

**AGENDA
ROSELLE-GOLF-HIGGINS TIF
ANNUAL MEETING
JOINT REVIEW BOARD
JULY 6, 2017
1900 HASSELL ROAD
Hoffman Estates, IL**

1:35 p.m. – Frank Alexa Room

- I. Call to Order**
- II. Approval of Minutes – July 7, 2016 (no quorum present)**
- III. Review of Year 2016 Audit & Compliance Report**
- IV. Question and Answers**
- V. Adjournment**

**Minutes
Roselle-Golf-Higgins TIF
Annual Meeting
Joint Review Board
July 7, 2016**

Board Members Present: James Norris, Village of Hoffman Estates, Chairman
Bev Romanoff, Resident Member
Bret Bonnstetter, Harper College
Eric Leninger, Hoffman Estates Park District
Lauren Hummel, Palatine-Schaumburg HS Dist. #211

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

I. Call to Order

Chairman Norris called the meeting to order at 1:05 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. No questions were received from any members. A distribution list and annual report will be attached to the minutes.

II. Approval of Minutes – July 8, 2015 (no quorum present – no action taken)

III. Review of Year 2015 Audit & Compliance Report

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

IV. Question and Answers

No questions were asked.

V. Adjournment

Chairman James Norris adjourned the meeting at 1:06 p.m.



HOFFMAN ESTATES

GROWING TO GREATNESS

June 28, 2017

TO: ALL TAXING DISTRICTS ON ATTACHED LIST

FROM: RACHEL MUSIALA, DIRECTOR OF FINANCE

SUBJECT: GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT ANNUAL REPORT

In accordance with 65 ILCS 5/11-74.4-5-(d), the Village of Hoffman Estates is transmitting to all affected taxing districts the 2016 Annual Report of the Golf, Higgins and Roselle Road Tax Increment Financing District. This TIF was created in May, 2003 and will expire in May, 2026.

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

Rachel Musiala
Director of Finance

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT

ANNUAL REPORT

DISTRIBUTION LIST

COOK COUNTY CLERK'S OFFICE

118 North Clark Street
Chicago, IL 60602
d.orr@cookcountyil.gov

SCHAUMBURG TOWNSHIP

One Illinois Blvd
Hoffman Estates, IL 60169
Rich Osten, Director of Finance
rosten@schaumburgtownship.org
Mary Wroblewski, Supervisor
mwroblewski@schaumburgtownship.org

NORTHWEST MOSQUITO ABATEMENT DISTRICT

147 West Hintz Road
Wheeling, IL 60090
Mike Szyska, Director & CFO
mszyska@nwmadil.com

FOREST PRESERVE DISTRICT OF COOK COUNTY

536 N. Harlem Avenue
River Forest, IL 60305
Arnold Randall, General Superintendent
arnold.randall@cookcountyil.gov

METROPOLITAN WATER RECLAMATION DISTRICT

111 East Erie Street
Chicago, IL 60611
Eileen McElligott, Administrative Services Manager
Eileen.mcelligott@mwrld.org
Shellie Riedle, Budget Officer
riedles@mwrld.org

HOFFMAN ESTATES PARK DISTRICT

1685 West Higgins Road
Hoffman Estates, IL 60169
Dean Bostrom, Executive Director
dbostrom@heparks.org
Craig Talsma, Deputy Director/Admin & Finance
ctalsma@heparks.org

PALATINE-SCHAUMBURG HIGH SCHOOL DISTRICT #211

1750 S. Roselle Road
Palatine, IL 60067
Daniel Cates, Superintendent
dcates@d211.org
Lauren Hummel, Chief Operating Officer
lhummel@d211.org

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

130 South Roselle Road
Schaumburg, IL 60193
Monica Harris, Executive Director
Mharris@stdl.org
Elizabeth Valenziano, Finance Director
evalenziano@stdl.org

HARPER COLLEGE DISTRICT #512

1200 W. Algonquin Road
Palatine, IL 60067
Ron Ally, Exec. V.P. of Finance/Admin. Svcs.
rally@harpercollege.edu
Julie Riley, Exec. Asst. Finance & Admin Svcs.
jriley@harpercollege.edu

COMMUNITY SCHOOL DISTRICT #54

524 E. Schaumburg Rd
Schaumburg, IL 60194
Ric King, Asst. Superintendent of Business Services
RicKing@sd54.org
Andrew DuRoss, Superintendent
andyduross@sd54.org

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016
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VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016
REDEVELOPMENT PLAN AMENDMENTS

During the year ending December 31, 2016, there were no amendments made to the Redevelopment Plan and Project.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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 Tax Increment Redevelopment Allocation Act during the fiscal year January 1, 2016 through December 31, 2016, except that no quorum was present for the annual Joint Review Board meeting in 2016.

6-15-2017

Date

William D. McLeod

William D. McLeod
Village President

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016
CERTIFICATE OF COMPLIANCE

[See Attachment]

LAW OFFICE OF
ARTHUR JANURA, P.C.
2123 MULGUY COURT, INVERNESS, IL 60010
O: 224.655.7615 | C: 224.210.4593
januralaw@gmail.com

April 4, 2017

The Honorable Susana A. Mendoza
Illinois Comptroller
James R. Thompson Center
100 West Randolph Street, Suite 15-1500
Chicago, IL 60601-3252

**Re: Village of Hoffman Estates
Golf, Higgins and Roselle TIF District
2016 Compliance**

Dear Comptroller Mendoza:

Subject to the qualifications and limitation herein, we are of the opinion that, for the period of January 1, 2016 to December 31, 2016, we are not aware of any material violation by the Village of any of the applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act (the "Act") except for the annual meeting of the Joint Review Board.

Whenever we indicate that our opinion with respect to the existence 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.

April 4, 2017

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This opinion is rendered solely to the addressee hereof 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.

Very truly yours,

A handwritten signature in cursive script that reads "Arthur Janura P.C.". The signature is written in dark ink and is positioned above the printed name.

Arthur Janura, P.C.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

Receipts	
Property Tax	\$ 196,875
Interest Earnings	1,008
Sub-total	<u>197,883</u>
Disbursements	
Legal Services	\$ 22,295
Other Contractual Services	355,973
Sub-total	<u>378,268</u>
Excess (Deficit) of Receipts over Disbursements	<u><u>\$ (180,385)</u></u>
Balance, January 1, 2016	\$ 325,762
Balance, December 31, 2016	<u><u>\$ 145,377</u></u>
Ending Balance By Source:	
Property Taxes	\$ 145,377
Ending Balance, December 31, 2016	<u><u>\$ 145,377</u></u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF FUND BALANCE BY SOURCE AND YEAR

SOURCE YEAR

<u>2016</u>	
Property Taxes	\$ 145,377
Total Fund Balance, December 31, 2016	<u><u>\$ 145,377</u></u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF EQUALIZED ASSESSED VALUE (EAV)
AND INCREMENTAL TAX REVENUES

Initial EAV of the Redevelopment Project Area	\$ 23,150,789
2015 EAV of the Redevelopment Project Area	\$ 21,142,867
Incremental Revenues Received During 2016	\$ 202,879
Incremental Revenues Received in Previous Year	\$ -
Increase (Decrease) in Incremental Revenues	\$ 202,879
Breakdown of Change by Taxing District:	
Cook County	\$ 9,304.44
Consolidated Elections	573.13
Cook County Forest Preserve	1,163.11
Schaumburg Township	2,022.70
General Assistance - Schaumburg	286.47
Road & Bridge - Schaumburg	573.13
Village of Hoffman Estates	26,345.87
School District #54	73,020.40
Palatine Township High School District #211	55,776.51
Harper College District #512	7,854.87
Hoffman Estates Park District	11,816.08
Schaumburg Township Library District	6,776.16
Metropolitan Water Reclamation District	7,180.70
Northwest Mosquito Abatement District	185.43
TOTAL	<u>\$ 202,879.00</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF PROPERTY PURCHASED

During the year ended December 31, 2016, the Village of Hoffman Estates did not purchase any property within the redevelopment project area.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

REDEVELOPMENT ACTIVITIES

In 2016, Village of Hoffman Estates staff has worked to improve the Golf Center and Hoffman Plaza Shopping Centers in the Roselle Road TIF. Efforts were made to promote all shopping centers and properties within the TIF district at ICSC conventions. Attracting retailers and new developers for the area was a high priority at those trade shows.

Staff has tried for a number of years to install a traffic light on Roselle Road between Higgins and Golf Roads to improve life safety issues and to connect the two shopping centers. The Village completed this project in the spring of 2016.

By the end of 2016, Golf Center is 96% leased, as Robin Realty, the center owner, worked to fill the center. Wendy's reinvested in their property by tearing down and rebuilding the existing restaurant. These are very positive developments.

In September 2016, McDonald's opened a brand new restaurant within the TIF District. The fast food company signed a land lease on the site at 1070 N Roselle Road in 2015, tore down the former vacant building and constructed a new one in 2016.

Village staff worked with Sterling Organization, the owner of Hoffman Plaza, on redevelopment opportunities and identification of new tenants where possible. In March 2014, Sterling acquired the former Burger King site along Higgins Road and remains interested in purchasing the former Shell station property to upgrade the retail center but no longer has a contract to purchase the land as of December 31, 2016. Discussions with Sterling on a comprehensive redevelopment plan are currently underway.

The Village retains ownership of two parcels, just over one acre in total, to the east of the north entrance to the shopping center at 75 & 85 Golf Road. The Village issued an RFP to find a purchaser/developer in the fall of 2015. Currently, the Village is working on a sale agreement with Sterling Organization to enhance the Golf Road entrance and recruit retail tenants for the remainder of the property.

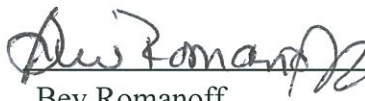
The Village's Capital Improvements Plan includes plans to replace the two 52" storm drain pipes entering the center at the northeast corner of Higgins and Roselle Roads. The pipes are deteriorating and are budgeted to be replaced. The strip center at the southeast corner of Golf and Roselle Roads – Alexion Plaza – is fully leased with a Chipotle, Sprint store, Shelby's Café and a mattress store.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
GOLF, HIGGINS AND ROSELLE ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF INDEBTEDNESS

The Village of Hoffman Estates did not issue any obligations in which principal and interest would be payable from the Golf, Higgins and Roselle Road TIF District during the year ended December 31, 2016.

6/22/2017
Date


Bev Romanoff
Village Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

ROSELLE ROAD TIF DISTRICT FUND

**REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142**

For the Year Ended
December 31, 2016



VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ROSELLE ROAD TIF DISTRICT FUND
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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE



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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

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 June 12, 2017 that the Village of Hoffman Estates, Illinois (the Village) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2016. 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'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 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 of Hoffman Estates, Illinois complied with the aforementioned requirements for the year ended December 31, 2016 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
June 12, 2017

INDEPENDENT AUDITOR'S REPORT



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Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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 Roselle Road TIF District Fund (the Fund), a special revenue fund of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2016, and the related notes to the 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 Roselle Road TIF District Fund, a special revenue fund of the Village of Hoffman Estates, Illinois, as of December 31, 2016, 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 Roselle 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, 2016, 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 Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information (the information) (schedule of fund balance by source for the Roselle Road TIF District Fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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
June 12, 2017

FINANCIAL STATEMENTS

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

ROSELLE ROAD TIF DISTRICT FUND

BALANCE SHEET

December 31, 2016

ASSETS	
Cash and Investments	\$ 219,651
Accrued Interest Receivable	939
Property Tax Receivable	<u>202,879</u>
TOTAL ASSETS	<u>\$ 423,469</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 65,213
Unearned Revenues	<u>10,000</u>
Total Liabilities	75,213
DEFERRED INFLOWS OF RESOURCES	
Property Tax	<u>202,879</u>
Total Liabilities and Deferred Inflows of Resources	<u>278,092</u>
FUND BALANCE	
Restricted	
Economic Development - State Statute	<u>145,377</u>
Total Fund Balance	<u>145,377</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 423,469</u>

See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

ROSELLE ROAD TIF DISTRICT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2016

REVENUES

Property Tax	\$ 196,875
Investment Income	<u>1,008</u>
Total Revenues	<u>197,883</u>

EXPENDITURES

Current

Economic Development	<u>378,268</u>
Total Expenditures	<u>378,268</u>

NET CHANGE IN FUND BALANCE	(180,385)
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FUND BALANCE, JANUARY 1	<u>325,762</u>
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FUND BALANCE, DECEMBER 31	<u>\$ 145,377</u>
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See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

ROSELLE ROAD TIF DISTRICT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Roselle Road TIF District Fund 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 government units. The financial statements present only the Roselle 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 Roselle Road TIF District Fund (the 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 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 is 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.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ROSELLE ROAD TIF DISTRICT FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 2016 attach as an enforceable lien on January 1, 2016 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, 2017 and August 1, 2017, and are payable in two installments, on or about March 1, 2017 and September 1, 2017. The County collects such taxes and remits them periodically. Since the 2016 levy is intended to finance the 2017 fiscal year, the levy has been recorded as receivable and unearned revenue. The revenues in the current year financial statements represent the 2015 property tax levy.

Interfund eliminations have not been made in the aggregation of this data. 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 has 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 the Village, the Board of Trustees is the highest level of decision-making. As of December 31, 2016, the Fund does not have any commitments of fund balance.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ROSELLE ROAD TIF DISTRICT FUND
NOTES TO BALANCE SHEET (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

- D. Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Village Board 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 No. 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.

2. CASH AND INVESTMENTS

The Village's investment policy authorizes the Village to invest in debt securities guaranteed by the United States Government (explicitly or implicitly), debt securities of the United States Government 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 Government, 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.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ROSELLE ROAD TIF DISTRICT FUND
NOTES TO BALANCE SHEET (Continued)

2. CASH AND INVESTMENTS (Continued)

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 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 Government or its agencies. The Village had greater than 5% of its overall portfolio invested in Illinois Funds at year end.

SUPPLEMENTARY INFORMATION

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

ROSELLE ROAD TIF DISTRICT FUND

SCHEDULE OF FUND BALANCE BY SOURCE

For the Year Ended December 31, 2016

BEGINNING BALANCE, JANUARY 1	<u>\$ 325,762</u>
DEPOSITS	
Intergovernmental	196,875
Investment Income	<u>1,008</u>
Total Deposits	<u>197,883</u>
Balance Plus Deposits	<u>523,645</u>
EXPENDITURES AND TRANSFERS	
Economic Development	
Other Contractual Services	<u>378,268</u>
Total Expenditures and Transfers	<u>378,268</u>
ENDING BALANCE, DECEMBER 31	<u><u>\$ 145,377</u></u>
ENDING BALANCE BY SOURCE	
Property Tax	<u>\$ 145,377</u>
Subtotal	145,377
Less Surplus Funds	<u>-</u>
ENDING BALANCE, DECEMBER 31	<u><u>\$ 145,377</u></u>

(See independent auditor's report.)