VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT FUND

ANNUAL FINANCIAL STATEMENTS AND
REPORT ON COMPLIANCE

Year Ended December 31, 2013

CONTENTS

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Higgins/Hassell Road TIF District Fund of the Village of Hoffman Estates, Illinois ("Village") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Higgins/Hassell Road TIF District Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Higgins/Hassell Road TIF District Fund of the Village of Hoffman Estates, Illinois, as of December 31, 2013 and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Higgins/Hassell Road TIF District Fund and do not purport to, and do not, present fairly the financial position of the Village of Hoffman Estates, Illinois, as of December 31, 2013, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Higgins/Hassell Road TIF District Fund of the Village of Hoffman Estates, Illinois's financial statements. The accompanying schedule of fund balance by source is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying schedule of fund balance by source is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of fund balance by source is fairly stated, in all material respects, in relation to the financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
June 17, 2014

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT FUND
BALANCE SHEET
December 31, 2013

ASSETS		
Cash and Investments	$	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):		
Property Taxes		-
Total Assets	$	-
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities		
Accounts Payable	$	1,450
Due to Other Funds		8,474
Total Liabilities		9,924
Deferred Inflows		
Unearned Property Taxes		-
Fund Balance		
Unassigned		(9,924)
Total Fund Balance		(9,924)
Total Liabilities, Deferred Inflows and Fund Balance	$	-

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended December 31, 2013

REVENUES	
Taxes	$ -
Investment Income	-
Total Revenues	-
EXPENDITURES	
Current	
Economic Development	9,924
Total Expenditures	9,924
Net Change in Fund Balance	(9,924)
Fund Balance at Beginning of Year	-
Fund Balance at End of Year	$ (9,924)

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Higgins/Hassell Road TIF District Fund of the Village of Hoffman Estates, Illinois (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The financial statements present only the Higgins/Hassell Road TIF District Fund and do not present fairly the financial position of the Village and the changes in its financial position. 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.

Reporting Entity

The Higgins/Hassell Road TIF District Fund was established to account for transactions related to the Redevelopment Plan and Redevelopment Project within the municipal boundaries established by Village Ordinance.

Fund Accounting

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The Higgins/Hassell Road TIF District Fund is classified as a Governmental Special Revenue Fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is used by governmental funds. The main revenue source included in the fund are incremental revenues from the designated TIF area.

Governmental funds are used to account for the Village's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes for 2013 attach as an enforceable lien on January 1, 2013 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, 2014 and August 1, 2014, and are payable in two installments, on or about March 1, 2014 and September 1, 2014. The County collects such taxes and remits them periodically. Since the 2013 levy is intended to finance the 2014 fiscal year, the levy has been recorded as receivable and unearned revenue. The revenues in the current year financial statements represent the 2012 property tax levy.

Interfund eliminations have not been made in the aggregation of this data.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

Investments with a maturity date 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.

The components of fund balance include the following line items:

a. Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact
b. Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation.
c. Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the Fund and Village, the Board of Trustees is the highest level of decision making. As of December 31, 2013, the Fund does not have any commitments of fund balance.
d. Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Directors designated for that purpose. The intended use is established by an official designated for that purpose. The Village has not designated anyone for this purpose. However, GASB 54 has outlined that fund balance outside of the general fund is to fall in this category if there is not a deficit fund balance for the fund.
e. Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the Village will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the Village will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

NOTE 2 – CASH AND INVESTMENTS

Deposits

At year end, the carrying amount and bank balance of the District's deposit was $0.

(Continued)

NOTE 2 – CASH AND INVESTMENTS (Continued)

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.

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 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. The District was fully collateralized as of December 31, 2013.

B. Investments

   The District had no investments as of December 31, 2013.

   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.

   The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments primarily in Obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. Illinois Funds are not subject to custodial credit risk.

   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 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 50% 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

NOTE 3 – INTERFUNDS

Due from/to other funds at December 31, 2013 consisted of the following:

	Due From	Due To
General	$ 8,474	$ -
Higgins/Hassell Road TIF	-	8,474
Total	$ 8,474	$ 8,474

Due from/to balances relate to the timing of cash within the fund. This amount is expected to be repaid within one year.

SUPPLEMENTARY DATA

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL TIF DISTRICT FUND
SCHEDULE OF FUND BALANCE BY SOURCE
Year Ended December 31, 2013

Beginning Balance January 1, 2013	$	-
Deposits		
Property Taxes		-
Investment Income		-
Total Deposits		-
Balance Plus Deposits		-
Expenditures		
Economic Development		
Other Contractual Services		9,924
Total Expenditures		9,924
Balance Plus Deposits and Expenditures		9,924
Ending Balance December 31, 2013	$	(9,924)
Ending Balance by Source		
Property Taxes	$	(9,924)
Investment Income		-
Miscellaneous Income		-
Ending Balance December 31, 2013	$	(9,924)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Village of Hoffman Estates, Illinois', (Village) compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act during the year ended December 31, 2013 for the Higgins/Hassell Road TIF District. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the Village's compliance with specified requirements.

In our opinion, the Village complied in all material respects, with the aforementioned requirements for the year ended December 31, 2013.

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
June 17, 2014