



HOFFMAN ESTATES

GROWING TO GREATNESS

June 28, 2020

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 2019 Annual Report of the Economic Development Area (EDA) Special Tax Allocation District. This district was created in September, 1989 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

COOK COUNTY CLERK'S OFFICE 118 North Clark Street Chicago, IL 60602 Karen A. Yarbrough, County Clerk clerk.yarbrough@cookcountyil.gov	BARRINGTON TOWNSHIP 602 S. Hough Street Barrington, IL 60010 Amy Nykaza, Supervisor amynykaza@barringtontownship.com
NORTHWEST MOSQUITO ABATEMENT DISTRICT 147 West Hintz Road Wheeling, IL 60090 James Thennisch, Director & CFO jthennisch@nwmadil.com Ewa Midgacz, Office Manager office@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 100 East Erie Street Chicago, IL 60611 Eileen McElligott, Administrative Services Manager Eileen.mcelligott@mwr.org Shellie Riedle, Budget Officer riedles@mwr.org	HOFFMAN ESTATES PARK DISTRICT 1685 West Higgins Road Hoffman Estates, IL 60169 Nicole Hopkins, Deput Director/Admin & Finance nhopkins@heparks.org Craig Talsma, Executive Director ctalsma@heparks.org
COMMUNITY UNIT SCHOOL DISTRICT #300 2550 Harnisch Drive Algonquin, IL 60102 Frederick Heid, Superintendent frederick.heid@d300.org Susan Harkin, Chief of Staff susan.harkin@d300.org Jennifer Porter, Director of Finance jennifer.porter@d300.org	POPLAR CREEK LIBRARY DISTRICT 1405 S. Park Avenue Streamwood, IL 60107 Debra Stombres, Library Director dstombres@poplarcreeklibrary.org Sue Haisan, Business Manager shaisan@poplarcreeklibrary.org
ELGIN COMMUNITY COLLEGE DISTRICT #509 1700 Spartan Drive Elgin, IL 60123 David Sam, President dsam@elgin.edu Kimberly Wagner, V.P. of Business and Finance kwagner@elgin.edu	SCHOOL DISTRICT U-46 355 E. Chicago Street Elgin, IL 60120 Tony Sanders, CEO tonysanders@u-46.org Dale Burnidge, Director of Financial Operations daleburnidge@u-46.org Jeff King, Deputy Supt. Operations jeffking@u-46.org
BARRINGTON AREA LIBRARY 505 N. Northwest Highway Barrington, IL 60010 Jesse Henning, Executive Director jhenning@balibrary.org Cheryl Riendeau, Business Manager criendeau@balibrary.org	

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
TABLE OF CONTENTS

	<u>PAGE</u>
Section 4.7 (1) Economic Development Plan Amendments	1
Section 4.7 (2) Audited Financial Statements	2
Section 4.7 (3) Certificate of Compliance - Village President	3
Section 4.7 (4) Certificate of Compliance - Corporation Counsel.	4
Section 4.7 (5) (A)-(D) Statement of Receipts, Disbursements, and Changes in Fund Balance	5
Section 4.7 (5) (D) Statement of Fund Balance By Source and Year.	6
Section 4.7(6) Statement of Property Purchased.	7
Section 4.7 (7) (A)-(F) Statement of Activities.	8
Section 4.7 (8) Statement of Indebtedness	12
Section 4.7 (9) Certified Audit Report	13
Section 4.7 (10) Intergovernmental Agreements	14

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION 4.7 (1) ECONOMIC DEVELOPMENT PLAN AMENDMENTS

During the fiscal year ended December 31, 2019, there were no amendments made to the Economic Development Plan and Project.

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

FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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, 2019

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, 2019 through December 31, 2019, except that no quorum was present for the annual Joint Review Board meeting in 2019.

6-10-2020
Date

William D. McLeod
William D. McLeod
Village President

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019
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, 2019 through December 31, 2019).

Subject to the qualifications and limitation herein, we are of the opinion that, for the period of January 1, 2019 to December 31, 2019, 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.

May 5, 2020
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, 2019

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

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Receipts	
Property Taxes	\$ 16,512,501
Interest Earnings	417,415
Sub-total	<u>\$ 16,929,916</u>
Disbursements	
Municipal Contribution	\$ 5,000,000
Administrative Fees	461,584
Property Tax Payments	633,969
Tax Increment Revenue Note Distribution	7,661,977
Governmental Share Distribution	10,139,394
Sub-total	<u>\$ 23,896,924</u>
Excess (Deficit) of Receipts over Disbursements	<u>\$ (6,967,008)</u>
Balance, January 1, 2019	<u>\$ 17,848,996</u>
Balance, December 31, 2019	<u>\$ 10,881,988</u>
Ending Balance By Source:	
Property Taxes	\$ 10,464,573
Interest Earnings	\$ 417,415
Total	<u>\$ 10,881,988</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
SECTION 4.7 (5) (D)
STATEMENT OF FUND BALANCE BY SOURCE AND YEAR

SOURCE YEAR

<u>2019</u>	Property Taxes*	10,464,573
	Interest Earnings	417,415
Total Fund Balance, December 31, 2019		<u>\$ 10,881,988</u>

*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.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
SECTION 4.7 (6) STATEMENT OF PROPERTY PURCHASED

During the year ended December 31, 2019, the Village of Hoffman Estates did not purchase any property within the redevelopment project area.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT
ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

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

(A) During the year ended December 31, 2019, the following activities occurred within the Economic Development Area:

- Holiday Inn Express continued the construction of their hotel in the Cabela's outlot.

(B) Economic activities in 2019 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 2019.

(D) During the year ended December 31, 2019, 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. Due to pending litigation, there was no disbursement of the 2018 tax levy to the developer for the annual EDA note payment or to the overlapping taxing districts for the Governmental Share.

(E) For services related to the EDA during 2019, the Village of Hoffman Estates contracted with The Law Office of Arthur Janura, PC for professional legal services. The Village also completed a contract with The Lakota Group for a new area plan incorporating the EDA. The Village contracted with Tria Architecture for professional design services to improve the Village Green. Finally, the Village contracted with V3 Engineering for professional services to a wetland stormwater study.

(F) The private investment in the projects within the EDA was as follows:

- Holiday Inn Express: \$7,000,000

The public investment in the projects within the EDA was as follows:

- Sidewalk improvements from the Sears Centre to the Village Green: \$14,000

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

Project:	As of 12/31/2019	Est. Investment in 2020	Estimated Total Project
Tate & Lyle Building			
Private Investment	\$ 18,000,000	\$ -	\$ 18,000,000
Public Investment	-	-	-
Ratio Private/Public			
Stone Eagle Tavern			
Private Investment	\$ 750,000	\$ -	\$ 750,000
Public Investment	-	-	-
Ratio Private/Public			
Saddle Room Building			
Private Investment	\$ 2,400,000	\$ -	\$ 2,400,000
Public Investment	-	-	-
Ratio Private/Public			
Intersection/Roadway Improvements II			
Private Investment	\$ -	\$ -	\$ -
Public Investment	555,988	-	555,988
Ratio Private/Public			
Road Repaving			
Private Investment	\$ -	\$ -	\$ -
Public Investment	\$ 882,870	\$ -	\$ 882,870
Ratio Private/Public			
Western Area Emergency Water Supply			
Private Investment	\$ -	\$ -	\$ -
Public Investment	32,336	-	32,336
Ratio Private/Public			
Hoffman Blvd. Bridge Maintenance			
Private Investment	\$ -	\$ -	\$ -
Public Investment	263,906	-	263,906
Ratio Private/Public			
Miscellaneous Prairie Stone Improvements			
Private Investment	\$ -	\$ -	\$ -
Public Investment	33,730	-	33,730
Ratio Private/Public			
Beverly Bridge Deck Repairs			
Private Investment	\$ -	\$ -	\$ -
Public Investment	20,000	-	20,000
Ratio Private/Public			

Project:	As of 12/31/2019	Est. Investment in 2020	Estimated Total Project
Sensient Technologies Interior Build-out			
Private Investment	\$ 9,089,500	\$ -	\$ 9,089,500
Public Investment	-	-	-
Ratio Private/Public			
Two Park Center Building Interior Demolition and Interior Buildout-Salvation Army			
Private Investment	\$ 16,027,204	\$ -	\$ 16,027,204
Public Investment	-	-	-
Ratio Private/Public			
Mobil Gas/Culvers			
Private Investment	\$ 2,100,000	\$ -	\$ 2,100,000
Public Investment	-	-	-
Ratio Private/Public			
Village Green Sidewalk Improvements and Grading			
Private Investment	\$ -	\$ -	\$ -
Public Investment	151,677	-	151,677
Ratio Private/Public			
Shoe Factory Rd/I90 Undercrossing Path			
Private Investment	\$ -	\$ -	\$ -
Public Investment	26,459	-	26,459
Ratio Private/Public			
WDA Lift Station Grinder			
Private Investment	\$ -	\$ -	\$ -
Public Investment	160,273	-	160,273
Ratio Private/Public			
Route 59 Sewer Main Hydrogen Sulfide Reduction System			
Private Investment	\$ -	\$ -	\$ -
Public Investment	25,668	-	25,668
Ratio Private/Public			
Main Event			
Private Investment	\$ 9,000,000	\$ -	\$ 9,000,000
Public Investment	-	-	-
Ratio Private/Public			
Duluth Trading Company			
Private Investment	\$ 2,950,000	\$ -	\$ 2,950,000
Public Investment	-	-	-
Ratio Private/Public			
Prairie Point Medical Office Buildout for Veteran's Administration			
Private Investment	\$ 1,000,000	\$ -	\$ 1,000,000
Public Investment	-	-	-
Ratio Private/Public			
Starbucks Building			
Private Investment	\$ 1,400,000	\$ -	\$ 1,400,000
Public Investment	-	-	-
Ratio Private/Public			

CMIC, Inc.			
Private Investment	\$ 2,000,000	\$ -	\$ 2,000,000
Public Investment	-	-	-
Ratio Private/Public			
Silesia, Inc Building Expansion			
Private Investment	\$ 2,252,100	\$ -	\$ 2,252,100
Public Investment	-	-	-
Ratio Private/Public			
Holiday Inn Express			
Private Investment	\$ 6,000,000	\$ 1,000,000	\$ 7,000,000
Public Investment	-	-	-
Ratio Private/Public			
Sidewalk Improvements near Village Green			
Private Investment	\$ -	\$ -	
Public Investment	-	14,000	14,000
Ratio Private/Public			
Village Green Improvements - Phase I (Grading/Sidewalks)			
Private Investment	\$ -	\$ -	
Public Investment	-	1,100,000	1,100,000
Ratio Private/Public			
Totals			
Private Investment	\$ 72,968,804	\$ 1,000,000	\$ 73,968,804
Public Investment	2,152,907	1,111,400	3,266,907
Ratio Private/Public	3389.32%	89.98%	2264.18%

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION 4.7 (8) STATEMENT OF INDEBTEDNESS

The Village of Hoffman Estates did not issue any new obligations during the year ended December 31, 2019. 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 \$119,186,441 as of December 31, 2019. 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 jobs.

Village of Hoffman Estates, Illinois
Hoffman Estates Development Project Area
Tax Increment Revenue Notes
December 31, 2019

	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	-	<u>1,007,024.36</u>	<u>85,497.68</u>	<u>46,735.35</u>	<u>494,586.31</u>	<u>538,749.30</u>
Sub-total	\$ 13,147,485.24	\$ 2,358,430.95	\$ 206,156.49	\$ 116,101.25	\$ 3,483,394.28	\$ 3,794,436.22
Previous Payments	-	-	-	-	-	-
Adjusted Principal Balance	\$ 13,147,485.24	\$ 2,358,430.95	\$ 206,156.49	\$ 116,101.25	\$ 3,483,394.28	\$ 3,794,436.22

	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	<u>525,317.04</u>	<u>485,855.95</u>	<u>514,336.61</u>	<u>415,926.40</u>	<u>458,761.95</u>	<u>434,018.72</u>
Sub-total	\$ 3,699,832.41	\$ 3,421,906.01	\$ 3,622,496.57	\$ 2,929,388.95	\$ 3,231,081.74	\$ 3,056,813.88
Previous Payments	-	-	-	-	-	-
Adjusted Principal Balance	\$ 3,699,832.41	\$ 3,421,906.01	\$ 3,622,496.57	\$ 2,929,388.95	\$ 3,231,081.74	\$ 3,056,813.88

	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	<u>441,956.73</u>	<u>2,637,095.13</u>	<u>3,810,921.80</u>	<u>4,441,790.00</u>	<u>6,698,361.91</u>	<u>6,154,989.26</u>	<u>29,191,924.51</u>
Sub-total	\$ 3,112,721.74	\$ 12,339,726.76	\$ 14,250,020.16	\$ 16,493,236.00	\$ 24,872,329.32	\$ 22,854,680.26	\$ 136,990,238.24
Previous Payments	-	<u>12,339,727</u>	<u>5,464,072</u>	-	-	-	<u>17,803,798.28</u>
Adjusted Principal Balance	\$ 3,112,721.74	\$ -	\$ 8,785,948.64	\$ 16,493,236.00	\$ 24,872,329.32	\$ 22,854,680.26	\$ 119,186,439.96

KEVIN
McCANNA
Chairman

DANIEL
FORBES
President

RAPHALIATA
McKENZIE
Senior VP

MAGGIE
BURGER
Senior VP

ANTHONY
MICELI
Senior VP

MARK
JERETINA
Vice President

May 15, 2020

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.

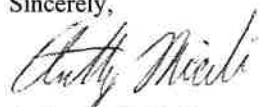
In review of the information supplied by the Village and after due diligence, Speer has determined that no debt was issued in FY2019 related to the EDA. The Village has existing project notes (the "EDA Project Notes") outstanding that were issued in previous fiscal years. During FY2019, interest was accrued in the amount of \$4,159,503 and \$7,661,977 was paid on the 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, 2019
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, 2019. 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, 2019

SECTION 4.7 (10) INTERGOVERNMENTAL AGREEMENTS

During the fiscal year ended December 31, 2019, the Village did not enter into any Intergovernmental Agreements related to the EDA.

**AGENDA
ECONOMIC DEVELOPMENT AREA (EDA)
ANNUAL MEETING OF THE TAXING DISTRICTS
JULY 20, 2020
1900 HASSELL ROAD
Hoffman Estates, IL**

1:20 p.m. – Hennessy Room

- I. Call to Order**
- II. Approval of Minutes – July 8, 2019 (no quorum present)**
- III. Review of Year 2019 Audit & Compliance Report**
- IV. Question and Answers**
- V. Adjournment**

**Minutes
Economic Development Area (EDA)
Annual Meeting of the Taxing Districts
Annual Meeting
July 16, 2018**

Board Members Present: James Norris, Village of Hoffman Estates, Chairman
Bev Romanoff, Resident Member
Nicole Hopkins, Hoffman Estates Park District
Amy Nykaza, Barrington Township

Guests Present: Mayor William McLeod
Rachel Musiala, Director of Finance
Patti Cross, Asst. Corporation Counsel
Doug LaSota, Assoc. Corporation Counsel
Suzanne Ostrovsky, Asst. to Village Manager
Laurel Warren, Fiscal Operations Manager
Monica Harris, Schaumburg Twp. District Library

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 16, 2018 (no quorum present – no action taken)

III. Review of Year 2018 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

Chairman Norris announced that, because of ongoing litigation and on the advice of village legal counsel, there will be no questions answered at this meeting. If anyone has any formal questions, please submit them in writing to village legal counsel.

V. Adjournment

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



VILLAGE OF HOFFMAN ESTATES, ILLINOIS

**ECONOMIC DEVELOPMENT AREA
SPECIAL TAX ALLOCATION FUND**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019



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

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Statement of Fiduciary Net Position	3
Statement of Changes in Fiduciary Net Position	4
Notes to Financial Statements	5-9
INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH PUBLIC ACT 97-0636.....	10
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance.....	11
Schedule of Fund Balance by Source.....	12

INDEPENDENT AUDITOR'S REPORT

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

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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), a custodial fund of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2019, 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, a custodial fund of the Village of Hoffman Estates, Illinois, as of December 31, 2019, 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 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, 2019, the change 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
April 6, 2020

BASIC FINANCIAL STATEMENTS

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

**ECONOMIC DEVELOPMENT AREA SPECIAL
TAX ALLOCATION FUND**

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2019

ASSETS

Cash and Investments	\$ 10,945,947
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TOTAL ASSETS	\$ 10,945,947
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LIABILITIES

Due to Other Governments	\$ 63,959
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TOTAL LIABILITIES	\$ 63,959
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NET POSITION

Restricted for Economic Development	10,881,988
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TOTAL NET POSITION	\$ 10,945,947
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See accompanying notes to financial statements.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

**ECONOMIC DEVELOPMENT AREA SPECIAL
TAX ALLOCATION FUND**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

December 31, 2019

	<u>Custodial</u>
ADDITIONS	
Property Taxes	\$ 16,512,501
Investment Income	<u>417,415</u>
TOTAL ADDITIONS	<u>16,929,916</u>
DEDUCTIONS	
Economic Development	
Municipal Contribution	5,000,000
Administrative Fees	461,584
Property Tax Payments	633,969
Governmental Share Distribution	10,139,394
Tax Increment Revenue Note Distribution	<u>7,661,977</u>
TOTAL DEDUCTIONS	<u>23,896,924</u>
CHANGE IN NET POSITION	(6,967,008)
NET POSITION	
January 1	<u>17,848,996</u>
December 31	<u><u>\$ 10,881,988</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, 2019

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 fiduciary activities that meet the definition contained in GASB Statement No. 84, *Fiduciary Activities*. The Village utilizes a custodial fund for the its Economic Development Economic Area Special Tax Allocation fund, which are generally used to account for assets that the Village holds in a fiduciary capacity.

C. Basis of Accounting

The custodial fund uses the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net position. The custodial fund presents increases (e.g., additions) and decreases (e.g., deductions) in net position.

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

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 GAAP. 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, 2019.

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)

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.

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	\$ 122,688,915	\$ 4,159,503	\$ 7,661,977	\$ 119,186,441	\$ -
TOTAL TAX INCREMENT REVENUE NOTES		\$ 122,688,915	\$ 4,159,503	\$ 7,661,977	\$ 119,186,441	\$ -

The increase of \$4,159,503 in the Tax Increment Revenue Notes is interest due as of December 31, 2019 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)

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.

4. CONTINGENT LIABILITIES

A. Litigation

The Village is a defendant in a lawsuit related to the Fund. Although the outcome of this lawsuit is not presently determinable, in the opinion of the Village's attorney, the resolution of this matter will not have a material adverse effect on the financial condition of the Fund.

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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 April 6, 2020 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, 2019. 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, 2019 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
April 6, 2020

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, 2019

REVENUES

Property Taxes	\$ 16,512,501
Investment Income	<u>417,415</u>
Total Revenues	<u>16,929,916</u>

EXPENDITURES

Economic Development	
Municipal Contribution	5,000,000
Administrative Fees	461,584
Property Tax Payments	633,969
Governmental Share Distribution	10,139,394
Tax Increment Revenue Note Distribution	<u>7,661,977</u>
Total Expenditures	<u>23,896,924</u>

NET CHANGE IN FUND BALANCE	(6,967,008)
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FUND BALANCE, JANUARY 1	<u>17,848,996</u>
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FUND BALANCE, DECEMBER 31	<u><u>\$ 10,881,988</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, 2019

BEGINNING BALANCE, JANUARY 1	<u>\$ 17,848,996</u>
DEPOSITS	
Property Taxes	16,512,501
Investment Income	<u>417,415</u>
Total Deposits	<u>16,929,916</u>
Balance Plus Deposits	<u>34,778,912</u>
EXPENDITURES	
Economic Development	
Municipal Contribution	5,000,000
Administrative Fees	461,584
Property Tax Payments	633,969
Governmental Share Distribution	10,139,394
Tax Increment Revenue Note Distribution	<u>7,661,977</u>
Total Expenditures	<u>23,896,924</u>
ENDING BALANCE, DECEMBER 31	<u><u>\$ 10,881,988</u></u>
ENDING BALANCE BY SOURCE	
Property Taxes*	\$ 10,464,573
Interest Income	<u>417,415</u>
Subtotal	10,881,988
Less Surplus Funds	<u>-</u>
ENDING BALANCE, DECEMBER 31	<u><u>\$ 10,881,988</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.)