534	8,355,582
-	299,267	-	-	-	-	-	-	299,267
367,454	587,135	76,798	510,733	475,777	365,850	4,901,052	291,534	8,654,849
\$ 334,221	\$ 868,283	\$ 349,887	\$ 682,174	\$ 619,204	\$ 384,423	\$ 5,570,311	\$ 414,863	\$ 9,258,116

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ 400,000	\$ 400,000	\$ 143,543	\$ 4,932
Investment Income	9,600	9,600	13,379	10,622
Miscellaneous Income	-	-	-	669
<b>Total Revenues</b>	<b>409,600</b>	<b>409,600</b>	<b>156,922</b>	<b>16,223</b>
<b>EXPENDITURES</b>				
Capital Outlay	400,000	400,000	143,543	-
<b>Total Expenditures</b>	<b>400,000</b>	<b>400,000</b>	<b>143,543</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 9,600</b>	<b>\$ 9,600</b>	<b>13,379</b>	<b>16,223</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>108,890</b>	<b>92,667</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 122,269</b>	<b>\$ 108,890</b>

(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, 2007

(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 10,460	\$ 10,460	\$ 11,837	\$ 11,097
Total Revenues	10,460	10,460	11,837	11,097
<b>EXPENDITURES</b>				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 10,460	\$ 10,460	11,837	11,097
FUND BALANCE, JANUARY 1			235,696	224,599
FUND BALANCE, DECEMBER 31			\$ 247,533	\$ 235,696

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 32,190	\$ 32,190	\$ 36,802	\$ 34,197
Miscellaneous Income	-	-	-	43,073
Total Revenues	32,190	32,190	36,802	77,270
<b>EXPENDITURES</b>				
Capital Outlay	70,000	70,000	52,009	-
Total Expenditures	70,000	70,000	52,009	-
NET CHANGE IN FUND BALANCE	\$ (37,810)	\$ (37,810)	(15,207)	77,270
FUND BALANCE, JANUARY 1			733,930	656,660
FUND BALANCE, DECEMBER 31			\$ 718,723	\$ 733,930

(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, 2007

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Investment Income	\$ 500,000	\$ 500,000	\$ -
Total Revenues	500,000	500,000	-
<b>EXPENDITURES</b>			
Capital Outlay	7,984,930	7,984,930	1,053,775
Total Expenditures	7,984,930	7,984,930	1,053,775
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(7,484,930)</b>	<b>(7,484,930)</b>	<b>(1,053,775)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued, at Par	38,500,000	38,500,000	-
Total Other Financing Sources (Uses)	38,500,000	38,500,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 31,015,070</b>	<b>\$ 31,015,070</b>	<b>(1,053,775)</b>
FUND BALANCE, JANUARY 1			-
FUND BALANCE (DEFICIT), DECEMBER 31			<b>\$ (1,053,775)</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 16,450	\$ 16,450	\$ 18,776	\$ 17,294
Miscellaneous Income	-	-	-	38,725
Total Revenues	16,450	16,450	18,776	56,019
<b>EXPENDITURES</b>				
Capital Outlay	-	52,100	52,009	-
Total Expenditures	-	52,100	52,009	-
NET CHANGE IN FUND BALANCE	\$ 16,450	\$ (35,650)	(33,233)	56,019
FUND BALANCE, JANUARY 1			367,454	311,435
FUND BALANCE, DECEMBER 31			\$ 334,221	\$ 367,454

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 914,940	\$ 914,940	\$ 954,147	\$ 817,157
Charges for Services	-	-	232,605	22,532
Investment Income	90,000	90,000	61,943	69,044
Miscellaneous	12,500	12,500	49,150	47,518
Total Revenues	1,017,440	1,017,440	1,297,845	956,251
<b>EXPENDITURES</b>				
Capital Outlay	3,462,580	3,462,580	2,813,817	3,757,473
Total Expenditures	3,462,580	3,462,580	2,813,817	3,757,473
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(2,445,140)	(2,445,140)	(1,515,972)	(2,801,222)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,107,820	2,107,820	1,797,120	2,459,600
Bonds Issued, at Par	216,320	216,320	-	-
Total Other Financing Sources (Uses)	2,324,140	2,324,140	1,797,120	2,459,600
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (121,000)</b>	<b>\$ (121,000)</b>	281,148	(341,622)
<b>FUND BALANCE, JANUARY 1</b>			287,868	629,490
Prior Period Adjustment			299,267	-
<b>FUND BALANCE, JANUARY 1, RESTATED</b>			587,135	629,490
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 868,283</b>	<b>\$ 287,868</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 500,000	\$ 500,000	\$ 263,112	\$ 76,657
Investment Income	-	-	9,977	141
Total Revenues	500,000	500,000	273,089	76,798
EXPENDITURES				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 500,000	\$ 500,000	273,089	76,798
FUND BALANCE, JANUARY 1			76,798	-
FUND BALANCE, DECEMBER 31			\$ 349,887	\$ 76,798

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ 400,000	\$ 400,000	\$ 253,570	\$ -
Investment Income	38,180	38,180	61,414	41,788
Miscellaneous Income	-	-	-	67,706
<b>Total Revenues</b>	<b>438,180</b>	<b>438,180</b>	<b>314,984</b>	<b>109,494</b>
<b>EXPENDITURES</b>				
Capital Outlay	400,000	400,000	143,543	-
<b>Total Expenditures</b>	<b>400,000</b>	<b>400,000</b>	<b>143,543</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 38,180</b>	<b>\$ 38,180</b>	<b>171,441</b>	<b>109,494</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>510,733</b>	<b>401,239</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 682,174</b>	<b>\$ 510,733</b>

(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, 2007

(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 20,000	\$ 20,000	\$ 27,811	\$ 22,947
Total Revenues	20,000	20,000	27,811	22,947
<b>EXPENDITURES</b>				
Capital Outlay	568,500	568,500	452,884	184,173
Total Expenditures	568,500	568,500	452,884	184,173
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(548,500)</b>	<b>(548,500)</b>	<b>(425,073)</b>	<b>(161,226)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	568,500	568,500	568,500	257,170
Total Other Financing Sources (Uses)	568,500	568,500	568,500	257,170
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	143,427	95,944
FUND BALANCE, JANUARY 1			475,777	379,833
FUND BALANCE, DECEMBER 31			<b>\$ 619,204</b>	<b>\$ 475,777</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

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

COLUMBINE BRIDGE MAINTENANCE FUND

For the Year Ended December 31, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Investment Income	\$ 17,140	\$ 17,140	\$ 18,573	\$ 18,028
Total Revenues	17,140	17,140	18,573	18,028
<b>EXPENDITURES</b>				
Capital Outlay	-	-	-	19,844
Total Expenditures	-	-	-	19,844
NET CHANGE IN FUND BALANCE	\$ 17,140	\$ 17,140	18,573	(1,816)
FUND BALANCE, JANUARY 1			365,850	367,666
FUND BALANCE, DECEMBER 31			\$ 384,423	\$ 365,850

(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, 2007  
(with comparative actual for 2006)

	2007		Actual	2006
	Original Budget	Final Budget		Actual
REVENUES				
Investment Income	\$ 211,400	\$ 211,400	\$ 236,719	\$ 187,405
Total Revenues	211,400	211,400	236,719	187,405
EXPENDITURES				
Capital Outlay	1,052,670	1,052,670	845,785	291,127
Total Expenditures	1,052,670	1,052,670	845,785	291,127
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(841,270)	(841,270)	(609,066)	(103,722)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,180,020	1,180,020	1,180,020	962,710
Transfers (Out)	(12,000)	(12,000)	(12,000)	-
Sale of Capital Assets	-	-	110,305	-
Total Other Financing Sources (Uses)	1,168,020	1,168,020	1,278,325	962,710
NET CHANGE IN FUND BALANCE	\$ 326,750	\$ 326,750	669,259	858,988
FUND BALANCE, JANUARY 1			4,901,052	4,042,064
FUND BALANCE, DECEMBER 31			\$ 5,570,311	\$ 4,901,052

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Charges for Services	\$ 80,960	\$ 80,960	\$ 105,248	\$ 26,717
Investment Income	11,930	11,930	18,081	12,594
Total Revenues	92,890	92,890	123,329	39,311
<b>EXPENDITURES</b>				
None	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 92,890	\$ 92,890	123,329	39,311
FUND BALANCE, JANUARY 1			291,534	252,223
FUND BALANCE, DECEMBER 31			\$ 414,863	\$ 291,534

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

STATEMENT OF NET ASSETS

WATERWORKS AND SEWERAGE FUND

December 31, 2007  
(with comparative totals for 2006)

	2007	2006
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 8,733,814	\$ 8,554,011
Receivables		
Accounts - Billed	803,835	727,737
Accounts - Unbilled	778,293	725,445
Accrued Interest	74,414	33,727
Other	8,171	27,555
Prepaid Expenses	6,299	10,551
Inventories	195,668	199,831
<b>Total Current Assets</b>	<b>10,600,494</b>	<b>10,278,857</b>
<b>CAPITAL ASSETS</b>		
Not Depreciated	474,000	474,000
Depreciated	44,844,776	43,115,179
Accumulated Depreciation	(20,298,187)	(19,217,423)
<b>Net Capital Assets</b>	<b>25,020,589</b>	<b>24,371,756</b>
<b>Total Assets</b>	<b>35,621,083</b>	<b>34,650,613</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	664,194	644,686
Accrued Payroll	94,200	78,238
Due to Other Funds	86,727	74,119
Deposits Payable	29,025	36,113
Compensated Absences Payable	107,182	114,299
<b>Total Current Liabilities</b>	<b>981,328</b>	<b>947,455</b>
<b>LONG-TERM LIABILITIES</b>		
Compensated Absences Payable	135,538	76,510
Other Post-Employment Benefit Obligations	26,423	26,423
<b>Total Long-Term Liabilities</b>	<b>161,961</b>	<b>102,933</b>
<b>Total Liabilities</b>	<b>1,143,289</b>	<b>1,050,388</b>
<b>NET ASSETS</b>		
Invested in Capital Assets	25,020,589	24,371,756
Unrestricted	9,457,205	9,228,469
<b>TOTAL NET ASSETS</b>	<b>\$ 34,477,794</b>	<b>\$ 33,600,225</b>

(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, 2007  
(with comparative actual for 2006)

	2007		Actual	2006
	Original Budget	Final Budget		Actual
OPERATING REVENUES				
Charges for Services	\$ 9,353,000	\$ 9,381,000	\$ 10,378,340	\$ 9,386,132
Total Operating Revenues	9,353,000	9,381,000	10,378,340	9,386,132
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water Division	10,957,810	10,985,810	8,722,324	8,328,622
Sewer Division	3,255,310	3,255,310	1,600,714	1,644,029
Total Operating Expenses Excluding Depreciation	14,213,120	14,241,120	10,323,038	9,972,651
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(4,860,120)	(4,860,120)	55,302	(586,519)
DEPRECIATION	1,109,370	1,109,370	1,130,284	1,081,817
OPERATING INCOME (LOSS)	(5,969,490)	(5,969,490)	(1,074,982)	(1,668,336)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	375,000	375,000	419,999	395,450
Gain on Sale of Capital Assets	-	-	18,185	-
Miscellaneous Revenue	47,000	47,000	75,251	39,832
Total Nonoperating Revenues (Expenses)	422,000	422,000	513,435	435,282
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(5,547,490)	(5,547,490)	(561,547)	(1,233,054)
TRANSFERS				
Transfers In	19,200	19,200	19,200	21,330
Transfers (Out)	(29,050)	(29,050)	(29,050)	(23,960)
Total Transfers	(9,850)	(9,850)	(9,850)	(2,630)
CONTRIBUTIONS	-	-	1,448,966	1,654,795
CHANGE IN NET ASSETS	\$ (5,557,340)	\$ (5,557,340)	877,569	419,111
NET ASSETS, JANUARY 1			33,600,225	33,181,114
NET ASSETS, DECEMBER 31			\$ 34,477,794	\$ 33,600,225

(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, 2007

	Information Systems	Insurance	Total
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 733,055	\$ 2,032,468	\$ 2,765,523
Receivables			
Accrued Interest	-	4,004	4,004
Other	-	5,000	5,000
Deposits	-	59,200	59,200
Due from Other Funds	12,408	-	12,408
<b>Total Current Assets</b>	<b>745,463</b>	<b>2,100,672</b>	<b>2,846,135</b>
<b>CAPITAL ASSETS</b>			
Depreciated	235,229	-	235,229
Accumulated Depreciation	(164,524)	-	(164,524)
<b>Net Capital Assets</b>	<b>70,705</b>	<b>-</b>	<b>70,705</b>
<b>Total Assets</b>	<b>816,168</b>	<b>2,100,672</b>	<b>2,916,840</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	41,238	140,096	181,334
Accrued Payroll	22,280	-	22,280
Claims Payable	-	966,705	966,705
Benefits Payable	-	38,473	38,473
Due to Other Funds	52,649	573	53,222
Compensated Absences Payable	18,797	-	18,797
<b>Total Current Liabilities</b>	<b>134,964</b>	<b>1,145,847</b>	<b>1,280,811</b>
<b>Long-Term Liabilities</b>			
Other Post-Employment Benefit Obligation	2,781	-	2,781
<b>Total Liabilities</b>	<b>137,745</b>	<b>1,145,847</b>	<b>1,283,592</b>
<b>NET ASSETS</b>			
Invested in Capital Assets	70,705	-	70,705
Unrestricted	607,718	954,825	1,562,543
<b>TOTAL NET ASSETS</b>	<b>\$ 678,423</b>	<b>\$ 954,825</b>	<b>\$ 1,633,248</b>

(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, 2007

	Information Systems	Insurance	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,316,420	\$ 1,843,020	\$ 3,159,440
Total Operating Revenues	1,316,420	1,843,020	3,159,440
<b>OPERATING EXPENSES</b>			
Operations	1,066,016	-	1,066,016
Claims and Insurance	-	976,423	976,423
Depreciation	19,994	-	19,994
Total Operating Expenses	1,086,010	976,423	2,062,433
<b>OPERATING INCOME</b>	230,410	866,597	1,097,007
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	23,356	64,784	88,140
Total Nonoperating Revenues (Expenses)	23,356	64,784	88,140
<b>INCOME BEFORE TRANSFERS</b>	253,766	931,381	1,185,147
<b>TRANSFERS</b>			
Transfers In	55,405	293	55,698
Transfers (Out)	(9,630)	-	(9,630)
Total Transfers	45,775	293	46,068
<b>CHANGES IN NET ASSETS</b>	299,541	931,674	1,231,215
<b>NET ASSETS, JANUARY 1</b>	378,882	23,151	402,033
<b>NET ASSETS, DECEMBER 31</b>	\$ 678,423	\$ 954,825	\$ 1,633,248

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2007

	Information Systems	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Interfund Services Transactions	\$ 1,460,825	\$ 1,998,462	\$ 3,459,287
Payments to Suppliers	(580,816)	(1,215,219)	(1,796,035)
Payments to Employees	(625,747)	(3,222)	(628,969)
Net Cash from Operating Activities	254,262	780,021	1,034,283
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	55,405	293	55,698
Transfers (Out)	(9,630)	-	(9,630)
Reimbursements and recoveries	-	152,422	152,422
Net Cash from Noncapital Financing Activities	45,775	152,715	198,490
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(52,766)	-	(52,766)
Net Cash from Capital and Related Financing Activities	(52,766)	-	(52,766)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments	-	(1,000,000)	(1,000,000)
Interest Received	23,356	60,779	84,135
Net Cash from Investing Activities	23,356	(939,221)	(915,865)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	270,627	(6,485)	264,142
CASH AND CASH EQUIVALENTS, JANUARY 1	462,428	1,038,953	1,501,381
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 733,055	\$ 1,032,468	\$ 1,765,523
<b>CASH AND INVESTMENTS</b>			
Cash	\$ 733,055	\$ 1,032,468	\$ 1,765,523
Investments	-	1,000,000	1,000,000
TOTAL CASH AND INVESTMENTS	\$ 733,055	\$ 2,032,468	\$ 2,765,523

(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, 2007

	Information Systems	Insurance	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income	\$ 230,410	\$ 866,597	\$ 1,097,007
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities			
Depreciation and Amortization	19,994	-	19,994
Reimbursements and Recoveries	-	(105,521)	(105,521)
Changes in Assets and Liabilities			
Due from Other Funds	(1,522)	154,867	153,345
Accounts Payable	(16,036)	98,923	82,887
Accrued Payroll	7,445	(2,731)	4,714
Claims Payable	-	(213,286)	(213,286)
Benefits Payable	-	(18,326)	(18,326)
Due to Other Funds	11,859	573	12,432
Compensated Absences Payable	2,112	(1,075)	1,037
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 254,262</b>	<b>\$ 780,021</b>	<b>\$ 1,034,283</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,316,420	\$ 1,316,420	\$ 1,316,420	\$ 1,029,420
Total Operating Revenues	1,316,420	1,316,420	1,316,420	1,029,420
<b>OPERATING EXPENSES</b>				
Operations	1,494,190	1,501,190	1,066,016	922,577
Depreciation	20,810	20,810	19,994	20,199
Total Operating Expenses	1,515,000	1,522,000	1,086,010	942,776
OPERATING INCOME (LOSS)	(198,580)	(205,580)	230,410	86,644
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	10,000	17,000	23,356	13,205
Grants	-	-	-	9,092
Recoveries	-	-	-	40
Total Nonoperating Revenues (Expenses)	10,000	17,000	23,356	22,337
INCOME (LOSS) BEFORE TRANSFERS	(188,580)	(188,580)	253,766	108,981
<b>TRANSFERS</b>				
Transfers In	198,210	198,210	55,405	40,382
Transfers (Out)	(9,630)	(9,630)	(9,630)	-
Total Transfers	188,580	188,580	45,775	40,382
CHANGES IN NET ASSETS	\$ -	\$ -	299,541	149,363
NET ASSETS, JANUARY 1			378,882	229,519
NET ASSETS, DECEMBER 31			\$ 678,423	\$ 378,882

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF NET ASSETS - BY PROGRAM

INSURANCE FUND

December 31, 2007  
(with comparative totals for 2006)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Eliminations	Totals	
						2007	2006
<b>ASSETS</b>							
Cash and Investments	\$ 1,259	\$ 38,252	\$ 1,376,992	\$ 615,965	\$ -	\$ 2,032,468	\$ 1,038,953
Receivables							
Accrued Interest	54	221	3,159	570	-	4,004	-
Other	-	-	-	5,000	-	5,000	51,901
Deposits	-	-	20,000	39,200	-	59,200	59,200
Due from General Fund	-	-	-	-	-	-	128,887
Due from EDA Administration Fund	-	-	-	-	-	-	25,980
<b>Total Assets</b>	<b>1,313</b>	<b>38,473</b>	<b>1,400,151</b>	<b>660,735</b>	<b>-</b>	<b>2,100,672</b>	<b>1,304,921</b>
<b>LIABILITIES</b>							
Accounts Payable	-	-	33,003	107,093	-	140,096	41,173
Accrued Payroll	-	-	-	-	-	-	2,731
Claims Payable	-	-	836,400	130,305	-	966,705	1,179,992
Benefits Payable	-	38,473	-	-	-	38,473	56,799
Due to General Fund	573	-	-	-	-	573	-
Compensated Absences Payable	-	-	-	-	-	-	1,075
<b>Total Liabilities</b>	<b>573</b>	<b>38,473</b>	<b>869,403</b>	<b>237,398</b>	<b>-</b>	<b>1,145,847</b>	<b>1,281,770</b>
<b>NET ASSETS</b>							
Unrestricted	740	-	530,748	423,337	-	954,825	23,151
<b>TOTAL NET ASSETS</b>	<b>\$ 740</b>	<b>\$ -</b>	<b>\$ 530,748</b>	<b>\$ 423,337</b>	<b>\$ -</b>	<b>\$ 954,825</b>	<b>\$ 23,151</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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,843,110	\$ 1,843,110	\$ 1,843,020	\$ 1,827,592
Total Operating Revenues	1,843,110	1,843,110	1,843,020	1,827,592
<b>OPERATING EXPENSES</b>				
Claims and Insurance	1,847,280	1,848,590	976,423	1,957,560
Total Operating Expenses	1,847,280	1,848,590	976,423	1,957,560
OPERATING INCOME (LOSS)	(4,170)	(5,480)	866,597	(129,968)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	40,000	41,310	64,784	41,560
Total Nonoperating Revenues (Expenses)	40,000	41,310	64,784	41,560
INCOME (LOSS) BEFORE TRANSFERS	35,830	35,830	931,381	(88,408)
<b>TRANSFERS</b>				
Transfers In	-	-	293	7,602
Total Transfers	-	-	293	7,602
CHANGES IN NET ASSETS	\$ 35,830	\$ 35,830	931,674	(80,806)
NET ASSETS, JANUARY 1			23,151	103,957
NET ASSETS, DECEMBER 31			\$ 954,825	\$ 23,151

(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, 2007  
(with comparative actual for 2006)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Eliminations	Totals	
						2007	2006
<b>OPERATING REVENUES</b>							
Charges for Services	\$ 18,226	\$ -	\$ 743,798	\$ 1,080,996	\$ -	\$ 1,843,020	\$ 1,827,592
Total Operating Revenues	18,226	-	743,798	1,080,996	-	1,843,020	1,827,592
<b>OPERATING EXPENSES</b>							
Claims and Insurance	19,399	-	264,155	692,869	-	976,423	1,957,560
Total Operating Expenses	19,399	-	264,155	692,869	-	976,423	1,957,560
OPERATING INCOME (LOSS)	(1,173)	-	479,643	388,127	-	866,597	(129,968)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment Income	880	3,572	51,105	9,227	-	64,784	41,560
Total Nonoperating Revenues (Expenses)	880	3,572	51,105	9,227	-	64,784	41,560
INCOME (LOSS) BEFORE TRANSFERS	(293)	3,572	530,748	397,354	-	931,381	(88,408)
<b>TRANSFERS</b>							
Transfers In	293	-	-	3,572	(3,572)	293	7,602
Transfers (Out)	-	(3,572)	-	-	3,572	-	-
Total Transfers	293	(3,572)	-	3,572	-	293	7,602
CHANGES IN NET ASSETS	-	-	530,748	400,926	-	931,674	(80,806)
NET ASSETS, JANUARY 1	740	-	-	22,411	-	23,151	103,957
NET ASSETS, DECEMBER 31	\$ 740	\$ -	\$ 530,748	\$ 423,337	\$ -	\$ 954,825	\$ 23,151

(See independent auditor's report.)

## FIDUCIARY FUNDS

### Pension Trust Funds

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

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

### Agency Funds

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

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

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

VILLAGE OF HOFFMAN ESTATES, ILLINOIS  
 COMBINING STATEMENT OF PLAN NET ASSETS

PENSION TRUST FUNDS

December 31, 2007

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ 1,770,821	\$ 728,767	\$ 2,499,588
Investments, at Fair Value			
U.S. Treasury Securities	12,826,180	14,947,848	27,774,028
U.S. Agency Securities	12,319,770	10,661,657	22,981,427
Illinois Metropolitan Investment Trust	-	734,763	734,763
Mutual Funds	17,395,899	3,882,999	21,278,898
Money Market Mutual Funds	857,567	1,506,943	2,364,510
Equities	-	16,944,173	16,944,173
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	252,586	297,459	550,045
Due from General Fund	106,843	81,073	187,916
 Total Assets	 45,529,666	 49,785,682	 95,315,348
<b>LIABILITIES</b>			
Accounts Payable	19,956	73,883	93,839
 Total Liabilities	 19,956	 73,883	 93,839
 <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	 <b>\$ 45,509,710</b>	 <b>\$ 49,711,799</b>	 <b>\$ 95,221,509</b>

(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, 2007

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ADDITIONS</b>			
Contributions			
Employer Contributions	\$ 1,638,142	\$ 1,426,737	\$ 3,064,879
Employee Contributions	776,823	699,140	1,475,963
Other Contributions	200,737	-	200,737
Total Contributions	2,615,702	2,125,877	4,741,579
Investment Income			
Net Appreciation in Fair Value of Investments	1,635,593	1,133,906	2,769,499
Interest	1,481,235	1,913,845	3,395,080
Total Investment Income	3,116,828	3,047,751	6,164,579
Less Investment Expense	(99,094)	(194,348)	(293,442)
Net Investment Income	3,017,734	2,853,403	5,871,137
Total Additions	5,633,436	4,979,280	10,612,716
<b>DEDUCTIONS</b>			
Benefits and Refunds	2,075,790	1,813,937	3,889,727
Miscellaneous	16,146	35,152	51,298
Total Deductions	2,091,936	1,849,089	3,941,025
NET INCREASE	3,541,500	3,130,191	6,671,691
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	41,968,210	46,581,608	88,549,818
December 31	\$ 45,509,710	\$ 49,711,799	\$ 95,221,509

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>ADDITIONS</b>				
Contributions				
Employer Contributions				
Taxes	\$ 1,558,337	\$ 1,558,337	\$ 1,533,904	\$ 1,380,776
Intergovernmental	105,100	105,100	104,238	90,239
Employee Contributions	796,140	796,140	776,823	736,842
Other Contributions	15,410	15,410	200,737	20,349
<b>Total Contributions</b>	<b>2,474,987</b>	<b>2,474,987</b>	<b>2,615,702</b>	<b>2,228,206</b>
Investment Income				
Net Appreciation in Fair Value of Investments	-	-	1,635,593	2,209,993
Interest	1,226,980	1,302,180	1,481,235	1,377,312
<b>Total Investment Income</b>	<b>1,226,980</b>	<b>1,302,180</b>	<b>3,116,828</b>	<b>3,587,305</b>
Less Investment Expense	(75,000)	(93,800)	(99,094)	(75,462)
<b>Net Investment Income</b>	<b>1,151,980</b>	<b>1,208,380</b>	<b>3,017,734</b>	<b>3,511,843</b>
<b>Total Additions</b>	<b>3,626,967</b>	<b>3,683,367</b>	<b>5,633,436</b>	<b>5,740,049</b>
<b>DEDUCTIONS</b>				
Benefits and Refunds	2,019,530	2,075,930	2,075,790	1,952,493
Miscellaneous	21,430	21,430	16,146	16,749
<b>Total Deductions</b>	<b>2,040,960</b>	<b>2,097,360</b>	<b>2,091,936</b>	<b>1,969,242</b>
<b>NET INCREASE</b>	<b>\$ 1,586,007</b>	<b>\$ 1,586,007</b>	<b>3,541,500</b>	<b>3,770,807</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
January 1			41,968,210	38,197,403
December 31			\$ 45,509,710	\$ 41,968,210

(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, 2007  
(with comparative actual for 2006)

	2007			2006
	Original Budget	Final Budget	Actual	Actual
<b>ADDITIONS</b>				
Contributions				
Employer Contributions				
Taxes	\$ 1,144,254	\$ 1,144,254	\$ 1,145,329	\$ 1,080,331
Intergovernmental	282,270	282,270	281,408	266,889
Employee Contributions	675,300	675,300	699,140	648,888
Other Contributions	-	-	-	13
Total Contributions	<u>2,101,824</u>	<u>2,101,824</u>	<u>2,125,877</u>	<u>1,996,121</u>
Investment Income				
Net Appreciation in Fair Value of Investments	-	-	1,133,906	1,181,645
Interest	1,605,720	1,796,120	1,913,845	1,852,399
Total Investment Income	1,605,720	1,796,120	3,047,751	3,034,044
Less Investment Expense	(120,000)	(194,400)	(194,348)	(139,459)
Net Investment Income	<u>1,485,720</u>	<u>1,601,720</u>	<u>2,853,403</u>	<u>2,894,585</u>
Total Additions	<u>3,587,544</u>	<u>3,703,544</u>	<u>4,979,280</u>	<u>4,890,706</u>
<b>DEDUCTIONS</b>				
Benefits and Refunds	1,711,980	1,811,980	1,813,937	1,604,287
Miscellaneous	21,610	37,610	35,152	27,382
Total Deductions	<u>1,733,590</u>	<u>1,849,590</u>	<u>1,849,089</u>	<u>1,631,669</u>
<b>NET INCREASE</b>	<u>\$ 1,853,954</u>	<u>\$ 1,853,954</u>	3,130,191	3,259,037
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
January 1			<u>46,581,608</u>	<u>43,322,571</u>
December 31			<u>\$ 49,711,799</u>	<u>\$ 46,581,608</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended December 31, 2007

	Balances		Balances	
	January 1	Additions	Deletions	December 31
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 7,717,363	\$ 24,315,576	\$ 25,218,123	\$ 6,814,816
Assets Held by Agents	19,959	152,324	143,508	28,775
<b>TOTAL ASSETS</b>	<b>\$ 7,737,322</b>	<b>\$ 24,467,900</b>	<b>\$ 25,361,631</b>	<b>\$ 6,843,591</b>
<b>LIABILITIES</b>				
Due to Participants	\$ 15,959	\$ 145,324	\$ 143,508	\$ 17,775
Advance from Other Funds	4,000	7,000	-	11,000
Due to Other Entities	7,717,363	24,315,576	25,218,123	6,814,816
<b>TOTAL LIABILITIES</b>	<b>\$ 7,737,322</b>	<b>\$ 24,467,900</b>	<b>\$ 25,361,631</b>	<b>\$ 6,843,591</b>
<b>BARRINGTON/HIGGINS TIF FUND</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 516,784	\$ 517,531	\$ 711,135	\$ 323,180
<b>TOTAL ASSETS</b>	<b>\$ 516,784</b>	<b>\$ 517,531</b>	<b>\$ 711,135</b>	<b>\$ 323,180</b>
<b>LIABILITIES</b>				
Due to Other Entities	\$ 516,784	\$ 517,531	\$ 711,135	\$ 323,180
<b>TOTAL LIABILITIES</b>	<b>\$ 516,784</b>	<b>\$ 517,531</b>	<b>\$ 711,135</b>	<b>\$ 323,180</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, 2007

	Balances		Balances	
	January 1	Additions	Deletions	December 31
<b>EDA SPECIAL TAX ALLOCATION FUND</b>				
ASSETS				
Cash and Investments	\$ 7,200,579	\$ 23,798,045	\$ 24,506,988	\$ 6,491,636
<b>TOTAL ASSETS</b>	<b>\$ 7,200,579</b>	<b>\$ 23,798,045</b>	<b>\$ 24,506,988</b>	<b>\$ 6,491,636</b>
LIABILITIES				
Due to Other Entities	\$ 7,200,579	\$ 23,798,045	\$ 24,506,988	\$ 6,491,636
<b>TOTAL LIABILITIES</b>	<b>\$ 7,200,579</b>	<b>\$ 23,798,045</b>	<b>\$ 24,506,988</b>	<b>\$ 6,491,636</b>
<b>FLEXIBLE SPENDING ACCOUNT FUND</b>				
ASSETS				
Assets Held by Agents	\$ 19,959	\$ 152,324	\$ 143,508	\$ 28,775
<b>TOTAL ASSETS</b>	<b>\$ 19,959</b>	<b>\$ 152,324</b>	<b>\$ 143,508</b>	<b>\$ 28,775</b>
LIABILITIES				
Due to Participants	\$ 15,959	\$ 145,324	\$ 143,508	\$ 17,775
Advance from Other Funds	4,000	7,000	-	11,000
<b>TOTAL LIABILITIES</b>	<b>\$ 19,959</b>	<b>\$ 152,324</b>	<b>\$ 143,508</b>	<b>\$ 28,775</b>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2007

Type of Coverage	Self-Insured Retention	Specific Excess Limit	Aggregate Excess Limit	Insurance Carrier	Expiration Date of Policy
Property, Mobile Equipment, Auto Physical Damage	\$ 100,000 *	N/A	\$ 44,107,005	St. Paul Fire and Marine Insurance Co.	01/01/2009
General Liability, Employee Benefits Law Enforcement Liability	100,000 *	\$ 2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2009
Auto Liability	100,000 *	2,000,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2009
Employee Dishonesty, Crime	10,000 *	100,000	N/A	St. Paul Fire and Marine Insurance Co.	01/01/2009
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)	07/01/2008
Boiler and Machinery	1,000	55,000,000	55,000,000	Kemper Insurance	01/01/2009
Public Officials' Liability	25,000	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2009
Ambulance Attendants' Liability	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2009
Health Division Malpractice	N/A	2,000,000	3,000,000	St. Paul Fire and Marine Insurance Co.	01/01/2009
Pollution Legal Liability	5,000	2,000,000	3,000,000	Agricultural Excess and Surplus Insurance Co.	01/01/2009
Position Surety Bonds					
William McLeod Village President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2009
Karen Mills Deputy President	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2009
Bev Romanoff Village Clerk	N/A	3,000	3,000	Fidelity & Deposit Co.	01/01/2009
James Norris Village Manager	N/A	5,000	5,000	Fidelity & Deposit Co.	01/01/2009
Michael DuCharme, Treasurer	N/A	150,000	150,000	Fidelity & Deposit Co.	01/01/2009
Police and Fire Commission Members	N/A	500	500	Fidelity & Deposit Co.	01/01/2009
Excess Workers' Compensation	500,000/ 600,000 Police & Fire	Statutory	Statutory	Safety National	12/31/2008
Social Service Agency Professional Liability	N/A	1,000,000	1,000,000	American Home Assurance Co.	05/01/2008

\* 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, 2007

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2007	\$ 435,000	\$ 111,412	\$ 546,412	2008	\$ 55,706	2008	\$ 55,706
2008	455,000	91,402	546,402	2009	45,701	2009	45,701
2009	480,000	70,472	550,472	2010	35,236	2010	35,236
2010	505,000	48,392	553,392	2011	24,196	2011	24,196
2011	530,000	24,910	554,910	2012	12,455	2012	12,455
	<u>\$ 2,405,000</u>	<u>\$ 346,588</u>	<u>\$ 2,751,588</u>		<u>\$ 173,294</u>		<u>\$ 173,294</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2001

December 31, 2007

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2007	\$ 1,490,000	\$ 212,400	\$ 1,702,400	2008	\$ 106,200	2008	\$ 106,200
2008	1,620,000	145,350	1,765,350	2009	72,675	2009	72,675
2009	1,090,000	72,450	1,162,450	2010	36,225	2010	36,225
2010	520,000	23,400	543,400	2011	11,700	2011	11,700
	<u>\$ 4,720,000</u>	<u>\$ 453,600</u>	<u>\$ 5,173,600</u>		<u>\$ 226,800</u>		<u>\$ 226,800</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2003

December 31, 2007

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2007	\$ 800,000	\$ 98,522	\$ 898,522	2008	\$ 49,261	2008	\$ 49,261
2008	890,000	76,522	966,522	2009	38,261	2009	38,261
2009	915,000	51,604	966,604	2010	25,802	2010	25,802
2010	680,000	22,780	702,780	2011	11,390	2011	11,390
	<u>\$ 3,285,000</u>	<u>\$ 249,428</u>	<u>\$ 3,534,428</u>		<u>\$ 124,714</u>		<u>\$ 124,714</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004

December 31, 2007

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2007	\$ 810,000	\$ 152,738	\$ 962,738	2008	\$ 76,369	2008	\$ 76,369
2008	835,000	126,412	961,412	2009	63,206	2009	63,206
2009	870,000	97,188	967,188	2010	48,594	2010	48,594
2010	905,000	66,737	971,737	2011	33,369	2011	33,368
2011	935,000	35,063	970,063	2012	17,531	2012	17,532
	<u>\$ 4,355,000</u>	<u>\$ 478,138</u>	<u>\$ 4,833,138</u>		<u>\$ 239,069</u>		<u>\$ 239,069</u>

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION TAXABLE BOND SERIES OF 2005A

December 31, 2007

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	American National Bank, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec. 1	Amount
2007	\$ 1,075,000	\$ 2,824,233	\$ 3,899,233	2008	\$ 1,412,117	2008	\$ 1,412,116
2008	1,120,000	2,775,857	3,895,857	2009	1,387,929	2009	1,387,928
2009	1,175,000	2,724,338	3,899,338	2010	1,362,169	2010	1,362,169
2010	1,230,000	2,669,700	3,899,700	2011	1,334,850	2011	1,334,850
2011	1,285,000	2,611,890	3,896,890	2012	1,305,945	2012	1,305,945
2012	1,345,000	2,550,210	3,895,210	2013	1,275,105	2013	1,275,105
2013	1,415,000	2,484,305	3,899,305	2014	1,242,153	2014	1,242,152
2014	1,485,000	2,414,263	3,899,263	2015	1,207,132	2015	1,207,131
2015	1,555,000	2,340,012	3,895,012	2016	1,170,006	2016	1,170,006
2016	1,635,000	2,261,485	3,896,485	2017	1,130,743	2017	1,130,742
2017	1,720,000	2,177,283	3,897,283	2018	1,088,642	2018	1,088,641
2018	1,810,000	2,087,842	3,897,842	2019	1,043,921	2019	1,043,921
2019	1,905,000	1,992,818	3,897,818	2020	996,409	2020	996,409
2020	2,005,000	1,892,805	3,897,805	2021	946,403	2021	946,402
2021	2,110,000	1,787,542	3,897,542	2022	893,771	2022	893,771
2022	2,225,000	1,674,130	3,899,130	2023	837,065	2023	837,065
2023	2,345,000	1,554,536	3,899,536	2024	777,268	2024	777,268
2024	2,470,000	1,428,492	3,898,492	2025	714,246	2025	714,246
2025	2,600,000	1,295,730	3,895,730	2026	647,865	2026	647,865
2026	2,740,000	1,155,330	3,895,330	2027	577,665	2027	577,665
2027	2,890,000	1,007,370	3,897,370	2028	503,685	2028	503,685
2028	3,045,000	851,310	3,896,310	2029	425,655	2029	425,655
2029	3,210,000	686,880	3,896,880	2030	343,440	2030	343,440
2030	3,385,000	513,540	3,898,540	2031	256,770	2031	256,770
2031	3,565,000	330,750	3,895,750	2032	165,375	2032	165,375
2032	2,560,000	138,240	2,698,240	2033	69,120	2033	69,120
	<u>\$ 53,905,000</u>	<u>\$ 46,230,891</u>	<u>\$ 100,135,891</u>		<u>\$ 23,115,449</u>		<u>\$ 23,115,442</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, 2007

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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, 2007)
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
2008	\$ 10,700,000	\$ 1,139,965	\$ 11,839,965
2009	11,100,000	787,491	11,887,491
2010	23,800,000	63,169	23,863,169
	<u>\$ 45,600,000</u>	<u>\$ 1,990,625</u>	<u>\$ 47,590,625</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, 2007

	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	609,430	140,167	489,968	88,214	-
Subtotal	<u>1,343,010</u>	<u>336,852</u>	<u>1,758,598</u>	<u>232,461</u>	<u>1,693,397</u>
Previous Payments	-	-	1,176,743	-	-
ADJUSTED PRINCIPAL BALANCE	<u>\$ 1,343,010</u>	<u>\$ 336,852</u>	<u>\$ 581,855</u>	<u>\$ 232,461</u>	<u>\$ 1,693,397</u>

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 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	Sept. 1, 1996 Sept. 10, 2012 \$ 47,972 Adjustable March 1 and September 1 March 1 and September 1 Sears, Roebuck and Co. Hoffman Estates, IL	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
\$ 5,009,329 - 5,009,329	\$ 5,228,265 - 5,228,265	\$ 4,800,779 - 4,800,779	\$ 4,293,238 - 4,293,238	\$ 13,147,485 - 13,147,485	\$ 752,859 554,796 1,307,655	\$ 47,972 33,543 81,515	\$ 318,441 220,894 539,335
-	-	-	-	-	256,953	-	-
<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>\$ 1,050,702</u>	<u>\$ 81,515</u>	<u>\$ 539,335</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, 2007

	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	195,192	82,333	96,026	28,426	47,250
Subtotal	<u>479,369</u>	<u>203,535</u>	<u>240,574</u>	<u>71,875</u>	<u>119,975</u>
Previous Payments	-	-	-	-	-
ADJUSTED PRINCIPAL BALANCE	<u>\$ 479,369</u>	<u>\$ 203,535</u>	<u>\$ 240,574</u>	<u>\$ 71,875</u>	<u>\$ 119,975</u>

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 10,249 26,164	\$ 14,315 9,105 23,420	\$ 5,589,262 3,418,106 9,007,368	\$ 932,132 570,044 1,502,176	\$ 12,169,244 7,442,086 19,611,330	\$ 5,248,409 3,209,658 8,458,067	\$ 4,347,908 2,658,957 7,006,865	\$ 354,035 216,510 570,545
-	-	-	-	-	-	-	-
\$ 26,164	\$ 23,420	\$ 9,007,368	\$ 1,502,176	\$ 19,611,330	\$ 8,458,067	\$ 7,006,865	\$ 570,545

(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, 2007

	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	176,567	1,118,070	167,522	344,712	500,719
Subtotal	465,287	3,362,868	503,863	1,158,818	1,936,405
Previous Payments	-	-	-	-	-
ADJUSTED PRINCIPAL BALANCE	\$ 465,287	\$ 3,362,868	\$ 503,863	\$ 1,158,818	\$ 1,936,405

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	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	
\$ 708,661 223,300 931,961	\$ 10,776,023 3,063,048 13,839,071	\$ 222,767 56,305 279,072	\$ 303,071 67,767 370,838	\$ 1,351,407 57,662 1,409,069	\$ 120,659 2,512 123,171	\$ 85,574,467 25,899,138 111,473,605
-	-	-	-	-	-	1,433,696
\$ 931,961	\$ 13,839,071	\$ 279,072	\$ 370,838	\$ 1,409,069	\$ 123,171	\$110,039,909

(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, 2007

	EDA Special Tax Allocation Fund			Totals
	Government		Sears	
	Unallocated	Share Account	Portion of PVS	
<b>REVENUES</b>				
Incremental Taxes	\$ 16,522,801	\$ 6,790,271	\$ -	\$ 23,313,072
Investment Income	479,066	-	-	479,066
Sears Debt Service Payment	-	-	-	-
<b>Total Revenues</b>	<b>17,001,867</b>	<b>6,790,271</b>	<b>-</b>	<b>23,792,138</b>
<b>EXPENDITURES</b>				
Principal, Bonds and Notes	-	-	-	-
Interest, Bonds and Notes	-	-	-	-
Professional Services	-	-	-	-
Trustee Fees	-	-	-	-
Arbitrage Calculation Fees	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>17,001,867</b>	<b>6,790,271</b>	<b>-</b>	<b>23,792,138</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers (Out)	(17,710,810)	-	-	(17,710,810)
Transfer to Rebate Account	-	-	-	-
Distribution of Sears PVS	-	(3,465,996)	-	(3,465,996)
Transfer to EDA Administration Fund	-	(3,324,275)	-	(3,324,275)
<b>Total Other Financing Sources (Uses)</b>	<b>(17,710,810)</b>	<b>(6,790,271)</b>	<b>-</b>	<b>(24,501,081)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(708,943)</b>	<b>-</b>	<b>-</b>	<b>(708,943)</b>
<b>FUND BALANCES (DEFICIT), JANUARY 1</b>	<b>7,200,579</b>	<b>-</b>	<b>-</b>	<b>7,200,579</b>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<b>\$ 6,491,636</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,491,636</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)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,313,072	
17,905	47,299	485,239	355	532,893	113	1,029,977	
-	-	-	-	-	16,699,691	16,699,691	
17,905	47,299	485,239	355	532,893	16,699,804	41,042,740	
-	10,300,000	-	-	10,300,000	21,915,000	32,215,000	
346,047	1,490,742	-	-	1,490,742	-	1,836,789	
50,878	-	-	-	-	-	50,878	
5,000	1,950	-	-	1,950	-	6,950	
5,500	-	-	34,841	34,841	-	40,341	
407,425	11,792,692	-	34,841	11,827,533	21,915,000	34,149,958	
(389,520)	(11,745,393)	485,239	(34,486)	(11,294,640)	(5,215,196)	6,892,782	
422,073	12,567,208	-	-	12,567,208	5,208,718	18,197,999	
(1,950)	-	(485,239)	-	(485,239)	-	(18,197,999)	
-	(6,870)	-	6,870	-	-	-	
-	-	-	-	-	-	(3,465,996)	
-	-	-	-	-	-	(3,324,275)	
420,123	12,560,338	(485,239)	6,870	12,081,969	5,208,718	(6,790,271)	
30,603	814,945	-	(27,616)	787,329	(6,478)	102,511	
(2,564,425)	13,292,875	12,138,378	-	25,431,253	6,516	30,073,923	
\$ (2,533,822)	\$ 14,107,820	\$ 12,138,378	\$ (27,616)	\$ 26,218,582	\$ 38	\$ 30,176,434	

(See independent auditor's report.)

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	147-154
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	155-161
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.	162-166
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.	167-169
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.	170-171

*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 Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
<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
Restricted	31,736,142	30,610,435	25,510,851	34,581,385	34,874,359
Unrestricted	(208,737,371)	(191,260,938)	(179,534,956)	(202,902,550)	(187,818,909)
<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>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
Restricted	-	-	-	-	-
Unrestricted	8,759,802	8,594,706	9,612,150	9,228,469	9,457,205
<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>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
Restricted	31,736,142	30,610,435	25,510,851	34,581,385	34,874,359
Unrestricted	(199,977,569)	(182,666,232)	(169,922,806)	(193,674,081)	(178,361,704)
<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>

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NET ASSETS BY COMPONENT EXCLUDING EDA TIF ACTIVITY

Last Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
<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
Restricted	1,953,699	2,079,746	7,306,379	6,839,425	6,373,119
Unrestricted	21,850,479	20,136,069	17,632,151	(34,503,578)	(33,037,782)
<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>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
Restricted	-	-	-	-	-
Unrestricted	8,759,802	8,594,706	9,612,150	9,228,469	9,457,205
<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>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
Restricted	1,953,699	2,079,746	7,306,379	6,839,425	6,373,119
Unrestricted	30,610,281	28,730,775	27,244,301	(25,275,109)	(23,580,577)
<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>

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS

Last Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>EXPENSES</b>					
Governmental Activities					
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846	\$ 6,900,227
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353	29,298,255
Highways and Streets	8,729,150	9,286,945	11,532,401	6,140,084	10,578,402
Sanitation	531,458	600,961	930,335	864,300	1,126,761
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857	1,741,403
Culture and Recreation	246,447	229,402	226,608	239,480	251,527
Economic Development	6,107,232	1,406,319	1,303,688	52,011,995	16,627,938
Interest	13,342,322	11,971,027	11,447,448	11,696,149	9,576,815
Total Governmental Activities Expenses	57,404,774	53,744,895	57,253,618	110,352,064	76,101,328
Business-Type Activities					
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322
Total Business-Type Activities Expenses	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322
<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>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
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630	2,959,938
Highways and Streets	876,053	1,023,264	1,415,253	882,063	1,212,692
Sanitation	73,499	816,056	880,637	896,554	878,948
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373	2,250,535
Culture and Recreation	469,330	493,933	513,635	571,287	593,476
Economic Development	10,212,855	11,093,955	12,585,713	20,107,123	19,807,712
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158	2,129,235
Capital Grants and Contributions	579,609	700,558	687,300	-	3,928,216
Total Governmental Activities Program Revenues	17,861,070	20,008,976	22,586,737	29,212,744	35,094,459
Business-Type Activities					
Charges for Services					
Water/Sewer	8,404,183	8,919,572	10,240,821	9,386,132	10,378,340
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	1,448,966
Total Business-Type Activities Program Revenues	8,404,183	8,919,572	10,240,821	9,386,132	11,827,306
<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>NET (EXPENSES) REVENUES</b>					
Governmental Activities	\$ (39,543,704)	\$ (33,735,919)	\$ (34,666,881)	\$ (81,139,320)	\$ (41,006,869)
Business-Type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)	373,984
<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>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
<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
Sales	5,531,118	4,960,882	5,059,287	6,332,164	6,619,848
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927	3,476,984
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758	1,323,132
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651	5,147,174
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103	3,378,962
Other	1,557,709	1,679,970	1,807,840	3,141,679	3,901,359
Investment Earnings	1,473,816	1,547,181	2,526,601	4,312,040	2,450,774
Miscellaneous	213,611	297,218	236,165	788,180	723,047
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)	-	-
Total Governmental Activities	51,968,112	52,295,914	46,978,780	70,808,931	62,721,402
Business-Type Activities					
Investment Earnings	126,699	105,028	251,322	395,450	419,999
Miscellaneous	8,278	310,810	27,455	39,832	75,251
Gain on Sale of Capital Assets	-	-	-	-	18,185
Contributions	-	116,750	2,026,130	1,654,795	-
Transfers In	-	-	50,500	-	-
Transfers (Out)	-	-	-	(2,630)	(9,850)
Total Business-Type Activities	134,977	532,588	2,355,407	2,087,447	503,585
TOTAL PRIMARY GOVERNMENT	\$ 52,103,089	\$ 52,828,502	\$ 49,334,187	\$ 72,896,378	\$ 63,224,987
CHANGE IN NET ASSETS					
Governmental Activities	\$ 12,424,408	\$ 18,559,995	\$ 12,311,899	\$ (10,330,389)	\$ 21,714,533
Business-Type Activities	(1,353,067)	(807,439)	2,012,169	419,111	877,569
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ 11,071,341	\$ 17,752,556	\$ 14,324,068	\$ (9,911,278)	\$ 22,592,102

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET ASSETS EXCLUDING EDA TIF ACTIVITY

Last Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>EXPENSES</b>					
Governmental Activities					
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846	\$ 6,900,227
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353	29,298,255
Highways and Streets	8,729,150	9,286,945	11,532,401	4,555,019	10,113,187
Sanitation	531,458	600,961	930,335	864,300	1,126,761
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857	1,741,403
Culture and Recreation	246,447	229,402	226,608	239,480	251,527
Economic Development	1,158,602	1,406,319	1,303,688	52,011,995	2,008,387
Interest	1,237,618	978,608	2,073,221	3,895,783	3,695,876
Total Governmental Activities Expenses	40,351,440	42,752,476	47,879,391	100,966,633	55,135,623
Business-Type Activities					
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322
Total Business-Type Activities Expenses	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 50,243,667</b>	<b>\$ 53,012,075</b>	<b>\$ 58,463,450</b>	<b>\$ 112,021,101</b>	<b>\$ 66,588,945</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
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630	2,959,938
Highways and Streets	754,997	601,295	838,681	728,344	1,035,978
Sanitation	73,499	816,056	880,637	896,554	878,948
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373	2,250,535
Culture and Recreation	469,330	493,933	513,635	571,287	593,476
Economic Development	77,552	248,944	123,997	1,514,531	3,108,021
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158	2,129,235
Capital Grants and Contributions	579,609	700,558	687,300	-	3,928,216
Total Governmental Activities Program Revenues	7,604,711	8,741,996	9,548,449	10,466,433	18,218,054
Business-Type Activities					
Charges for Services					
Water/Sewer	8,404,183	8,919,572	10,240,821	9,386,132	10,378,340
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	1,448,966
Total Business-Type Activities Program Revenues	8,404,183	8,919,572	10,240,821	9,386,132	11,827,306
<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>NET (EXPENSES) REVENUES</b>					
Governmental Activities	\$ (32,746,729)	\$ (34,010,480)	\$ (38,330,942)	\$ (90,500,200)	\$ (36,917,569)
Business-Type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)	373,984
<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>

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
<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
Sales	5,531,118	4,960,882	5,059,287	6,332,164	6,619,848
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651	5,147,174
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103	3,378,962
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758	1,323,132
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927	3,476,984
Other	1,557,709	1,679,970	1,807,840	3,141,679	3,901,359
Investment Earnings	429,786	359,295	1,690,290	3,271,265	1,663,534
Miscellaneous	213,611	297,218	236,165	788,180	723,047
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
Transfers (Out)	-	-	(50,500)	-	-
<b>Total Governmental Activities</b>	<b>33,112,360</b>	<b>34,866,166</b>	<b>45,016,211</b>	<b>45,480,652</b>	<b>44,223,353</b>
Business-Type Activities					
Investment Earnings	126,699	105,028	251,322	395,450	419,999
Miscellaneous	8,278	310,810	27,455	39,832	75,251
Gain on Sale of Capital Assets	-	-	-	-	18,185
Contributions	-	116,750	2,026,130	1,654,795	-
Transfers In	-	-	50,500	-	-
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>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 33,247,337</b>	<b>\$ 35,398,754</b>	<b>\$ 47,371,618</b>	<b>\$ 47,568,099</b>	<b>\$ 44,726,938</b>
<b>CHANGE IN NET ASSETS</b>					
Governmental Activities	\$ 365,631	\$ 855,686	\$ 6,685,269	\$ (45,019,548)	\$ 7,305,784
Business-Type Activities	(1,353,067)	(807,439)	2,012,169	419,111	877,569
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS</b>	<b>\$ (987,436)</b>	<b>\$ 48,247</b>	<b>\$ 8,697,438</b>	<b>\$ (44,600,437)</b>	<b>\$ 8,183,353</b>

Data Source

Audited Financial Statements

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>GENERAL FUND</b>										
Reserved	\$ 296,924	\$ 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
Unreserved	11,771,884	12,998,113	14,451,493	12,681,774	14,207,167	13,134,103	12,079,973	14,363,833	14,302,062	13,608,472
<b>TOTAL GENERAL FUND</b>	<b>\$ 12,068,808</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>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$ 24,573,473	\$ 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
Unreserved, Reported In										
Special Revenue Funds	223,281	(213,373)	(104,052)	(14,036)	(299,539)	(251,801)	(13,215)	198,221	558,736	325,332
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	25,480,934	21,712,401	17,836,298	17,927,093	14,176,932	8,026,692	7,049,563	6,568,668	7,371,999	8,808,993
<b>TOTAL ALL OTHER GOVERNMENT FUNDS</b>	<b>\$ 50,277,688</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>

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 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 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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>REVENUES</b>										
Taxes	\$ 40,458,774	\$ 34,251,533	\$ 35,714,069	\$ 36,460,544	\$ 38,651,515	\$ 40,418,162	\$ 40,333,960	\$ 28,591,932	\$ 52,805,630	\$ 47,135,668
Licenses and Permits	1,651,549	797,930	820,302	1,201,939	1,182,921	1,417,756	1,613,441	2,032,103	1,974,164	2,637,624
Intergovernmental	9,958,260	10,786,179	12,342,108	12,968,152	13,119,641	12,320,841	11,091,829	11,912,242	13,484,480	14,496,249
Charges for Services	2,640,033	2,816,962	2,977,115	3,379,183	3,399,336	12,769,318	15,405,160	18,388,493	23,798,042	23,441,228
Fines and Forfeitures	591,229	704,552	880,466	855,569	902,403	760,890	808,496	763,189	973,637	1,347,750
Investment Income	3,432,246	3,250,394	3,857,703	3,326,084	1,955,541	1,437,372	1,547,181	2,526,601	4,312,040	2,450,774
Miscellaneous	842,068	1,846,250	3,546,503	6,158,921	6,496,890	401,198	677,244	444,639	1,812,212	3,630,999
<b>Total Revenues</b>	<b>59,574,159</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>EXPENDITURES</b>										
General Government	4,024,006	4,240,530	4,621,492	4,849,198	5,029,222	4,083,605	4,395,369	4,756,695	5,323,531	6,069,730
Public Safety	15,507,937	16,962,656	18,316,851	19,416,766	19,812,212	20,780,224	23,254,403	24,928,583	26,703,338	29,753,748
Highways and Streets	2,800,917	3,054,066	3,595,352	3,727,237	3,986,615	5,124,716	5,480,075	5,681,472	5,869,622	6,731,571
Sanitation	655,379	651,965	632,735	579,592	554,997	531,458	600,961	930,335	864,300	1,126,761
Health and Welfare	1,148,930	1,197,488	1,250,002	1,358,477	1,460,730	1,534,247	1,637,951	1,671,142	1,800,992	1,898,681
Culture and Recreation	220,106	225,658	268,791	283,906	281,344	235,705	222,720	223,112	241,172	289,403
Economic Development	449,153	530,550	592,027	789,035	714,776	1,109,856	1,367,588	1,295,346	1,611,713	1,596,225
Capital Outlay	7,621,640	10,626,087	15,161,470	14,149,269	23,896,355	7,929,784	2,992,795	3,827,231	56,236,459	20,642,131
Debt Service										
Principal	12,603,561	13,822,251	15,393,884	19,443,868	22,209,005	26,644,297	29,114,750	21,249,471	33,760,000	36,565,000
Interest and Other Charges	10,560,023	9,675,731	8,878,275	8,373,126	6,743,789	5,658,811	4,916,657	7,235,018	6,115,032	5,512,536
<b>Total Expenditures</b>	<b>55,591,652</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>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,982,507</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>OTHER FINANCING SOURCES (USES)</b>										
Transfers In	11,691,285	6,150,276	12,477,951	8,024,415	7,051,353	5,170,417	5,291,988	3,643,861	5,518,910	5,073,630
Transfers (Out)	(11,294,155)	(6,907,286)	(12,484,201)	(8,402,639)	(7,201,070)	(5,159,253)	(5,333,431)	(3,741,248)	(5,564,264)	(5,109,848)
Sale of Capital Assets	-	-	208,448	64,500	72,952	73,014	61,789	62,084	6,839	123,733
Bonds Issued, at Par	10,000,000	-	-	10,760,000	-	6,155,000	6,765,000	120,335,000	-	-
Note Proceeds	-	2,581,139	7,516,832	7,372,612	15,576,802	4,819,075	-	-	-	14,619,551
Payment to Escrow Agent	-	-	-	(10,757,630)	-	(6,118,307)	(6,852,230)	(66,518,105)	-	-
Premium (Discount) on Issuance of Bonds	(63,740)	-	-	59,498	-	44,192	163,592	(420,904)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>10,333,390</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>NET CHANGE IN FUND BALANCES</b>	<b>\$ 14,315,897</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>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>48.90%</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>

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	(B)								
2007	(B)								

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

(B) 2006 detail valuations and 2007 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	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Village Direct Rates (A)</b>											
General	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	(B)
Municipal Waste	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	
IMRF	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	
Police Pension	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	
Firefighters Pension	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	
<b>Total Direct Rate</b>	<b>1.250</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>Overlapping Rates</b>											
School District #54	3.751	3.595	3.532	3.706	3.283	3.142	3.414	3.106	3.003	3.104	
Palatine Twp. H.S. #211	2.595	2.464	2.418	2.450	2.147	2.067	2.165	2.158	2.191	2.261	
Junior College District #512	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	
Forest Preserve District of Cook County	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	
Schaumburg Township Library District	0.370	0.358	0.361	0.372	0.319	0.304	0.319	0.285	0.277	0.287	
Township of Schaumburg (All Funds)	0.135	0.127	0.110	0.107	0.110	0.105	0.111	0.101	0.100	0.104	
Metropolitan Sanitary District											
of Greater Chicago	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	
Northwest Mosquito Abatement District	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	
Hoffman Estates Park District	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	
Consolidated Elections	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	
County of Cook	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	
Cook County Health Facility	0.285	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	0.000	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>10.537</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>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>11.9%</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>	

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

(B) 2007 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	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Village Direct Rates (A)</b>											
General	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	(B)
Municipal Waste	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	
IMRF	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	
Police Pension	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	
Firefighters Pension	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	
<b>Total Direct Rate</b>	<b>1.250</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>Overlapping Rates</b>											
Unit School District #220	3.438	3.511	3.617	3.862	3.852	3.741	4.011	3.456	3.348	3.460	
Junior College District #512	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	
Forest Preserve District of Cook County	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	
Barrington Public Library District	0.217	0.202	0.227	0.241	0.229	0.229	0.230	0.201	0.166	0.180	
Township of Barrington (All Funds)	0.053	0.057	0.057	0.059	0.052	0.041	0.036	0.030	0.028	0.027	
Metropolitan Sanitary District of Greater Chicago	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	
Northwest Mosquito Abatement District	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	
Hoffman Estates Park District	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	
Consolidated Elections	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	
County of Cook	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	
Cook County Health Facility	0.285	0.238	0.236	0.219	0.201	0.156	0.141	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	0.000	0.065	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>7.394</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>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>16.9%</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>	

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

(B) 2007 Tax rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
PALATINE TOWNSHIP

Last Ten Levy Years

Tax Levy Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Village Direct Rates (A)</b>											
General	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	(B)
Municipal Waste	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	
IMRF	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	
Police Pension	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	
Firefighters Pension	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	
<b>Total Direct Rate</b>	<b>1.250</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>Overlapping Rates</b>											
School District #15	3.827	3.662	3.611	3.749	3.289	3.185	3.313	2.925	2.840	2.763	
Palatine Twp. H.S. #211	2.595	2.464	2.418	2.450	2.147	2.067	2.165	2.158	2.191	2.261	
Junior College District #512	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	
Forest Preserve District of Cook County	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	
Palatine Public Library	0.385	0.359	0.361	0.381	0.322	0.310	0.315	0.280	0.271	0.280	
Township of Palatine (All Funds)	0.194	0.152	0.149	0.145	0.127	0.123	0.129	0.116	0.114	0.120	
Metropolitan Sanitary District of Greater Chicago	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	
Northwest Mosquito Abatement District	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	
Hoffman Estates Park District	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	
Consolidated Elections	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	
County of Cook	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	
Cook County Health Facility	0.285	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	0.000	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>10.687</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>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>11.7%</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>	

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

(B) 2007 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	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Village Direct Rates (A)</b>											
General	0.774	0.708	0.668	0.691	0.609	0.617	0.695	0.646	0.625	0.628	(B)
Municipal Waste	0.034	0.031	0.029	0.030	0.025	0.023	0.000	0.000	0.000	0.000	
IMRF	0.047	0.043	0.039	0.031	0.025	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.264	0.243	0.222	0.234	0.191	0.169	0.141	0.118	0.109	0.104	
Police Pension	0.077	0.080	0.077	0.097	0.086	0.098	0.108	0.096	0.094	0.102	
Firefighters Pension	0.054	0.051	0.061	0.074	0.059	0.066	0.080	0.076	0.073	0.075	
<b>Total Direct Rate</b>	<b>1.250</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>Overlapping Rates</b>											
Unit School District #220	3.438	3.511	3.617	3.862	3.852	3.741	4.011	3.456	3.348	3.460	
Junior College District #512	0.292	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	
Forest Preserve District of Cook County	0.074	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	
Sub. T.B. Sanitarium	0.008	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	
Poplar Creek Public Library District	0.386	0.397	0.388	0.406	0.351	0.340	0.355	0.318	0.304	0.310	
Township of Hanover (All Funds)	0.271	0.251	0.246	0.254	0.225	0.259	0.273	0.242	0.237	0.250	
Metropolitan Sanitary District of Greater Chicago	0.451	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	
Northwest Mosquito Abatement District	0.011	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	
Hoffman Estates Park District	0.654	0.602	0.578	0.606	0.517	0.486	0.540	0.498	0.478	0.477	
Consolidated Elections	0.027	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	
County of Cook	0.634	0.673	0.618	0.605	0.545	0.534	0.489	0.593	0.533	0.500	
Cook County Health Facility	0.285	0.238	0.236	0.219	0.201	0.156	0.141	0.000	0.000	0.000	
Comm. Mental Health Facility and Service District	0.056	0.049	0.044	0.045	0.040	0.038	0.040	0.036	0.035	0.037	
Lake County Tax Obj Ct Ord-220	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.065	
<b>TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION</b>	<b>7.837</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>SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF HOFFMAN ESTATES</b>	<b>15.9%</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>	

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

(B) 2007 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	2006 Tax Levy			1997 Tax Levy		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Sears, Roebuck and Co.	\$ 256,553,152	1	13.45%	\$ 215,406,561	1	26.69%
Ameritech Illinois & SBC	151,688,435	2	7.95%	104,184,464	2	12.91%
Property Tax Advisors	42,090,297	3	2.21%			
Stonegate Properties	20,932,542	4	1.10%	19,500,737	5	2.42%
American Heritage	20,362,406	5	1.07%			
Lisa Philips	20,106,223	6	1.05%			
Alexian Bros Health Systems	19,055,997	7	1.00%			
TransAmerica Comm. Fin.	16,976,647	8	0.89%			
Marvin F. Poer & Co.	14,819,420	9	0.78%			
Park Place Apartments	13,633,868	10	0.71%	12,507,443	7	1.55%
Columbis H.E. Medical Ctr.				33,256,295	3	4.12%
George McElroy				20,057,504	4	2.49%
Town Management Corporation				16,350,331	6	2.03%
Siemens Medical System				9,102,145	8	1.13%
Poplar Creek Office Plaza				7,875,206	9	0.98%
Autumn Chase Apartments				7,863,568	10	0.97%
	<u>\$ 576,218,987</u>		<u>30.22%</u>	<u>\$ 446,104,254</u>		<u>55.28%</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
1997	\$ 10,082,106	\$ 9,950,217.00	98.69%	\$ 139,563	\$ 10,089,780	100.08%
1998	10,191,844	9,798,497	96.14%	362,088	10,160,585	99.69%
1999	10,230,341	9,771,806	95.52%	17,744	9,789,550	95.69%
2000	10,447,322	9,845,205	94.24%	354,297	10,199,502	97.63%
2001	10,864,888	10,077,103	92.75%	160,714	10,237,817	94.23%
2002	11,448,849	11,165,361	97.52%	69,996	11,235,357	98.14%
2003	11,992,061	11,754,907	98.02%	65,839	11,820,746	98.57%
2004	12,542,668	11,894,869	94.84%	106,397	12,001,266	95.68%
2005	13,080,114	12,666,607	96.84%	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	(A)				

(A) Collections for the 2007 Tax Levy Year will not be received until fiscal year 2008.

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

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of	
	General Obligation Bonds	TIF Bonds Payable	TIF Notes Payable	Installment Contracts Payable	General Obligation Bonds	Installment Notes Payable	Capital Leases		Personal Income*	Per Capita*
1998	\$ 41,685,000	\$ 200,413,203	\$ 33,954,036	\$ 1,143,966	\$ -	\$ -	\$ -	\$ 277,196,205	24.3%	5,759
1999	38,970,000	193,781,721	38,251,877	965,276	-	-	-	271,968,874	23.8%	5,650
2000	36,240,000	185,897,705	51,531,187	801,392	-	-	-	274,470,284	20.8%	5,545
2001	33,250,000	174,968,773	61,081,826	632,524	-	-	-	269,933,123	20.4%	5,454
2002	30,125,000	161,369,196	79,186,080	458,519	-	-	-	271,138,795	20.5%	5,478
2003	26,985,000	143,266,563	86,789,188	279,222	-	-	-	257,319,973	19.1%	5,088
2004	24,180,000	121,410,341	89,750,593	94,471	-	-	-	235,435,405	17.5%	4,655
2005	76,170,000	105,856,847	92,730,674	-	-	-	-	274,757,521	20.4%	5,433
2006	73,020,000	77,247,623	95,914,221	-	-	-	-	246,181,844	18.3%	4,868
2007	66,870,000	45,600,000	113,624,749	-	-	-	-	226,094,749	16.8%	4,471

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

\* See the Schedule of Demographic and Economic Statistics on page 167 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
1998	\$ 41,685,000	\$ 682,903	\$ 41,002,097	1.21%	\$ 851.87
1999	38,970,000	1,175,007	37,794,993	1.06%	785.24
2000	36,240,000	1,332,078	34,907,922	1.00%	705.28
2001	33,250,000	609,138	32,640,862	0.79%	659.48
2002	30,125,000	557,999	29,567,001	0.66%	597.37
2003	26,985,000	511,235	26,473,765	0.59%	523.48
2004	24,180,000	541,239	23,638,761	0.47%	467.42
2005 (A)	76,170,000	5,152,212	71,017,788	1.26%	1,404.26
2006	73,020,000	3,809,110	69,210,890	1.09%	1,368.53
2007	66,870,000	2,886,519	63,983,481	0.90%	1,265.17

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

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

\* See the Schedule of Assessed and Actual Value of Taxable Property on page 155 for property value data.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2007

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	\$ 66,870,000	100.000%	\$ 66,870,000
Dundee Township	14,695,000	0.047%	6,907
Schaumburg Township	-	14.572%	-
Dundee Township Park District	1,645,870	0.047%	774
Hoffman Estates Park District	11,580,000	93.535%	10,831,353
Palatine Park District	11,165,000	2.519%	281,246
South Barrington Park District	1,139,000	0.041%	467
Schools			
District No. 211	49,690,000	12.390%	6,156,591
District No. 54	16,595,000	14.548%	2,414,241
District No. 15	32,381,014	7.404%	2,397,490
District No. 220	106,155,000	10.895%	11,565,587
District No. 300	231,137,766	1.023%	2,364,539
District No. 46	339,318,830	2.557%	8,676,382
Junior College District No. 512	54,530,000	6.303%	3,437,026
Junior College District No. 509	58,207,604	1.819%	1,058,796
Metropolitan Water Reclamation District	1,453,547,772	1.063%	15,451,213
Cook County including Forest Preserve District	3,074,880,000	1.046%	32,163,245
Kane County including Forest Preserve District	261,295,866	0.006%	15,678
Gail Borden Library District	25,930,000	4.583%	1,188,372
Palatine Library District	4,840,000	10.017%	484,823
Poplar Creek Library District	10,000,000	6.892%	689,200
Schaumburg Library District	7,620,000	14.940%	1,138,428
	<u>5,766,353,722</u>		<u>100,322,358</u>
	<u>\$ 5,833,223,722</u>		<u>\$ 167,192,358</u>

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

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2007

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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			Principal	Interest	Coverage	
1998	\$ 19,032,982	\$ (2,957,434)	\$ (100,609)	\$ 15,974,939	\$ 8,775,000	\$ 8,230,815	0.94	\$ -	\$ -	\$ -	N/A	
1999	18,753,853	(3,782,845)	(35,410)	14,935,598	10,935,000	7,469,978	0.81	-	-	-	N/A	
2000	19,886,213	(3,988,755)	(25,707)	15,871,751	12,500,000	6,827,555	0.82	-	-	-	N/A	
2001	21,176,305	(4,268,800)	(29,818)	16,877,687	15,880,000	6,026,050	0.77	-	-	-	N/A	
2002	21,824,262	(4,480,565)	(7,000)	17,336,697	18,910,000	5,013,935	0.72	-	-	-	N/A	
2003	23,354,774	(4,872,744)	(31,509)	18,450,521	23,135,000	4,256,795	0.67	-	-	-	N/A	
2004	23,323,096	(5,427,930)	(33,438)	17,861,728	26,070,000	3,844,545	0.60	-	-	-	N/A	
2005	21,521,947	(5,722,070)	(278,175)	15,521,702	18,210,000	2,510,398	0.75	-	-	-	N/A	
2006	23,200,881	(6,125,072)	(490,250)	16,585,559	30,610,000	1,811,299	0.51	-	-	-	N/A	
2007	23,313,072	(6,478,656)	(407,425)	16,426,991	32,215,000	1,484,344	0.49	-	-	-	N/A	

Note: Details of the Village's outstanding debt can be found in the notes to the 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
1998	48,132	\$ 1,140,535,872	\$ 23,696	3.9
1999	48,132	1,140,535,872	23,696	2.4
2000	49,495	1,319,982,155	26,669	4.2
2001	49,495	1,319,982,155	26,669	3.9
2002	49,495	1,319,982,155	26,669	4.3
2003	50,573	1,348,731,337	26,669	4.7
2004	50,573	1,348,731,337	26,669	4.9
2005	50,573	1,348,731,337	26,669	4.5
2006	50,573	1,348,731,337	26,669	3.4
2007	50,573	1,722,718,672	34,064	3.5

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	2007			1997 <sup>a</sup>		
	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%			
Automatic 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%
Clair's	400	8	0.8%			
Leopardo Companies, Inc.	400	8	0.8%			
Liberty Mutual	400	8	0.8%			
Village of Hoffman Estates	399	9	0.8%	385	8	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				200	10	0.4%
<b>TOTAL</b>	<b>15,403</b>			<b>12,810</b>		

<sup>a</sup> 1998 Principal Employer information was not available

Data Source

Village Records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Management Services	20	23	23	25	27	27	25	25	26	29
Finance	16	16	16	16	17	16	15	15	15	16
Public Safety										
Police										
Officers	89	91	96	94	95	94	95	94	97	100
Civilians	22	23	21	24	24	24	24	24	24	24
Fire										
Firefighters and Officers	88	93	92	92	92	99	98	98	100	103
Civilians	4	4	4	4	4	4	4	5	5	4
Highways and Streets										
Administration	3	3	3	3	3	3	3	3	3	3
Engineering	12	12	12	12	11	11	11	11	11	12
Street Maintenance	66	68	68	70	69	70	70	70	72	73
Sanitation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	20	23	24	24	24	24	23	23	24	24
Culture and Recreation	1	1	1	1	2	2	2	2	2	1
Economic Development	7	6	7	9	10	10	10	10	9	10
<b>TOTAL</b>	<b>348</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>

Data Source

Village budget documents

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Public Safety</b>										
<b>Police</b>										
Physical Arrests	5,393	6,327	8,072	2,247	2,200	1,877	2,008	1,956	2,838	2,418
Parking Violations	24,554	26,356	37,080	8,042	7,331	4,497	5,553	6,321	8,750	8,503
Traffic Violations	47,764	56,624	70,538	16,966	16,604	16,488	16,189	17,765	18,834	12,641
<b>Fire</b>										
Emergency Responses	2,194	2,484	2,721	2,624	2,854	2,889	2,860	2,994	4,984	5,276
Fire/Miscellaneous Responses	1,819	1,835	1,766	1,817	1,646	1,681	1,731	1,758	1,751	1,721
Inspections	N/A	N/A	2,932	2,669	2,796	3,156	3,023	2,923	3,415	3,136
<b>Public Works</b>										
Vehicles Maintained by Dept	164	166	168	179	177	179	178	182	191	201
Street Reconstruction (Miles)	9.4	7.1	6.5	4.2	1.1	1.4	1.5	1.4	1.8	2.0
Street Resurfacing (Miles)	3.8	3.8	5.1	8.6	8.0	4.7	7.1	2.5	5.2	3.4
<b>Water</b>										
New Connections	N/A	12	51	202	237	190	224	237	200	227
Water Main Breaks	N/A	41	7	12	18	35	23	45	41	66
Average Daily Consumption	5,100,000	5,650,841	5,304,614	5,502,910	5,542,619	5,314,263	5,346,751	5,829,000	5,318,000	5,349,000
Peak Daily Consumption	N/A	N/A	7,768,000	9,400,000	9,631,000	8,781,000	12,586,000	11,478,000	8,653,000	9,885,000

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area Patrols	10	10	10	10	10	10	10	10	10	10
Patrol Units	38	39	41	39	41	40	41	42	47	47
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	8	8	9	9	9	9	9	9	9	10
Public Works										
Miles of Streets	140	140	140	141	141	142	142	145	145	157
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	2,196	2,246	2,261	2,261
Traffic Signals	2	2	2	2	2	2	2	2	3	3
Water										
Water Mains (Miles)	200	201	202	208	213	218	221	224	226	228
Fire Hydrants	2,326	2,393	2,427	2,527	2,581	2,671	2,727	2,775	2,815	2,854
Storage Capacity (Gallons)	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000
Wastewater										
Sanitary Sewers (Miles)	164	165	166	167	169	171	172	173	175	176
Storm Sewers (Miles)	N/A	N/A	N/A	N/A	N/A	N/A	102	106	107	111

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, 2007**

**"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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Assets</b>					
Cash and Investments	\$11,991,349	\$11,490,275	\$14,366,578	\$14,501,358	\$12,213,972
Receivables:					
Property Taxes	10,511,954	11,381,614	11,426,163	12,061,945	13,604,904
Accounts	11,085	42,987	40,584	84,793	25,448
Accrued Interest	13,665	4,770	81,970	55,154	30,738
Other	1,427,645	309,307	429,213	410,277	711,378
Prepaid Items	11,827	16,959	16,993	17,324	6,154
Inventory	137,108	152,058	166,857	188,866	190,218
Due from Other Governments	2,209,004	3,316,532	3,192,471	3,619,080	4,019,113
Due from Other Funds	156,262	89,811	52,416	113,418	1,066,479
Advance to Other Funds	1,100,992	1,185,532	1,237,885	287,849	-
Advance to Fiduciary Funds	4,470	5,470	-	4,000	11,000
<b>Total Assets</b>	<u>\$27,575,361</u>	<u>\$27,995,315</u>	<u>\$31,011,130</u>	<u>\$31,344,064</u>	<u>\$31,879,404</u>
<b>Liabilities</b>					
Accounts Payable	\$696,517	\$526,370	\$716,456	\$1,041,934	\$1,471,498
Accrued Payroll	559,435	695,220	786,865	851,509	1,021,549
Deferred Revenues	10,895,102	11,504,468	12,082,680	12,905,051	13,770,134
Due to Other Funds	-	649,862	2,363	129,309	0
Due to Fiduciary Funds	11,523	56,692	58,588	25,707	187,916
Deposits Payable	761,039	904,620	1,336,823	1,378,658	1,414,371
<b>Total Liabilities</b>	<u>\$12,923,616</u>	<u>\$14,337,232</u>	<u>\$14,983,775</u>	<u>\$16,332,168</u>	<u>\$17,865,468</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	\$32,480	-	-	-	-
Reserved for Prepaid Items	11,827	\$16,959	\$16,993	\$17,324	\$6,154
Reserved for Inventory	137,108	152,058	166,857	188,866	190,218
Reserved for Advances to Other Funds	1,105,462	1,191,002	1,237,885	291,849	11,000
Reserved for Public Safety	131,785	134,286	142,319	121,797	116,371
Reserved for Employee Loan Program	98,980	83,805	99,468	89,998	81,721
Unreserved	13,134,103	12,079,973	14,363,833	14,302,062	13,608,472
<b>Total Equity and Credits</b>	<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>
Total Liabilities, Equity and Other Credits	<u>\$27,575,361</u>	<u>\$27,995,315</u>	<u>\$31,011,130</u>	<u>\$31,344,064</u>	<u>\$31,879,404</u>

Sources Comprehensive Annual Financial Reports, FY 2003 - 2007

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

	2003	2004	2005	2006	2007	Budget 2008
<b>Revenues:</b>						
Taxes	\$16,647,405	\$18,390,341	\$21,358,959	\$20,909,646	\$21,710,526	\$24,418,054
Licenses and Permits	1,417,756	1,613,441	2,032,103	1,974,164	2,637,624	2,252,600
Intergovernmental	9,800,467	9,348,021	10,191,818	11,781,393	12,713,142	14,200,950
Charges for Services	2,288,507	2,503,993	3,754,742	4,100,996	4,950,909	4,790,390
Fines and Forfeits	564,239	571,439	597,037	825,005	1,160,360	1,067,500
Investment Income	206,357	161,811	426,348	745,136	700,628	715,220
Miscellaneous	149,971	436,486	279,439	151,937	362,605	552,880
<b>Total Revenues</b>	<u>\$31,074,702</u>	<u>\$33,025,532</u>	<u>\$38,640,446</u>	<u>\$40,488,277</u>	<u>\$44,235,794</u>	<u>\$47,997,594</u>
<b>Expenditures:</b>						
General Government	\$3,924,496	\$4,213,656	\$4,559,935	\$5,096,565	\$5,534,581	\$6,128,040
Public Safety	18,427,735	20,443,226	21,932,451	23,836,847	26,217,176	28,979,714
Highways and Streets	3,784,688	4,053,212	4,265,588	4,436,085	5,286,342	5,923,280
Health and Welfare	1,534,247	1,637,951	1,671,142	1,800,992	1,898,681	2,061,700
Culture and Recreation	235,705	222,720	223,112	241,172	289,403	387,100
Economic Development	1,073,214	1,127,451	1,219,030	971,705	1,393,040	3,356,750
Miscellaneous	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>\$28,980,085</u>	<u>\$31,698,216</u>	<u>\$33,871,258</u>	<u>\$36,383,366</u>	<u>\$40,619,223</u>	<u>\$46,836,584</u>
Excess (Deficiency) of Revenues Over Exp	\$2,094,617	\$1,327,316	\$4,769,188	\$4,104,911	\$3,616,571	\$1,161,010
Other Financing Sources (Uses)	<u>(\$3,158,852)</u>	<u>(\$2,320,978)</u>	<u>(\$2,399,916)</u>	<u>(\$5,120,370)</u>	<u>(\$4,614,531)</u>	<u>(\$2,026,475)</u>
Net Change in Fund Balance	(1,064,235)	(993,662)	2,369,272	(1,015,459)	(997,960)	(865,465)
Fund Balance, January 1	14,625,032	14,651,745	13,658,083	16,027,355	\$15,011,896	\$14,013,936
Prior Period Adjustment	1,090,948	-	-	-	-	-
Fund Balance, January 1 (Restated, FY 03)	\$15,715,980	\$14,651,745	\$13,658,083	\$16,027,355	\$15,011,896	\$14,013,936
Ending Fund Balance	<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>\$13,148,471</u>

Sources Comprehensive Annual Financial Reports, Fiscal Years 2003 - 2007; Budget, Fiscal Year 2008

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

	2003	2004	2005	2006	2007
<b>Governmental Fund Types:</b>					
General Fund	\$14,651,745	\$13,658,083	\$16,027,355	\$15,011,896	\$14,013,936
Special Revenue Funds:					
Motor Fuel Tax Fund	140,828	164,435	209,497	222,347	219,094
Com. Development Block Grant Fund	-	-	-	-	1
Asset Seizure Fund	100,181	96,899	90,630	89,661	96,522
Econ. Dev. Area Admin.	(228,363)	14,500	151,904	751,429	359,265
E911	314,197	702,695	859,443	1,011,980	1,157,635
Roselle Rd TIF	(34,640)	(118,376)	332,708	483,744	1,172,555
Municipal Waste	44,032	264,810	226,853	599,953	373,656
Total Special Revenue	\$336,235	\$1,124,963	\$1,871,035	\$3,159,114	\$3,378,728
Debt Service Funds	\$24,019,114	\$22,311,111	\$17,360,240	\$26,682,454	\$26,571,279
Capital Project Funds	14,662,805	14,166,492	62,223,501	13,224,198	14,074,558
Total Governmental	\$53,669,899	\$51,260,649	\$97,482,131	\$58,077,662	\$58,038,501
<b>Proprietary Fund Types:</b>					
Waterworks and Sewerage	\$31,976,384	\$31,168,945	\$33,181,114	\$33,600,225	\$34,477,794
Insurance	301,030	286,345	103,957	23,151	954,825
Information Systems	569,327	335,926	229,519	378,882	678,423
Total Proprietary	\$32,846,741	\$31,791,216	\$33,514,590	\$34,002,258	\$36,111,042
<b>Fiduciary Fund Types:</b>					
Expendable Trust Funds	-	-	-	-	-
Pension Trust:					
Police Pension	\$33,445,485	\$36,312,218	\$38,197,403	\$41,968,210	\$45,509,710
Firefighters' Pension	36,983,919	40,731,107	43,322,571	46,581,608	49,711,799
Total Fiduciary	\$70,429,404	\$77,043,325	\$81,519,974	\$88,549,818	\$95,221,509
 <i>Total All Funds (Memo Only)</i>	 \$156,946,044	 \$160,095,190	 \$212,516,695	 \$180,629,738	 \$189,371,052

Sources Comprehensive Annual Financial Reports, FY 2003 - 2007

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

As of December 31

	2003	2004	2005	2006	2007
General Fund	\$11,991,349	\$11,490,275	\$14,366,578	\$14,501,358	\$12,213,972
Special Revenue Funds	1,900,786	2,829,903	3,106,000	3,962,652	3,776,172
Debt Service - GO Bonds	469,581	443,864	5,038,205	3,791,960	2,696,779
Debt Service - EDA Related	23,376,849	21,888,129	12,291,217	22,936,906	23,762,202
Total Debt Service Funds	\$23,846,430	\$22,331,993	\$17,329,422	\$26,728,866	\$26,458,981
Capital Project Funds	\$11,017,178	\$8,752,794	\$56,984,193	\$9,050,771	\$11,772,164
Capital Projects - EDA, Series 1991	6,285,739	6,753,686	6,336,199	5,702,157	4,973,716
Total Capital Project Funds	\$17,302,917	\$15,506,480	\$63,320,392	\$14,752,928	\$16,745,880
Waterworks and Sewerage	\$8,192,266	\$7,894,210	\$8,747,938	\$8,554,011	\$8,733,814
Insurance	\$2,056,376	\$1,371,809	\$1,179,764	\$1,038,953	\$2,032,468
Information Systems	576,548	284,872	223,549	462,428	733,055
Total Internal Service Funds	\$2,632,924	\$1,656,681	\$1,403,313	\$1,501,381	\$2,765,523
Pension Funds	\$1,180,787	\$2,036,009	\$1,049,948	\$3,357,826	\$2,499,588
All Other Funds	884,854	1,278,474	1,672,447	7,717,363	6,814,816
Total	\$67,932,313	\$65,024,025	\$110,996,038	\$81,076,385	\$80,008,746

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Sources Comprehensive Annual Financial Reports, FY 2003 - 2007

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

<b>Revenues</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Property Taxes	\$7,076,498	\$7,975,685	\$8,198,660	\$8,783,938	\$9,007,836
Sales Tax	5,613,415	5,011,076	5,055,579	6,233,965	6,590,165
Home Rule Sales tax	1,520,830	1,785,199	2,591,899	3,216,848	3,456,973
Photo and Local Use Tax	444,409	524,368	578,229	662,370	670,755
State Income Tax	3,067,177	3,213,757	3,773,525	4,140,270	4,475,720
Licenses and Permits	1,417,756	1,613,441	2,032,103	1,974,164	2,637,624
Charges for Services	2,288,507	2,503,993	3,754,742	4,100,996	4,950,909
Fines and Forfeits	564,239	571,439	597,037	825,005	1,160,360
Investment Income	206,357	161,811	426,348	745,136	700,625
Hotel Tax	645,582	703,233	750,028	1,070,456	1,106,043
Real Estate Transfer Tax	1,150,049	1,272,280	3,040,388	1,111,758	1,323,132
Telecommunications Tax	3,835,027	3,976,737	4,097,034	3,753,103	3,378,962
All Other	3,269,716	3,714,048	3,748,035	3,877,106	4,785,947
Total Revenue.....	<u>\$31,099,562</u>	<u>\$33,027,067</u>	<u>\$38,643,607</u>	<u>\$40,495,115</u>	<u>\$44,245,051</u>

*Source: Village Finance Department*

**Village of Hoffman Estates**  
Direct and Overlapping General Obligation Debt  
As of December 31, 2007

	<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	\$68,670,000	100.0%	\$68,670,000
<b>Overlapping Debt</b>			
Cook County	\$2,953,610,000	1.046%	\$30,894,761
Cook County Forest Preserve	121,270,000	1.046%	1,268,484
Metropolitan Water Reclamation District	1,453,547,772	1.063%	15,451,213
Kane County	9,180,000	0.006%	551
Kane County Forest Preserve	252,115,866	0.006%	15,127
Dundee Township	14,695,000	0.047%	6,907
Dundee Township Park District	1,645,870	0.047%	774
Hoffman Estates Park District	11,580,000	93.535%	10,831,353
Palatine Park District	11,165,000	2.519%	281,246
South Barrington Park District	1,139,000	0.041%	467
Gail Borden Public Library District	25,930,000	4.583%	1,188,372
Palatine Public Library District	4,840,000	10.017%	484,823
Poplar Creek Library District	10,000,000	6.892%	689,200
Schaumburg Township Library District	7,620,000	14.940%	1,138,428
School District #15	32,381,014	7.404%	2,397,490
Community Unit School District #46	339,318,830	2.557%	8,676,382
School District #54	16,595,000	14.548%	2,414,241
Community Unit School District #220	106,155,000	10.895%	11,565,587
Community Unit School District #300	231,137,766	1.023%	2,364,539
High School District #211	49,690,000	12.390%	6,156,591
Community College #509	58,207,604	1.819%	1,058,796
Community College #512	54,530,000	6.303%	<u>3,437,026</u>
			\$100,322,358
<b>Total Direct and Overlapping General Obligation Bonded Debt</b>			<b>\$168,992,358</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, 2007

Year Ended (December 1)	Prior Principal and Interest			Series 2005 Bonds			Total GO Debt Outstanding		
	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service
2008	\$3,535,000	\$575,073	\$4,110,073	\$1,075,000	\$2,824,233	\$3,899,233	\$4,610,000	\$3,399,306	\$8,009,306
2009	3,800,000	439,688	4,239,688	1,120,000	2,775,858	3,895,858	4,920,000	3,215,546	8,135,546
2010	3,355,000	291,713	3,646,713	1,175,000	2,724,338	3,899,338	4,530,000	3,016,051	7,546,051
2011	2,610,000	161,310	2,771,310	1,230,000	2,669,700	3,899,700	3,840,000	2,831,010	6,671,010
2012	1,465,000	59,973	1,524,973	1,285,000	2,611,890	3,896,890	2,750,000	2,671,863	5,421,863
2013	-	-	-	1,345,000	2,550,210	3,895,210	1,345,000	2,550,210	3,895,210
2014	-	-	-	1,415,000	2,484,305	3,899,305	1,415,000	2,484,305	3,899,305
2015	-	-	-	1,485,000	2,414,263	3,899,263	1,485,000	2,414,263	3,899,263
2016	-	-	-	1,555,000	2,340,013	3,895,013	1,555,000	2,340,013	3,895,013
2017	-	-	-	1,635,000	2,261,485	3,896,485	1,635,000	2,261,485	3,896,485
2018	-	-	-	1,720,000	2,177,283	3,897,283	1,720,000	2,177,283	3,897,283
2019	-	-	-	1,810,000	2,087,843	3,897,843	1,810,000	2,087,843	3,897,843
2020	-	-	-	1,905,000	1,992,818	3,897,818	1,905,000	1,992,818	3,897,818
2021	-	-	-	2,005,000	1,892,805	3,897,805	2,005,000	1,892,805	3,897,805
2022	-	-	-	2,110,000	1,787,543	3,897,543	2,110,000	1,787,543	3,897,543
2023	-	-	-	2,225,000	1,674,130	3,899,130	2,225,000	1,674,130	3,899,130
2024	-	-	-	2,345,000	1,554,536	3,899,536	2,345,000	1,554,536	3,899,536
2025	-	-	-	2,470,000	1,428,493	3,898,493	2,470,000	1,428,493	3,898,493
2026	-	-	-	2,600,000	1,295,730	3,895,730	2,600,000	1,295,730	3,895,730
2027	-	-	-	2,740,000	1,155,330	3,895,330	2,740,000	1,155,330	3,895,330
2028	-	-	-	2,890,000	1,007,370	3,897,370	2,890,000	1,007,370	3,897,370
2029	-	-	-	3,045,000	851,310	3,896,310	3,045,000	851,310	3,896,310
2030	-	-	-	3,210,000	686,880	3,896,880	3,210,000	686,880	3,896,880
2031	-	-	-	3,385,000	513,540	3,898,540	3,385,000	513,540	3,898,540
2032	-	-	-	3,565,000	330,750	3,895,750	3,565,000	330,750	3,895,750
2033	-	-	-	2,560,000	138,240	2,698,240	2,560,000	138,240	2,698,240
	<u>\$14,765,000</u>	<u>\$1,527,757</u>	<u>\$16,292,757</u>	<u>\$53,905,000</u>	<u>\$46,230,896</u>	<u>\$100,135,896</u>	<u>\$68,670,000</u>	<u>\$47,758,653</u>	<u>\$116,428,653</u>

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

<u>Cash</u>	<u>Liability</u>						<u>2005 v.</u>	<u>2006 v.</u>
<u>Received</u>	<u>Month</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
January	October	\$ 559,934	\$ 427,729	\$ 401,340	\$ 362,896	\$ 490,417	-10%	35%
February	November	788,755	457,278	380,001	370,157	500,844	-3%	35%
March	December	550,082	514,378	422,742	555,981	614,877	32%	11%
April	January	465,901	358,744	437,891	506,421	436,642	16%	-14%
May	February	417,894	395,012	421,752	422,455	482,243	0%	14%
June	March	416,798	484,410	408,345	566,616	527,647	39%	-7%
July	April	486,979	426,207	435,966	561,962	529,255	29%	-6%
August	May	463,453	441,877	411,570	570,342	550,515	39%	-3%
September	June	500,697	392,301	473,621	492,612	617,219	4%	25%
October	July	491,395	416,071	456,655	555,596	539,236	22%	-3%
November	August	468,495	454,719	459,373	491,131	541,242	7%	10%
December	September	484,591	367,860	394,610	519,588	569,370	32%	10%
<b>Year Totals</b>		<b>\$ 6,094,974</b>	<b>\$ 5,136,586</b>	<b>\$ 5,103,866</b>	<b>\$ 5,975,757</b>	<b>\$ 6,399,508</b>	<b>-1%</b>	<b>17%</b>

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

<u>Cash</u>	<u>Liability</u>						<u>2005 v.</u>	<u>2006 v.</u>
<u>Received</u>	<u>Month</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
January	October	\$ 183,228	\$ 122,448	\$ 205,617	\$ 221,472	\$ 266,186	8%	20%
February	November	281,623	122,548	201,726	196,668	263,335	-3%	34%
March	December	162,559	147,786	228,014	304,762	334,386	34%	10%
April	January	144,916	94,922	183,273	211,546	204,165	15%	-3%
May	February	113,908	88,493	201,009	208,890	231,916	4%	11%
June	March	108,769	122,592	201,650	255,858	268,747	27%	5%
July	April	112,519	93,718	236,093	289,267	260,833	23%	-10%
August	May	107,867	99,578	214,381	261,775	287,708	22%	10%
September	June	121,087	109,239	221,855	302,261	306,232	36%	1%
October	July	118,989	199,764	219,767	297,866	289,547	36%	-3%
November	August	147,976	207,120	239,857	249,237	279,871	4%	12%
December	September	137,245	214,644	227,859	305,864	328,669	34%	7%
<b>Year Totals</b>		<b>\$ 1,740,686</b>	<b>\$ 1,622,852</b>	<b>\$ 2,581,101</b>	<b>\$ 3,105,466</b>	<b>\$ 3,321,595</b>	<b>59%</b>	<b>20%</b>

Source: Village Finance Department