

**AGENDA  
ECONOMIC DEVELOPMENT AREA (EDA)  
ANNUAL MEETING OF THE TAXING DISTRICTS  
JULY 16, 2018  
1900 HASSELL ROAD  
Hoffman Estates, IL**

**1:45 p.m. – Frank Alexa Room**

- I. Call to Order**
- II. Approval of Minutes – July 6, 2017 (no quorum present)**
- III. Review of Year 2017 Audit & Compliance Report**
- IV. Question and Answers**
- V. Adjournment**

**Minutes  
Economic Development Area (EDA)  
Annual Meeting of the Taxing Districts  
Annual Meeting  
July 6, 2017**

**Board Members Present:** James Norris, Village of Hoffman Estates, Chairman  
Bev Romanoff, Resident Member  
Dean Bostrom, Hoffman Estates Park District  
Susan Harkin, School District #300  
Victoria Rakowski, Barrington Library District

**Guests Present:** Mayor William McLeod  
Mark Koplin, Asst. Village Mgr. - Development Serv.  
Rachel Musiala, Director of Finance  
Art Janura, Corporation Counsel  
Kevin Kramer, Community Development Director

**I. Call to Order**

Chairman Norris called the meeting to order at 1:45 p.m. noting that a quorum was not present. Notices were sent via email to all members of the Joint Review Board in which they also received a copy of the Annual Report. A distribution list and annual report will be attached to the minutes.

**II. Approval of Minutes – July 7, 2016 (no quorum present – no action taken)**

**III. Review of Year 2016 Audit & Compliance Report**

Rachel Musiala, Director of Finance for the Village of Hoffman Estates gave a brief overview of the Annual Financial Report. No action can be taken. No quorum present.

**IV. Question and Answers**

Ms. Harkin stated that School District #300 is concerned about the future of Sears corporate. Chairman Norris stated the Village of Hoffman Estates has the same concern.

**V. Adjournment**

Chairman James Norris adjourned the meeting at 1:47 p.m.



# HOFFMAN ESTATES

GROWING TO GREATNESS

June 28, 2018

**TO: ALL TAXING DISTRICTS ON ATTACHED LIST**

**FROM: RACHEL MUSIALA, DIRECTOR OF FINANCE**

**SUBJECT: ECONOMIC DEVELOPMENT AREA (EDA) SPECIAL TAX  
ALLOCATION ANNUAL REPORT**

In accordance with 20 ILCS 620/4.7, the Village of Hoffman Estates is transmitting to all affected taxing districts the 2017 Annual Report of the Economic Development Area (EDA) Special Tax Allocation District. This district was created in February, 1990 and due to expire in 2012. It was extended by the State of Illinois in 2012 and will expire in tax levy year 2027, payable 2028.

Any questions regarding this report can be directed to my attention.

Rachel Musiala  
Director of Finance

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**

**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**

**ANNUAL REPORT**

**DISTRIBUTION LIST**

<b>COOK COUNTY CLERK'S OFFICE</b> 118 North Clark Street Chicago, IL 60602 <a href="mailto:d.orr@cookcountyil.gov">d.orr@cookcountyil.gov</a>	<b>BARRINGTON TOWNSHIP</b> 602 S. Hough Street Barrington, IL 60010 Amy Nykaza, Supervisor <a href="mailto:amynykaza@barringtontownship.com">amynykaza@barringtontownship.com</a>
<b>NORTHWEST MOSQUITO ABATEMENT DISTRICT</b> 147 West Hintz Road Wheeling, IL 60090 Mike Szyska, Director & CFO <a href="mailto:mszyska@nwmadil.com">mszyska@nwmadil.com</a>	<b>FOREST PRESERVE DISTRICT OF COOK COUNTY</b> 536 N. Harlem Avenue River Forest, IL 60305 Arnold Randall, General Superintendent <a href="mailto:arnold.randall@cookcountyil.gov">arnold.randall@cookcountyil.gov</a>
<b>METROPOLITAN WATER RECLAMATION DISTRICT</b> 111 East Erie Street Chicago, IL 60611 Eileen McElligott, Administrative Services Manager <a href="mailto:Eileen.mcelligott@mwr.org">Eileen.mcelligott@mwr.org</a> Shellie Riedle, Budget Officer <a href="mailto:riedles@mwr.org">riedles@mwr.org</a>	<b>HOFFMAN ESTATES PARK DISTRICT</b> 1685 West Higgins Road Hoffman Estates, IL 60169 Nicole Hopkins, Deput Director/Admin & Finance <a href="mailto:nhopkins@heparks.org">nhopkins@heparks.org</a> Craig Talsma, Executive Director <a href="mailto:ctalsma@heparks.org">ctalsma@heparks.org</a>
<b>COMMUNITY UNIT SCHOOL DISTRICT #300</b> 2550 Harnisch Drive Algonquin, IL 60102 Frederick Heid, Superintendent <a href="mailto:frederick.heid@d300.org">frederick.heid@d300.org</a> Susan Harkin, Chief Operating Officer <a href="mailto:susan.harkin@d300.org">susan.harkin@d300.org</a> Gayle Seaton, Director of Finance <a href="mailto:gayle.seaton@d300.org">gayle.seaton@d300.org</a>	<b>POPLAR CREEK LIBRARY DISTRICT</b> 1405 S. Park Avenue Streamwood, IL 60107 Debra Stombres, Library Director <a href="mailto:dstombres@poplarcreeklibrary.org">dstombres@poplarcreeklibrary.org</a> Sue Haisan, Business Manager <a href="mailto:shaisan@poplarcreeklibrary.org">shaisan@poplarcreeklibrary.org</a>
<b>ELGIN COMMUNITY COLLEGE DISTRICT #509</b> 1700 Spartan Drive Elgin, IL 60123 David Sam, President <a href="mailto:dsam@elgin.edu">dsam@elgin.edu</a> Sharon Konny, V.P. of Business and Finance <a href="mailto:skonny@elgin.edu">skonny@elgin.edu</a>	<b>SCHOOL DISTRICT U-46</b> 355 E. Chicago Street Elgin, IL 60120 Tony Sanders, CEO <a href="mailto:tonysanders@u-46.org">tonysanders@u-46.org</a> Dale Burnidge, Director of Financial Operations <a href="mailto:daleburnidge@u-46.org">daleburnidge@u-46.org</a> Jeff King, Deputy Supt. Operations <a href="mailto:jeffking@u-46.org">jeffking@u-46.org</a>
<b>BARRINGTON AREA LIBRARY</b> 505 N. Northwest Highway Barrington, IL 60010 Jesse Henning, Executive Director <a href="mailto:jhenning@balibrary.org">jhenning@balibrary.org</a> Jim Smith, Business Manager <a href="mailto:jsmith@balibrary.org">jsmith@balibrary.org</a>	



**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
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**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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**SECTION 4.7 (1) ECONOMIC DEVELOPMENT PLAN AMENDMENTS**

During the fiscal year ended December 31, 2017, there were no amendments made to the Economic Development Plan and Project.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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**SECTION 4.7 (2) AUDITED FINANCIAL STATEMENTS**

An audit of the Economic Development Area Special Tax Allocation Fund was performed by Sikich, LLP for the year ended December 31, 2017. A copy of the Annual Financial Report is attached.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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SECTION 4.7 (3) CERTIFICATE OF COMPLIANCE

I, William D. McLeod, duly elected Village President of the Village of Hoffman Estates, State of Illinois, do hereby certify that the Village of Hoffman Estates has complied with all requirements pertaining to the Economic Development Area Tax Increment Allocation Act during the fiscal year January 1, 2017 through December 31, 2017, except that no quorum was present for the annual Joint Review Board meeting in 2017.

6-18-2018  
Date

William D. McLeod  
William D. McLeod  
Village President



**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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SECTION 4.7 (4) CERTIFICATE OF COMPLIANCE

The legal opinion of compliance with the Economic Development Area Tax Increment Allocation Act is attached.

THE LAW OFFICE OF  
**ARTHUR JANURA, P.C.**

2123 MULGUY COURT | INVERNESS, IL 60010  
O:224.655.7615 C:224.210.4593 | JANURALAW@GMAIL.COM

VILLAGE OF HOFFMAN ESTATES, ILLINOIS  
ECONOMIC DEVELOPMENT AREA  
SPECIAL TAX ALLOCATION DISTRICT  
ANNUAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017  
SECTION 4.7(4) CERTIFICATE OF COMPLIANCE

Arthur Janura, P.C. served as Corporation Counsel for the Village of Hoffman Estates at the end of the fiscal year covered by this report (January 1, 2017 through December 31, 2017).

Subject to the qualifications and limitation herein, we are of the opinion that, for the period of January 1, 2017 to December 31, 2017, we are not aware of any material violation by the Village of any of the applicable requirements of the Economic Development Area Tax Allocation Act (the "Act").

Whenever we indicate that our opinion with respect to the existence or absence of facts is based on our knowledge, our opinion is based solely on the current actual knowledge of Arthur L. Janura. We have made no independent investigation as to such factual matters. We have not undertaken to identify or review any facts which could constitute any potential non-compliance by the Village under the Act.

This opinion is given as of the date hereof and we undertake no obligation to advise you or anyone else of any subsequent changes in any matter stated herein, changes in any law related thereto or changes in facts or any other matters that hereafter may occur or be brought to our attention. The opinion expressed herein is specifically limited to the laws of the State of Illinois and the Federal laws of the United States and no opinion express or implied, is rendered as to the effect that the law of any other jurisdiction might have upon the subject matter of the opinion expressed herein.

This opinion is rendered solely to the State of Illinois Comptroller and is not to be quoted in whole or in part or otherwise referred to nor is it to be filed with any governmental agency or any other person nor is it intended to be relied upon, nor may it be relied upon, by any entity or individual other than such addressee without the prior written consent of a partner of this firm. No opinion may be inferred or implied beyond the matters expressly contained herein.

March 6, 2018  
Date

Arthur Janura P.C.  
Arthur Janura, P.C.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**

**ANNUAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

SECTION 4.7 (5) (A)-(D)

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2017

Receipts	
Property Taxes	\$ 21,530,546
Interest Earnings	80,492
Sub-total	<u>\$ 21,611,038</u>
Disbursements	
Municipal Contribution	\$ 5,000,000
Administrative Fees	21,621
Tax Increment Revenue Note Distribution	8,944,465
Governmental Share Distribution	7,646,578
Sub-total	<u>\$ 21,612,664</u>
Excess (Deficit) of Receipts over Disbursements	<u>\$ (1,626)</u>
Balance, January 1, 2017	<u>\$ 4,152</u>
Balance, December 31, 2017	<u>\$ 2,526</u>
Ending Balance By Source:	
Property Taxes	\$ 2,526
Total	<u>\$ 2,526</u>

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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**FOR THE YEAR ENDED DECEMBER 31, 2017**  
SECTION 4.7 (5) (D)  
STATEMENT OF FUND BALANCE BY SOURCE AND YEAR

SOURCE YEAR

2017

Property Taxes\*

2,526

Total Fund Balance, December 31, 2017

\$	2,526
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\*Monies designated to pay the Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.

Effective June 1, 2012, new legislation was passed extending the EDA for an additional 15 years. Property taxes for tax levy year 2016, paid in fiscal year 2017 were distributed per this legislation.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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**FOR THE YEAR ENDED DECEMBER 31, 2017**

**SECTION 4.7 (6) STATEMENT OF PROPERTY PURCHASED**

During the year ended December 31, 2017, the Village of Hoffman Estates did not purchase any property within the redevelopment project area.



**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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**FOR THE YEAR ENDED DECEMBER 31, 2017**

**SECTION 4.7 (7) (A)-(F) STATEMENT OF ACTIVITIES**

- (A) During the year ended December 31, 2017, the following activities occurred within the Economic Development Area:
- CMIC, Inc. finished a 5,000 square foot addition to their building in April.
  - Silesia, Inc. began discussions of a building expansion.
- (B) Economic activities in 2017 included the Village's annual participation in the ICSC ReCon convention in May, the Chicago Deal Making Conference in October and the New York Deal Making Conference in December. Various networking and business development events throughout the year were attended by the Economic Development Director, Village Manager, Assistant Village Manager-Development Services Department and other staff members.
- (C) There were no new economic incentive agreements approved for new businesses within the EDA in 2017.
- (D) During the year ended December 31, 2017, \$8,944,465 was disbursed to Sears for the prior year annual EDA note payment and \$7,318,199 was distributed as the current year Governmental Share to the overlapping taxing districts. The current year Municipal Contribution of \$5,000,000 was used to fund the administration, fire, police and public works services provided by the Village of Hoffman Estates within the EDA.
- (E) For services related to the EDA during 2017, the Village of Hoffman Estates contracted with Arthur J. Janura, Jr. for professional legal services.
- (F) The private investment in the projects within the EDA was as follows:
- CMIC, Inc.: \$2,000,000
- The public investment in the projects within the EDA was as follows:
- Repaving of Forbs Blvd: \$117,468

See the following for a detailed analysis of current and projected future project costs as well as the private vs. public investment ratio:

<b>Project:</b>	<b>As of 12/31/2016</b>	<b>Est. Investment in 2017</b>	<b>Estimated Total Project</b>
<b>Tate &amp; Lyle Building</b>			
Private Investment	\$ 18,000,000	\$ -	\$ 18,000,000
Public Investment	-	-	-
Ratio Private/Public			
<b>Stone Eagle Tavern</b>			
Private Investment	\$ 750,000	\$ -	\$ 750,000
Public Investment	-	-	-
Ratio Private/Public			
<b>Saddle Room Building</b>			
Private Investment	\$ 2,400,000	\$ -	\$ 2,400,000
Public Investment	-	-	-
Ratio Private/Public			
<b>Intersection/Roadway Improvements II</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	555,988	-	555,988
Ratio Private/Public			
<b>Road Repaving</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	\$ 882,870	\$ -	\$ 1,933,000
Ratio Private/Public			
<b>Western Area Emergency Water Supply</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	32,336	327,000	667,000
Ratio Private/Public			
<b>Hoffman Blvd. Bridge Maintenance</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	263,906	-	263,906
Ratio Private/Public			
<b>Miscellaneous Prairie Stone Improvements</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	33,730	890,000	1,045,000
Ratio Private/Public			
<b>Beverly Bridge Deck Repairs</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	-	20,000	20,000
Ratio Private/Public			

<b>Project:</b>	<b>As of 12/31/2016</b>	<b>Est. Investment in 2017</b>	<b>Estimated Total Project</b>
<b>Sensient Technologies Interior Build-out</b>			
Private Investment	\$ 9,089,500	\$ -	\$ 9,089,500
Public Investment	-	-	-
Ratio Private/Public			
<b>Two Park Center Building Interior Demolition and Interior Buildout-Salvation Army</b>			
Private Investment	\$ 16,027,204	\$ -	\$ 16,027,204
Public Investment	-	-	-
Ratio Private/Public			
<b>Mobil Gas/Culvers</b>			
Private Investment	\$ 2,100,000	\$ -	\$ 2,100,000
Public Investment	-	-	-
Ratio Private/Public			
<b>Village Green Sidewalk Improvements and Grading</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	151,677	25,000	176,677
Ratio Private/Public			
<b>Shoe Factory Rd/I90 Undercrossing Path</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	26,459	16,000	810,000
Ratio Private/Public			
<b>WDA Lift Station Grinder</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	160,273	-	160,273
Ratio Private/Public			
<b>Route 59 Sewer Main Hydrogen Sulfide Reduction System</b>			
Private Investment	\$ -	\$ -	\$ -
Public Investment	4,560	-	70,000
Ratio Private/Public			
<b>Main Event</b>			
Private Investment	\$ 9,000,000	\$ -	\$ 9,000,000
Public Investment	-	-	-
Ratio Private/Public			
<b>Duluth Trading Company</b>			
Private Investment	\$ 2,950,000	\$ -	\$ 2,950,000
Public Investment	-	-	-
Ratio Private/Public			
<b>Prairie Point Medical Office Buildout for Veteran's Administration</b>			
Private Investment	\$ 1,000,000	\$ -	\$ 1,000,000
Public Investment	-	-	-
Ratio Private/Public			
<b>Starbucks Building</b>			
Private Investment	\$ 1,400,000	\$ -	\$ 1,400,000
Public Investment	-	-	-
Ratio Private/Public			



<b>CMIC, Inc.</b>			
<b>Private Investment</b>	\$ 2,000,000	\$ -	\$ 2,000,000
<b>Public Investment</b>	-	-	-
<b>Ratio Private/Public</b>			
<b>Totals</b>			
<b>Private Investment</b>	\$ 64,716,704	\$ -	\$ 64,716,704
<b>Public Investment</b>	2,132,907	1,278,000	5,657,512
<b>Ratio Private/Public</b>	3034.20%	0.00%	1143.91%

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
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**SECTION 4.7 (8) STATEMENT OF INDEBTEDNESS**

The Village of Hoffman Estates did not issue any new obligations during the year ended December 31, 2017. The 2005 Senior Lien EDA Bonds were retired in 2010 and the 1991 Junior Lien EDA Bonds were retired in 2007. Tax Increment Revenue Notes are outstanding in the amount of \$118,614,714 as of December 31, 2017. These notes are payable solely from the incremental taxes generated by the EDA and the Village is not generally obligated for the retirement of the debt. There are no official statements related to the EDA Notes. An analysis of the obligations has been conducted by a municipal advisor. A schedule of the outstanding notes and the municipal advisor's analysis is attached.

Per the Economic Development Area Tax Increment Allocation Act, the developer is required to retain not less than 4,250 full-time equivalent jobs. As of December 31, 2017, the number of full-time equivalent employees retained was over 4,250.



**Village of Hoffman Estates, Illinois**  
**Hoffman Estates Development Project Area**  
**Tax Increment Revenue Notes**  
**December 31, 2017**

	Private Interest Financing Note #6	Developer Project Cost Note #38	Developer Project Cost Note #39	Developer Project Cost Note #40	Developer Project Cost Note #41	Developer Project Cost Note #42	
Date of Issue	Feb 1, 2007	Sep 1, 2006	Mar 1, 2007	Sep 1, 2007	Nov 12, 2015	Nov 12, 2015	
Date of Maturity	Sep 10, 2012	Sep 10, 2012	Sep 10, 2012	Sep 10, 2012	Sep 10, 2027	Sep 10, 2027	
Original Amount of Note	\$ 13,147,485.24	\$ 1,351,406.59	\$ 120,658.81	\$ 69,365.90	\$ 2,988,807.97	\$ 3,255,686.92	
Interest Rate	None	4%	4%	4%	4%	4%	
Interest Dates	None	December 31	December 31	December 31	December 31	December 31	
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	
Original Principal Balance	\$ 13,147,485.24	\$ 1,351,406.59	\$ 120,658.81	\$ 69,365.90	\$ 2,988,807.97	\$ 3,255,686.92	
Accrued Interest	-	829,095.40	69,944.45	37,976.23	261,600.13	284,959.12	
Sub-total	\$ 13,147,485.24	\$ 2,180,501.99	\$ 190,603.26	\$ 107,342.13	\$ 3,250,408.10	\$ 3,540,646.04	
Previous Payments	-	-	-	-	-	-	
Adjusted Principal Balance	\$ 13,147,485.24	\$ 2,180,501.99	\$ 190,603.26	\$ 107,342.13	\$ 3,250,408.10	\$ 3,540,646.04	

  

	Developer Project Cost Note #43	Developer Project Cost Note #44	Developer Project Cost Note #45	Developer Project Cost Note #46	Developer Project Cost Note #47	Developer Project Cost Note #48	
Date of Issue	Nov 12, 2015	Nov 12, 2015	Nov 12, 2015	Nov 12, 2015	Nov 12, 2015	Nov 12, 2015	
Date of Maturity	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	
Original Amount of Note	\$ 3,174,515.37	\$ 2,936,050.06	\$ 3,108,159.96	\$ 2,513,462.55	\$ 2,772,319.79	\$ 2,622,795.16	
Interest Rate	4%	4%	4%	4%	4%	4%	
Interest Dates	December 31	December 31	December 31	December 31	December 31	December 31	
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	
Original Principal Balance	\$ 3,174,515.37	\$ 2,936,050.06	\$ 3,108,159.96	\$ 2,513,462.55	\$ 2,772,319.79	\$ 2,622,795.16	
Accrued Interest	277,854.45	256,982.41	272,046.59	219,994.77	242,651.65	229,564.28	
Sub-total	\$ 3,452,369.82	\$ 3,193,032.47	\$ 3,380,206.55	\$ 2,733,457.32	\$ 3,014,971.44	\$ 2,852,359.44	
Previous Payments	-	-	-	-	-	-	
Adjusted Principal Balance	\$ 3,452,369.82	\$ 3,193,032.47	\$ 3,380,206.55	\$ 2,733,457.32	\$ 3,014,971.44	\$ 2,852,359.44	

  

	Developer Project Cost Note #49	VOHE Obligation #2	VOHE Obligation #3	VOHE Obligation #4	VOHE Obligation #5	VOHE Obligation #6	Total
Date of Issue	Nov 12, 2015	May 31, 2003	May 31, 2004	May 31, 2005	May 31, 2006	May 31, 2007	
Date of Maturity	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	Sep 10, 2027	
Original Amount of Note	\$ 2,670,765.01	\$ 9,702,631.63	\$ 10,439,098.36	\$ 12,051,446.00	\$ 18,173,967.41	\$ 16,699,691.00	
Interest Rate	4%	4%	4%	4%	4%	4%	
Interest Dates	December 31	December 31	December 31	December 31	December 31	December 31	
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	Sears, Roebuck and Co. Hoffman Estates, IL	
Original Principal Balance	\$ 2,670,765.01	\$ 9,702,631.63	\$ 10,439,098.36	\$ 12,051,446.00	\$ 18,173,967.41	\$ 16,699,691.00	\$ 107,798,313.73
Accrued Interest	233,762.91	2,521,974.73	2,769,691.32	3,197,477.82	4,821,899.20	4,430,745.63	20,958,221.10
Sub-total	\$ 2,904,527.92	\$ 12,224,606.36	\$ 13,208,789.68	\$ 15,248,923.82	\$ 22,995,866.61	\$ 21,130,436.63	\$ 128,756,534.83
Previous Payments	-	10,141,821	-	-	-	-	10,141,821
Adjusted Principal Balance	\$ 2,904,527.92	\$ 2,082,785.41	\$ 13,208,789.68	\$ 15,248,923.82	\$ 22,995,866.61	\$ 21,130,436.63	\$ 118,614,713.88

KEVIN  
McCANNA  
*Chairman*

DANIEL  
FORBES  
*President*

DAVID  
PHILLIPS  
*Executive VP*

RAPHALIATA  
McKENZIE  
*Senior VP*

MAGGIE  
BURGER  
*Senior VP*

ANTHONY  
MICELI  
*Senior VP*

LARRY  
BURGER  
*Vice President*

MARK  
JERETINA  
*Vice President*

March 29, 2018

Ms. Rachel Musiala  
Finance Director  
Village of Hoffman Estates  
1900 Hassell Road  
Hoffman Estates, Illinois 60169

Dear Rachel,

The Village of Hoffman Estates, Illinois (the "Village") has engaged Speer Financial, Inc. ("Speer") as municipal advisor with respect to the Village's economic development area ("EDA"). As municipal advisor, Speer has prepared the following analysis in order to aid the Village in complying with its annual statutory reporting requirements for the EDA as set forth by the State of Illinois Comptroller under 20 ILCS 620 et. seq. (the "Annual EDA Analysis"). The Annual EDA Analysis describes the following:

- 1) Whether any obligations were issued related to the EDA; and
- 2) The nature and term of the obligation and projected debt service including required reserves and debt coverage.

In review of the information supplied by the Village and after due diligence, Speer has determined that no debt was issued in FY2017 related to the EDA. The Village has existing project notes (the "EDA Project Notes") outstanding that were issued in previous fiscal years. During FY2017, \$8,944,464.95 of debt service was paid on existing EDA Project Notes.

The EDA Project Notes are limited obligations of the Village payable solely from the developer's share of taxes deposited from time to time into the Village's Special Tax Allocation Fund (the "Fund"). Tax increments created by the EDA (if any) are paid into the Fund for the purpose of paying Economic Development Project costs and Village obligations (such as the EDA Project Notes). The EDA Project Notes represent a valid claim against only the Fund and are not a general or moral obligation of the Village. The Village has a continuing obligation to repay the EDA Project Notes until they are paid in full or until the Fund is dissolved pursuant to the Act, whichever occurs first.

Pursuant to these terms, it is Speer's understanding that the Village was not required to carry any reserves dedicated to the EDA Project Notes and as such there were no reserves held. Further, due to the nature of the obligations, there is no level of debt service coverage required.

Speer has relied on information provided by the Village to prepare this analysis. This analysis is intended to aid the Village in complying with the statutory reporting requirements for the EDA; however, there may be additional reporting requirements beyond the scope of this analysis required to be provided by the Village.

Sincerely,



Anthony F. Miceli  
Senior Vice President

afm

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**SECTION 4.7 (8) CERTIFIED AUDIT REPORT**

An audit of the Economic Development Area Special Tax Allocation Fund was performed by Sikich, LLP for the year ended December 31, 2017. A copy of the Annual Financial Report is attached.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**SECTION 4.7 (10) INTERGOVERNMENTAL AGREEMENTS**

During the fiscal year ended December 31, 2017, the Village did not enter into any Intergovernmental Agreements related to the EDA.





**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**

**ECONOMIC DEVELOPMENT AREA  
SPECIAL TAX ALLOCATION FUND**

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**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2017**



**SIKICH.COM**



**VILLAGE OF HOFFMAN ESTATES, ILLINOIS  
ECONOMIC DEVELOPMENT AREA SPECIAL  
TAX ALLOCATION FUND  
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## **INDEPENDENT AUDITOR'S REPORT**

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying basic financial statements of the Economic Development Area Special Tax Allocation Fund (the Fund), an agency fund of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2017, and the related notes to 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 Fund'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 Fund'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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Area Special Tax Allocation Fund, an agency fund of the Village of Hoffman Estates, Illinois, as of December 31, 2017, 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 Economic Development Area Special Tax Allocation 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, 2017, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplementary information (the information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Sikich LLP*

Naperville, Illinois  
May 29, 2018

## **BASIC FINANCIAL STATEMENTS**



**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**

**ECONOMIC DEVELOPMENT AREA SPECIAL  
TAX ALLOCATION FUND**

**STATEMENT OF FIDUCIARY NET POSITION**

December 31, 2017

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<b>ASSETS</b>	
Cash and Investments	<u>\$ 2,526</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,526</u></u>
<b>LIABILITIES</b>	
Due to Other Governments	<u>\$ 2,526</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,526</u></u>

See accompanying notes to financial statements.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL**  
**TAX ALLOCATION FUND**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Economic Development Area Special Tax Allocation Fund (the Fund) of the Village of Hoffman Estates, Illinois have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 accounting policies are described below.

**A. Reporting Entity**

The Fund is a fiduciary fund of the Village of Hoffman Estates, Illinois (the Village).

**B. Fund Accounting**

The Fund uses one fund to report its financial information. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified in this report into the fiduciary category.

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. When assets are held on behalf of others as their agent, an agency fund is used.

**C. Basis of Accounting**

The agency fund uses the accrual basis of accounting but has no measurement focus. As an agency fund, only assets and liabilities are reported on the basic financial statements. Under the accrual basis of accounting, additions are recorded when earned and deductions are recorded at the time the liabilities are incurred.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL**  
**TAX ALLOCATION FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Investments**

Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. Non-negotiable certificates of deposit, if any, are reported at cost. The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Fund held no investments to measure at fair value at December 31, 2017.

**2. DEPOSITS AND INVESTMENTS**

The deposits and investments of the Fund are held separately from those of the Village.

The Village's investment policy authorizes the Village to invest in bonds, notes, certificates of indebtedness, treasury bills or other securities, including obligations of the Government National Mortgage Association, which are guaranteed by the full faith and credit of the United States Government as to principal and interest, bonds, notes, debentures or other similar obligations of the United States Government or its agencies, interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any investment constituting direct obligations of any bank, as defined by the Illinois Banking Act, that is insured by the Federal Deposit Insurance Corporation, certain insured short-term obligations of corporations organized in the United States and certain Money Market Mutual Funds registered under the Investment Company Act of 1940. In addition to any other investments authorized under the Public Funds Investment Act, the Village may invest its public funds in interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district, short-term discount obligations of the Federal National Mortgage Association (FNMA) or in the shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of the State of Illinois or any other state or under the laws of the United States Government, dividend-bearing share accounts and share certificate accounts or class of share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States Government.

It is the policy of the Village 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.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL**  
**TAX ALLOCATION FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS AND INVESTMENTS (Continued)**

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's investment policy requires pledging of collateral not less than 110% of fair market value 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**

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. 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 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 investment policies requires 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 financial institution shall hold more than 50% of the Village's investment portfolio, commercial paper shall not exceed 10% of the Village's investment portfolio and continuously investing a portion of the portfolio in readily available funds such as the Illinois Treasurer's Pool or money market funds to ensure that appropriate liquidity is maintained in order to meet on-going obligations.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL**  
**TAX ALLOCATION FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS (Continued)**

B. Investments (Continued)

The Village's investment policy states that investments in derivatives and participation in securities lending transactions are prohibited.

**3. LONG-TERM DEBT**

A. Tax Increment Revenue Note Disclosures

The Village, pursuant to an economic development agreement dated February 25, 1990, has agreed to reimburse Sears Roebuck and Co. (Sears) for certain project costs Sears has incurred as the Village's agent in furthering the economic development plan and project. The economic development agreement requires that an economic development tax increment revenue note be executed each time Sears makes such an advance. These notes are payable from and secured solely by the pledged incremental revenues deposited from time-to-time in the Sears EDA General Account Fund created by the indenture of the Series 2005 and Series 1991 tax increment revenue bonds.

Prior to January 1, 2012, the interest rates on the notes changed 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 project cost notes, the interest rate was 90% of the index. For developer cash advance notes, the interest rate was 75% of the index. Effective January 1, 2012, the interest rate for all project cost notes and developer advance notes is 4%. Payments on the notes are due annually as, and to the extent, monies are available in the Sears EDA General Account Fund. Any amount of interest not paid on the due date is to be added to the principal balance of the note then outstanding. Tax increment revenue notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances or Accretions	Retirements or Accretions	Balances December 31	Current Portion
Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.	Debt Service	\$ 123,162,324	\$ 4,396,857	\$ 8,944,465	\$ 118,614,716	\$ -
<b>TOTAL TAX INCREMENT REVENUE NOTES</b>		<b>\$ 123,162,324</b>	<b>\$ 4,396,857</b>	<b>\$ 8,944,465</b>	<b>\$ 118,614,716</b>	<b>\$ -</b>

The increase of \$4,396,857 in the Tax Increment Revenue Notes is interest due as of December 31, 2017 that accrues to the principal balance if not paid.

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**  
**ECONOMIC DEVELOPMENT AREA SPECIAL**  
**TAX ALLOCATION FUND**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**3. LONG-TERM DEBT (Continued)**

**B. Debt Service Requirements to Maturity**

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 2027. Any amount of unpaid interest at the interest due dates is added to the principal balance of the note.

**INDEPENDENT ACCOUNTANT'S REPORT ON  
COMPLIANCE WITH PUBLIC ACT 97-0636**

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

We have examined management's assertion, included in its representation letter dated May 29, 2018 that the Village of Hoffman Estates, Illinois (the Village) complied with the provisions of subsection (e) of Section 3 of the Economic Development Area Tax Allocation Act (Illinois Public Act 97-0636) during the year ended December 31, 2017. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village 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 that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with statutory requirements.

In our opinion, management's assertion that the Village complied with the aforementioned requirements for the year ended December 31, 2017 is fairly stated, in all material respects.

This report is intended solely for the information and use of the President, the Board of Trustees, management of the Village, Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
May 29, 2018



## **SUPPLEMENTARY INFORMATION**

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**

**ECONOMIC DEVELOPMENT AREA SPECIAL  
TAX ALLOCATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

For the Year Ended December 31, 2017

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**REVENUES**

Property Taxes	\$ 21,530,546
Investment Income	<u>80,492</u>
Total Revenues	<u>21,611,038</u>

**EXPENDITURES**

Economic Development	
Municipal Contribution	5,000,000
Administrative Fees	21,621
Governmental Share Distribution	7,646,578
Tax Increment Revenue Note Distribution	<u>8,944,465</u>
Total Expenditures	<u>21,612,664</u>

NET CHANGE IN FUND BALANCE	(1,626)
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FUND BALANCE, JANUARY 1	<u>4,152</u>
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<b>FUND BALANCE, DECEMBER 31</b>	<u><u>\$ 2,526</u></u>
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(See independent auditor's report.)

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**

**ECONOMIC DEVELOPMENT AREA SPECIAL  
TAX ALLOCATION FUND**

**SCHEDULE OF FUND BALANCE BY SOURCE**

For the Year Ended December 31, 2017

<b>BEGINNING BALANCE, JANUARY 1</b>	<u>\$ 4,152</u>
<b>DEPOSITS</b>	
Property Taxes	21,530,546
Investment Income	<u>80,492</u>
Total Deposits	<u>21,611,038</u>
Balance Plus Deposits	<u>21,615,190</u>
<b>EXPENDITURES</b>	
Economic Development	
Municipal Contribution	5,000,000
Administrative Fees	21,621
Governmental Share Distribution	7,646,578
Tax Increment Revenue Note Distribution	<u>8,944,465</u>
Total Expenditures	<u>21,612,664</u>
<b>ENDING BALANCE, DECEMBER 31</b>	<u><u>\$ 2,526</u></u>
<b>ENDING BALANCE BY SOURCE</b>	
Property Taxes*	<u>\$ 2,526</u>
Subtotal	2,526
Less Surplus Funds	<u>-</u>
<b>ENDING BALANCE</b>	<u><u>\$ 2,526</u></u>

\* Monies are designated to pay the Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.

(See independent auditor's report.)

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS**

**ECONOMIC DEVELOPMENT AREA SPECIAL  
TAX ALLOCATION FUND**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**

For the Year Ended December 31, 2017

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	<b>Balances January 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances December 31</b>
<b>ASSETS</b>				
Cash and Investments	\$ 4,152	\$ 21,611,038	\$ 21,612,664	\$ 2,526
<b>TOTAL ASSETS</b>	<b>\$ 4,152</b>	<b>\$ 21,611,038</b>	<b>\$ 21,612,664</b>	<b>\$ 2,526</b>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 4,152	\$ 21,611,038	\$ 21,612,664	\$ 2,526
<b>TOTAL LIABILITIES</b>	<b>\$ 4,152</b>	<b>\$ 21,611,038</b>	<b>\$ 21,612,664</b>	<b>\$ 2,526</b>

(See independent auditor's report.)