



HOFFMAN ESTATES

GROWING TO GREATNESS

June 28, 2020

TO: ALL TAXING DISTRICTS ON ATTACHED LIST

FROM: RACHEL MUSIALA, DIRECTOR OF FINANCE

SUBJECT: HIGGINS/HASSELL 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 2018 Annual Report of the Higgins/Hassell Road Tax Increment Financing District. This TIF was created in May, 2012 and will expire in May, 2035.

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

Rachel Musiala
Director of Finance

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

HIGGINS/HASSELL ROAD TIF DISTRICT

ANNUAL REPORT

DISTRIBUTION LIST

COOK COUNTY CLERK'S OFFICE

118 North Clark Street
Chicago, IL 60602
clerk.yarbrough@cookcountyil.gov

SCHAUMBURG TOWNSHIP

One Illinois Blvd
Hoffman Estates, IL 60169
Suzanne McVey, Administrator
smcvey@schaumburgtownship.org
Timothy M. Heneghan, Supervisor
theneghan@schaumburgtownship.org

**NORTHWEST MOSQUITO ABATEMENT
DISTRICT**

147 West Hintz Road
Wheeling, IL 60090
James Thennisch, Director
jthennisch@nwmadil.com
Ewa Migacz, 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@mwrdd.org
Shellie Riedle, Budget Officer
riedles@mwrdd.org

HOFFMAN ESTATES PARK DISTRICT

1685 West Higgins Road
Hoffman Estates, IL 60169
Nicole Hopkins, Deputy Director/Admin & Finance
nhopkins@heparks.org
Craig Talsma, Executive Director
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
Annie Miskewitch, Executive Director
amiskewitch@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
Dulse Barraza, Exec. Asst. Finance & Admin Svcs.
dbarraza@harpercollege.edu

COMMUNITY SCHOOL DISTRICT #54

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

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
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VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
REDEVELOPMENT PLAN AMENDMENTS

A Higgins/Hassell TIF Redevelopment Plan was approved on May 7, 2012. No amendments were made to the plan during the fiscal year ended December 31, 2019.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019 through December 31, 2019.

6-10-2020

Date

William D. McLeod

William D. McLeod
Village President

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
CERTIFICATE OF COMPLIANCE

[See Attachment]

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

May 7, 2020

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
Higgins/Hassell TIF District
2019 Compliance**

Dear Comptroller Mendoza:

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 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 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 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 this firm. No opinion may be inferred or implied beyond the matters expressly contained herein.

Very truly yours,



Arthur Janura P.C.

AJ/ds

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Receipts	
Property Taxes	\$ 368,800
Interest Earnings	1,060
Sub-total	<u>\$ 369,860</u>
Disbursements	
Professional Services	\$ 4,854
Legal Services	390
Economic Development	182,075
Principal Expense	182,075
Sub-total	<u>\$ 369,394</u>
Excess (Deficit) of Receipts over Disbursements	<u>\$ 466</u>
Balance, January 1, 2019	<u>\$ 11,461</u>
Balance, December 31, 2019	<u>\$ 11,927</u>
Ending Balance By Source:	
Property Taxes	\$ 11,927
Interest Earnings	-
Total	<u>\$ 11,927</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

HIGGINS/HASSELL ROAD TIF DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF FUND BALANCE BY SOURCE AND YEAR

2019	
Property Taxes	\$ 11,927
Interest Earnings	<u>-</u>
Total Fund Balance, December 31, 2019	<u><u>11,927</u></u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Initial EAV of the Redevelopment Project Area	\$ 5,653,528
2018 EAV of the Redevelopment Project Area	\$ 7,889,287
Incremental Revenues Received During 2019	\$ 368,800
Incremental Revenues Received in Previous Year	\$ 369,642
Increase (Decrease) in Incremental Revenues	\$ (842)
<u>Breakdown of Change by Taxing District:</u>	
Cook County	\$ (36.76)
Consolidated Elections	-
Cook County Forest Preserve	(4.51)
Schaumburg Township	(8.27)
General Assistance - Schaumburg	(1.28)
Road & Bridge - Schaumburg	(2.48)
Village of Hoffman Estates	(114.83)
School District #54	(302.92)
Palatine Township High School District #211	(228.80)
Harper College District #512	(33.30)
Hoffman Estates Park District	(50.29)
Schaumburg Township Library District	(27.96)
Metropolitan Water Reclamation District	(29.77)
Northwest Mosquito Abatement District	(0.83)
TOTAL	<u>\$ (842.00)</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
HIGGINS/HASSELL ROAD TIF DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

REDEVELOPMENT ACTIVITIES

During the year ending December 31, 2019, redevelopment activities are described below.

Reconstruction of the facade of Poplar Creek Bowl, the last phase of the seven year facade reconstruction project finished in 2019. Additionally, plans were approved and construction began to rebuild the Buona Beef on the same site, but in a new, smaller format. Construction is expected to be completed in May 2020. A portion of the site will remain as another outlet for development.

Plans were submitted and approved for a 7/11 convenience store and gas station on the former McDonalds outlet site at the corner of Higgins Rd and Governors Lane. Construction is expected to begin in 2020.

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, and other staff members.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

HIGGINS/HASSELL ROAD TIF DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF INDEBTEDNESS

On May 14, 2012, the Village of Hoffman Estates authorized a non-interest bearing TIF Note up to a principal amount of \$9,000,000 which would be payable from the Higgins/Hassell Road TIF District.

Redevelopment costs have been incurred by the developer. The approved reimbursement balance as of December 31, 2019 is \$5,163,815. This amount will be paid to the developer if and when incremental tax revenues are received by the TIF Fund.

6/10/2020
Date


Bev Romanoff
Village Clerk

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

Re: Higgins/Hassell Tax Increment Financing District Obligations

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 Higgins/Hassell Tax Increment Financing District (the "Higgins/Hassell TIF"). As municipal advisor, Speer has prepared the following analysis in order to aid the Village in complying with its annual reporting requirements for the Higgins/Hassell TIF (the "Annual TIF Analysis"). The Annual TIF Analysis describes the following:

- 1) Whether any obligations were issued related to the Higgins/Hassell TIF; 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 Higgins/Hassell TIF. The Village an existing obligation related to the Higgins/Hassell TIF currently outstanding. The Tax Increment Allocation Revenue Note (Barrington Square Town Center Project), Series 2012 (the "2012 TIF Note") was issued on November 21, 2016 in an amount up to \$9,000,000.

During FY2019, \$182,075 of principal was paid on the 2012 TIF Note and the outstanding principal amount was \$5,163,815.25.

The 2012 TIF Note is non-interest bearing and payable only from certain incremental taxes received from the Higgins/Hassell TIF, if any. The 2012 TIF Note does not constitute an indebtedness of the Village. Should the incremental taxes pledged as security to the 2012 TIF Note be insufficient to pay the principal due, the owner of the 2012 TIF Note shall have no recourse against the Village and no right to compel the exercise of the taxing authority of the Village or to use any funds of the Village (other than the pledged funds) for payment of principal on the 2012 TIF Note. The Village has a continuing obligation to repay the 2012 TIF Note until it is paid in full, or the earlier of (i) the date which is twenty years from the issuance date or (ii) the date in which the Higgins/Hassell TIF has expired.

Pursuant to these terms, it is Speer's understanding that the Village was not required to carry any reserves dedicated to the 2012 TIF Note 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 reporting requirements for the Higgins/Hassell TIF; 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

**AGENDA
HIGGINS-HASSELL TIF
ANNUAL MEETING
JOINT REVIEW BOARD
JULY 20, 2020
1900 HASSELL ROAD
Hoffman Estates, IL**

1:10 p.m. – Hennessy Room

- I. Call to Order**
- II. Approval of Minutes – July 8, 2019**
- III. Review of Year 2019 Audit & Compliance Report**
- IV. Question and Answers**
- V. Adjournment**

**Minutes
Higgins-Hassell TIF
Annual Meeting
Joint Review Board
July 8, 2019**

Board Members Present: James Norris, Village of Hoffman Estates, Chairman
Bev Romanoff, Resident Member
Suzanne McVey, Schaumburg Township
Nicole Hopkins, Hoffman Estates Park District
Lauren Hummel, School District 211
Ric King, School District 54
Monica Harris, Schaumburg Twp. District Library

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

I. Call to Order

Chairman Norris called the meeting to order at 1:40 p.m. 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 16, 2018

A motion to approve the minutes was made by Ric King and seconded by Nicole Hopkins. A voice vote was taken. All ayes. Motion carried.

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. Ms. Musiala noted that the district expires May 2035.

IV. Question and Answers

No questions were asked.

V. Adjournment

Motion to adjourn was made by Nicole Hopkins and seconded by Ric King. A voice vote was taken. All ayes. Motion carried. Chairman James Norris adjourned the meeting at 1:42 p.m.

Village of Hoffman Estates, Illinois

Higgins/Hassell Road TIF District Fund

Independent Auditor's Report on Compliance With Public Act 85-1142
and Independent Auditor's Report and Financial Statements

December 31, 2019



Village of Hoffman Estates, Illinois
Higgins/Hassell Road TIF District Fund
December 31, 2019

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**Independent Auditor's Report
on Compliance With Public Act 85-1142**

**Independent Auditor's Report
on Compliance With Public Act 85-1142**

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

We have audited the basic financial statements of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2019, and have issued our report thereon, dated June 19, 2020.

We have also audited the Village's compliance 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) for its Higgins/Hassell Road TIF District Fund. The management of the Village of Hoffman Estates, Illinois, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

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 Village complied in all material respects with the requirements referred to above. An audit includes examining, on a test basis, evidence about the Village of Hoffman Estates, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Hoffman Estates, Illinois, complied, in all material respects, with the requirements of subsection (q) of Section 11-74.4-3 of the *Illinois Tax Increment Redevelopment Allocation Act* (Illinois Public Act 85-1142) for its Higgins/Hassell Road TIF District Fund.

BKD, LLP

Oakbrook Terrace, Illinois
June 19, 2020

Independent Auditor's Report

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Higgins/Hassell 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, 2019, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Higgins/Hassell Road TIF District Fund, a special revenue fund of the Village of Hoffman Estates, Illinois, as of December 31, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Higgins/Hassell Road TIF District Fund and do not purport to, and do not, present fairly the financial position of the Village of Hoffman Estates, Illinois, as of December 31, 2019, 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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, schedule of fund balance by source, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

BKD, LLP

Financial Statements

Village of Hoffman Estates, Illinois
Higgins/Hassell Road TIF District Fund
Balance Sheet
December 31, 2019

Assets

Cash	\$ 11,927
Property tax receivable	<u>368,800</u>
Total assets	<u><u>\$ 380,727</u></u>

**Deferred Inflows of Resources
and Fund Balance**

Deferred Inflows of Resources	
Unavailable revenue - property taxes	\$ 368,800
 Fund Balance	
Restricted for economic development	<u>11,927</u>
Total deferred inflows of resources and fund balance	<u><u>\$ 380,727</u></u>

Village of Hoffman Estates, Illinois
Higgins/Hassell Road TIF District Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended December 31, 2019

Revenues		
Property taxes	\$	368,800
Investment income		1,060
Total revenues		<u>369,860</u>
Expenditures		
Current		
Economic development		187,319
Debt service		
Principal retirement		<u>182,075</u>
Total expenditures		<u>369,394</u>
Net Change in Fund Balance		466
Fund Balance		
January 1, 2019		<u>11,461</u>
December 31, 2019	\$	<u><u>11,927</u></u>

Village of Hoffman Estates, Illinois
Higgins/Hassell Road TIF District Fund
Notes to Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies

The financial statements of the Higgins/Hassell Road TIF District Fund of the Village of Hoffman Estates, Illinois (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 Higgins/Hassell Road TIF District Fund and do not present fairly the financial position of the Village. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Reporting Entity

The Higgins/Hassell Road TIF District Fund (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 property tax revenues from the designated TIF area. Governmental funds are used to account for the Village's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (*i.e.*, when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Village of Hoffman Estates, Illinois
Higgins/Hassell Road TIF District Fund
Notes to Financial Statements
December 31, 2019

Investments

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.

Property Taxes

Property taxes for 2019 attach as an enforceable lien on January 1, 2019, 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, 2020, and August 1, 2020, and are payable in two installments, on or about March 1, 2020, and September 1, 2020. The County collects such taxes and remits them periodically. Since the 2019 levy is intended to finance the 2020 fiscal year, the levy has been recorded as receivable and unavailable revenue. The revenues in the current year financial statements represent the 2018 property tax levy.

Fund Balance

The components of fund balance include the following line item:

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.

Note 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 Federal Deposit Insurance Corporation, 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 The Illinois Funds, a money market fund created by the State Legislature under the control of the State Treasurer that maintains a \$1 share value.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Village of Hoffman Estates, Illinois
Higgins/Hassell Road TIF District Fund
Notes to Financial Statements
December 31, 2019

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.

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. The 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.

Note 3: Long-Term Debt

Tax Increment Redevelopment Note Disclosures

The Village, pursuant to an economic development agreement dated May 14, 2012, has agreed to reimburse The Handels-En Productiemaatschappij De Schouw B.V. for certain project costs incurred as the Village's agent in furthering the economic development plan and project in an amount up to \$9,000,000. An economic redevelopment note was issued in 2012 and 2013 totaling \$1,845,946. During fiscal year 2016, an additional \$1,104,803 was added to the note. During

Village of Hoffman Estates, Illinois
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Notes to Financial Statements
December 31, 2019

fiscal year 2017, an additional \$2,700,763 was added to the note. The note is payable from and secured solely by the pledged incremental revenues deposited in the Fund.

The following is included in the Village's footnotes to its governmental activities financial statements. It is not recorded herein because long-term liabilities are not reported by special revenue governmental funds.

Issue	Balances January 1	Issuances or Accretions	Retirements or Accretions	Balances December 31	Current Portion
Tax Increment Redevelopment Notes due in annual installments only if tax increment revenues are available	\$ 5,345,889	\$ -	\$ 182,075	\$ 5,163,814	\$ -

Debt Service Requirements to Maturity

The Higgins/Hassell Redevelopment Note provides that the payment of principal and interest on the note is due only if tax increment revenues are available for payment of debt service. The note does not bear interest. Therefore, no set debt service schedule is available.

Supplementary Information

Village of Hoffman Estates, Illinois
Higgins/Hassell Road TIF District Fund
Schedule of Fund Balance by Source
Year Ended December 31, 2019

Beginning Balance, January 1	<u>\$ 11,461</u>
Deposits	
Property tax	368,800
Investment income	1,060
Total deposits	<u>369,860</u>
Beginning Balance Plus Deposits	<u>381,321</u>
Expenditures	
Economic development	
Other contractual services	187,319
Debt service	
Principal retirement	182,075
Total expenditures	<u>369,394</u>
Ending Balance, December 31	<u><u>\$ 11,927</u></u>
Ending Balance by Source	
Property tax	\$ 11,927
Less surplus funds	<u>-</u>
Ending Balance, December 31	<u><u>\$ 11,927</u></u>