

Hoffman Estates Park District

HOFFMAN ESTATES, ILLINOIS

FOR THE FISCAL
YEAR ENDING
DECEMBER 31, 2022

Popular Annual Financial Report



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INTRODUCTION

The Hoffman Estates Park District is pleased to present the Fiscal Year 2022 Popular Annual Financial Report (PAFR). The PAFR is designed to provide a snapshot of the District's finances and key statistical data in an easy-to-read and understandable format.

The financial data in the Popular Annual Financial Report is gathered from the District's Annual Comprehensive Financial Report for the Fiscal Year ending December 31, 2022. That report can be found at [heparks.org/About](https://www.heparks.org/About) under the FOIA tab. <https://www.heparks.org/wp-content/uploads/2023/06/HEPD-ACFR-22.pdf> The Annual Comprehensive Financial Report is the District's annual audited financial statement prepared to meet the requirements of the Governmental Accounting Standards Board (GASB).

The PAFR is an unaudited report and is not meant to replace the District's Annual Comprehensive Financial Report. Rather this document is meant to simplify the information presented.

MISSION

To provide the best in parks and recreation by adhering to our values of integrity, innovation, cooperation, accountability, respect, and excellence.

VISION

Enriching our community through parks and recreation.

HOFFMAN ESTATES PARK DISTRICT BOARD OF COMMISSIONERS



Patrick Kinnane
President



Robert Kaplan
Vice President



Linda Dressler
Treasurer



Keith Evans
Asst. Secretary



Rajkumari
Chhatwani
Commissioner



Pat McGinn
Commissioner



Marc A. Friedman
Commissioner

ABOUT THE DISTRICT

CHARTERED

Established by voter-approved referendum in 1964 by a vote of 663 in favor and 154 against.

GOVERNANCE

An elected Board of Park Commissioners consisting of seven members constitutes the governing board of the Park District. Commissioners are elected to serve four-year unpaid terms.

OFFICERS

The Board as a whole elects the president and vice-president for the coming year. The President, with the consent of the Board, appoints the Treasurer, Assistant Treasurer, Secretary and Assistant Secretary.

APPOINTED OFFICIALS

The Board as a whole hires an Executive Director to manage the day-to-day affairs of the Park District.

BOUNDARIES

The Village of Hoffman Estates encompasses approximately 95% of the Park District's jurisdictional boundaries.

STAFF

The District employs 77 full-time and more than 600 part-time employees.



Craig Talsma
Executive Director
Board Secretary



Total Population
52,530



Median
Household
Income
\$96,274



18,450
Households

Seniors
13.8%

School Age
17.1%

Children Under 5
6.6%



PARK DISTRICT IMPACT

Park districts offer a range of financial and social benefits to communities. From an economic standpoint, park districts contribute to the local economy by attracting visitors, boosting tourism, and increasing property values. These green spaces provide opportunities for recreational activities such as sports events, concerts, and festivals, which can attract tourists and generate revenue for local businesses.

Additionally, park districts generate revenue through various means such as facility rentals, program fees, and sponsorships. These funds can be reinvested into maintaining and improving park amenities, creating a positive feedback loop of continuous enhancement. Park districts often offer affordable or free programs and activities for community members of all ages. These programs promote physical fitness, mental well-being, and social interaction. By providing accessible recreational facilities such as playgrounds, walking trails, and sports fields, park districts encourage healthy lifestyles and help combat sedentary behavior.

Moreover, park districts play a vital role in preserving natural habitats and protecting the environment. They provide green spaces that improve air quality by absorbing pollutants and reducing heat island effects in urban areas. Parks also support biodiversity by providing habitats for various plant and animal species.

Furthermore, park districts serve as gathering places where people from diverse backgrounds can come together to connect with nature and build a sense of community. They foster social cohesion by creating spaces for shared experiences like picnics or community events.



256

Hoffman Estates
Residents were
Employed by the
Park District in
2022

\$2 million

Reinvested in
Community
Capital Projects

**Over
\$450,000**
Invested in Local
Businesses

 **heparks**
making life fun

**Nearly
50%**
of Hoffman Estates
Households
Registered for District
Services

HEALTH & WELLNESS SOCIAL EQUITY CONSERVATION

5

THREE PILLARS

The National Recreation and Park Association (NRPA) has introduced three pillars as the foundation of the parks and recreation industry. Below summarizes how the Hoffman Estates Park District implements the three pillars.

HEALTH AND WELLNESS -

Advancing community health and well-being through parks and recreation.

Located across the district, the three district-run fitness centers provide fitness and health opportunities for everyone in the community. Our low-cost fitness clubs are perfect for every budget.

Access to health and wellness activities is important for a healthy community. HEParks offers these great community wellness activities:

- Free use of the indoor track at the Triphahn Center
- Community Fitness Days (Free Fitness Center access)
- National Fitness Campaign outdoor Fitness Court
- Free fitness memberships through 50+ health insurance programs
- Free Pop-Up Fitness in the Park fitness classes during the summer and fall
- Over 13 miles of paved walking trails and paths

HEParks offers free active and social recreation opportunities daily to the 50 plus community.

EQUITY AT THE CENTER -

Equity at the center of all we do.

The Friends of HEParks Foundation Scholarship program provides financial assistance to district families. The foundation believes that all residents can participate in and enjoy recreational opportunities regardless of their social, physical, or economic circumstances and limitations. To date, the scholarship fund has provided over \$250,000 in free programs to disadvantaged families in our community.

In 2021 HEParks started the "Programs for All" Initiative to extend aid to more families in our community. Partnering with the local school district, HEParks provides free programs and free uniforms to children who need it most. This program is independent of the scholarship program and places children within in-house programs with openings.

Special Events are the highlights of Park District programming. With three large community events and many more throughout the year, there is always something for families to do with HEParks. The district's special events are all offered free of charge or at very low fees so that everyone in the community can attend.

CONSERVATION - Creating a resilient and climate-ready community.

HEParks limits the use of chemicals and sprays at all parks and instead uses sustainable practices to control weeds and keep green spaces lush. By using sustainable fertilizers and modern seeding practices the district keeps fields green without exposing families to chemicals.

Protecting and nurturing the wild areas of HEParks is important to the health of the community. Throughout the year staff organizes volunteer events to encourage residents to take environmental ownership within the community.

Popular ecological programs include:

- Invasive Plant and Tree Removal
- Wildflower seed collection
- Seed bombing to renaturalize wild areas
- Native foliage planting day
- Wood Duck Boxes
- Native Birds of Prey Mews
- Butterfly Gardens

In order to keep the local ponds, lakes, and stream ecologies strong the

district practices responsible shoreline protection. These protected areas prevent erosion and provide habitats for animals. The district also uses fish to control algae instead of using pesticides.

Promoting the beauty and importance of trees The Vogelei Arboretum is a botanical garden focused on trees. These intentionally developed living tree museums help engage and educate the public on the importance of tree species preservation.

UNDERSTANDING ANNUAL COMPREHENSIVE FINANCIAL REPORT

TRANSMITTAL LETTER

A transmittal letter's purpose is to provide some context and explanation about the statements, helping readers understand what they're looking at. Think of it as a little introduction or summary that sets the stage for the numbers and figures.

In government settings, where financial statements can be complex and full of jargon, a transmittal letter plays an important role in making things more accessible. It helps bridge the gap between technical language and everyday understanding by translating those numbers into plain English.

AUDIT OPINION

There are different types of opinions that auditors can give based on their findings. These opinions play a crucial role in providing stakeholders with information about the financial health and accuracy of a government's financial statements.

Audit opinions range from unqualified opinions, which indicate that the financial statements are fairly presented and free from material misstatements, to qualified opinions, which highlight specific issues or limitations in the audit process. Other types of audit opinions include adverse opinions, which suggest that the financial statements are not fairly presented or have significant misstatements, and disclaimer of opinion, which occurs when auditors are unable to express an opinion due to lack of sufficient evidence or scope limitations.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis section of the financial report provides management's explanation of the financial performance.

BASIC FINANCIAL STATEMENTS

The basic financial statements include four statements along with reconciliations to explain variances between the different statements.

Statement of Net Position and Statement of Activities

The goal of the Statement of Net Position and Statement of Activities is to provide a long term focus and can be used to assess whether a government is meeting its operating objectives and will be able to do so for the foreseeable future. The statements are presented using full accrual accounting similar to private sector business financial statements. Accrual accounts records revenue when it is earned and expenses when they have incurred regardless of whether the cash has exchanged hands. Accrual accounting also matches expenses to the revenue derived from those expenses. An example of this would be Capital Assets and Depreciation. A building or piece of equipment is paid for when the government becomes the owner but is actually used to benefit many years to come. In order for the cost to be attributable to the benefit, it is spread over the length of time the government anticipates getting use from it.

Governmental Balance Sheet and Income Statement

The goal of the Governmental Balance Sheet and Income Statement is to provide a short term focus and can be used to assess whether a government is complying with limitations on the raising and spending of public monies and can pay its bills when they are due. Each fund maintains its own fund balance which is similar to retained earnings in the private sector.

UNDERSTANDING ANNUAL COMPREHENSIVE FINANCIAL REPORT

BASIC FINANCIAL STATEMENTS CONT.

Fund balances are used to ensure continued operations in the event of revenue shortfalls or delays. The Hoffman Estates Park District also strives to maintain existing assets and increase opportunities for the public without going to referendum. In order to accomplish this, portions of fund balances may be assigned for future costs. For example, the General Fund has an assigned fund balance of \$2,841,293 for roof replacements at all District buildings.

NOTES TO FINANCIAL STATEMENTS

The notes to the governmental annual financial report provide important additional information and explanations to the financial statements. These notes are essential for users of the report to gain a comprehensive understanding of the government's financial position and performance. They enhance transparency and help users make informed decisions based on a thorough understanding of a government's finances.

The notes typically include disclosures about various aspects of the government's finances, such as its accounting policies, significant accounting estimates, and any potential risks or contingencies that may impact its financial position. Other relevant information related to specific transactions or events may be included in these notes. This could include details about long-term obligations, contingent liabilities or assets, or commitments made by the government during the reporting period.

SUPPLEMENTARY INFORMATION

The supplementary information provides more detailed financial and statistical information. The Statistical section is recommended by the Government Finance Officers Association and includes historical comparisons of financial data.

FINANCIAL UPDATE

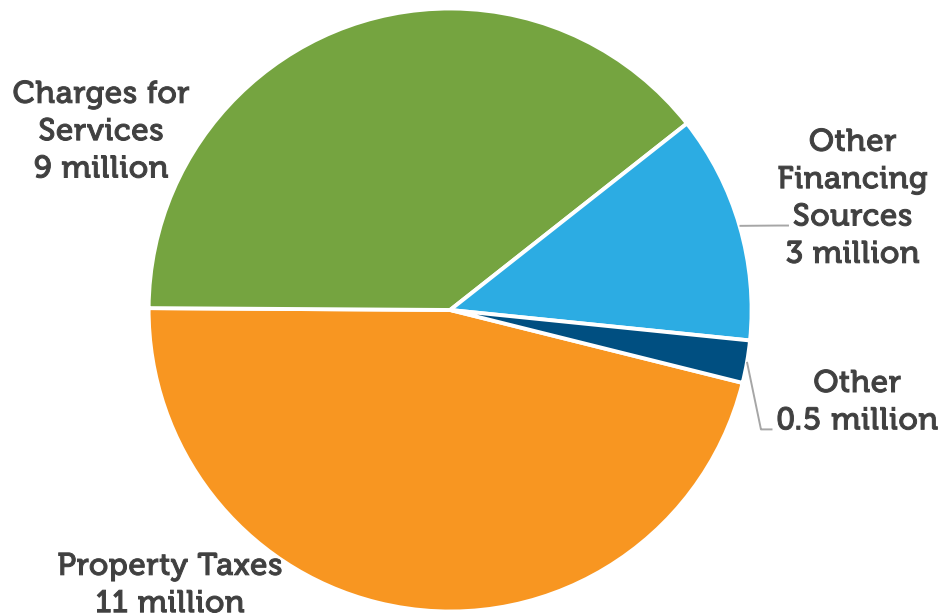
The financial update which follows is based on the Governmental Income Statement and provides a summary as well as selected detailed information. The goal is to provide a more accessible and easily understandable picture to the general public that does not have a background in public finance.

FINANCIAL UPDATE

2022 REVENUE & EXPENSE OVERVIEW

Revenues exceeded expenses by over \$2 million. The Park District typically has a zero budget in most funds. The exception would be The Club and Bridges of Poplar Creek which are expected to generate a profit. For the 2022 fiscal year, there were some delays in capital projects due to supply chain issues. Additionally, costs were tightly controlled and revenues were conservative due to the continued unknown of COVID 19 impacts on operations.

WHERE THE MONEY COMES FROM



CHARGES FOR SERVICES

Revenue received from:

- Programs & Instruction
- Memberships
- Facility Rentals
- Admission/Green Fees
- Sales
- Leagues
- Etc.

PROPERTY TAXES

Revenue received from Real Estate Property Taxes and State Replacement Taxes

OTHER FINANCING SOURCES

Revenue received from:

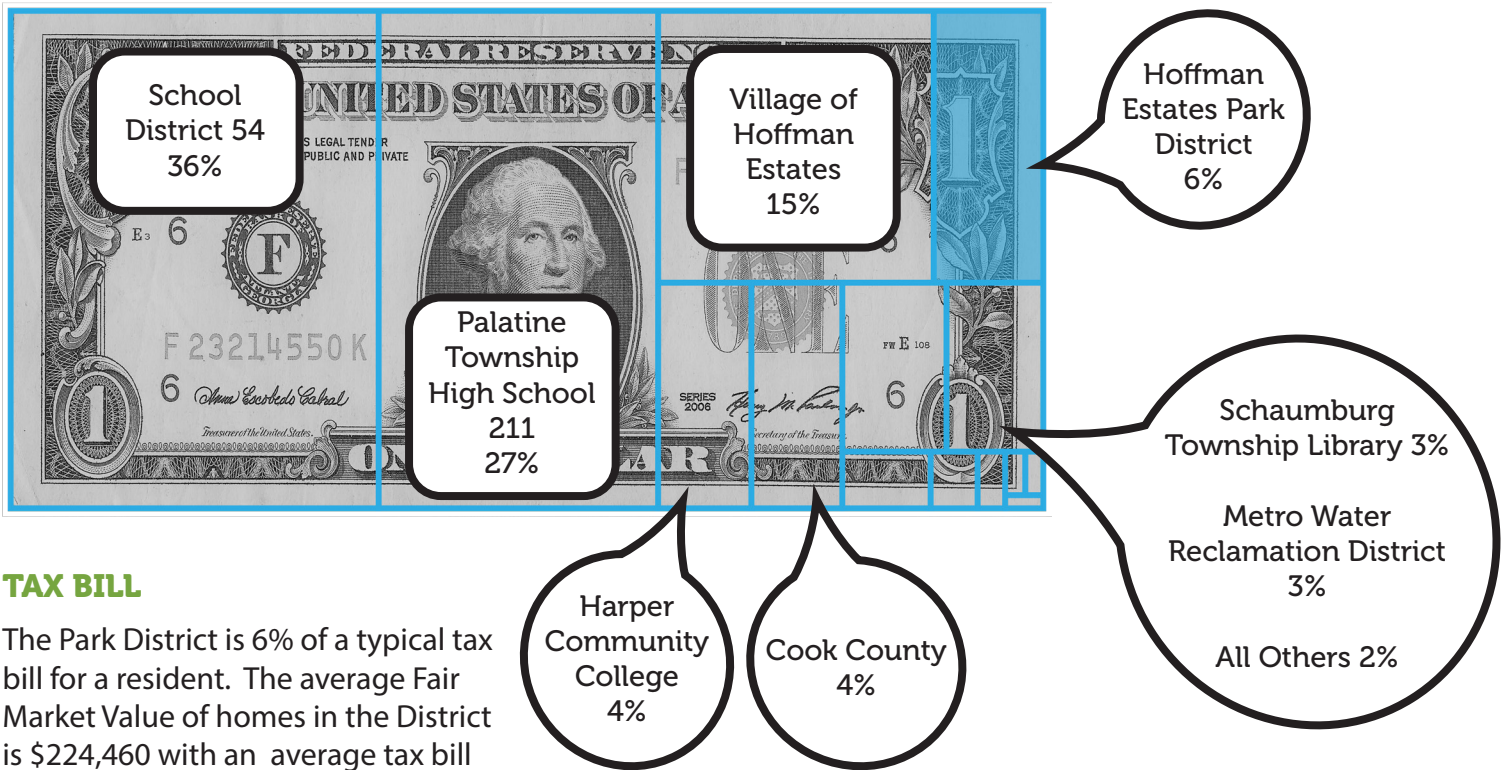
- Debt Issuance
- Premiums/Discounts

OTHER

Revenue received from:

- State, Local and Federal Grants
- Donations
- Sponsorships of District Events
- Advertising
- Interest Income
- Sale of Surplus Property
- Etc.

YOUR TAX BILL



TAX BILL

The Park District is 6% of a typical tax bill for a resident. The average Fair Market Value of homes in the District is \$224,460 with an average tax bill of \$6,398. This means that the average household pays \$384 to the Park District.

PROPERTY TAX EXTENSION LIMITATION LAW

The Property Tax Extension Limitation Law applies to non-home rule units of local government. The Village of Hoffman Estates and Cook County are home rule units of local government meaning they have the ability to exercise any authority not expressly prohibited by the state. Special Districts are always non-home rule.

The Property Tax Extension Limitation Law limits the amount of additional tax revenue a non-home rule unit of government can levy for in a given year. The limit is set at the Consumer Price Index or 5% which ever is less.

How Your Tax Bill is Calculated

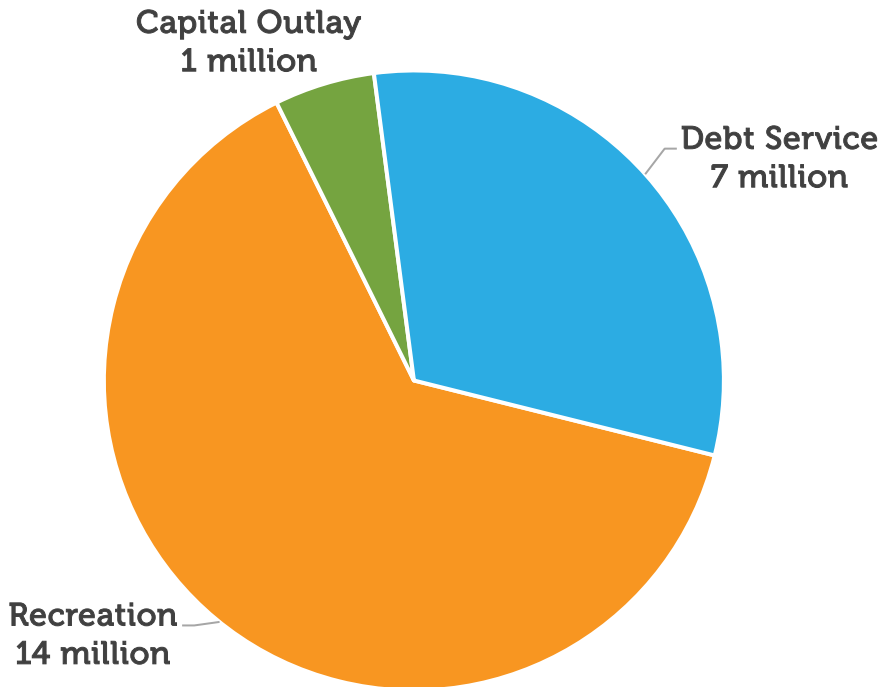
2021 Estimated Fair Market Value	\$224,460
Assessment Level (10% for residential properties)	X .10
2021 Assessed Value	\$22,446
2021 State Equalizer	X 3.00027
2021 Equalized Assessed Value (EAV)	\$67,344
2021 Homeowner Exemption	-\$10,000
2021 Adjusted Equalized Assessed Value	\$57,344
2021 Tax Rate (your tax rate could vary)	X .11158
Estimated Tax Bill in Dollars	\$6,398

FINANCIAL UPDATE

EXPENSES AND OTHER FINANCING USES

The District had total expenditures of a little over \$21 million.

HOW THE DISTRICT SPENT IT'S RESOURCES



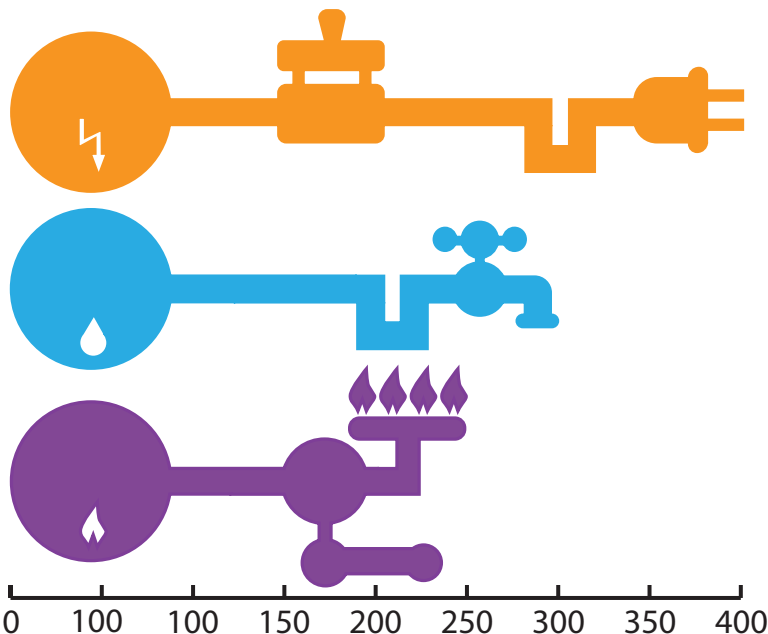
The District spent nearly \$10 million on Wages and employment costs.

The District spent \$9.7 million on wages and related employment costs. This is nearly 50% of the total expenses.

The District employs between 450 and 750 employees annually to provide services and maintain the community's buildings and parks.



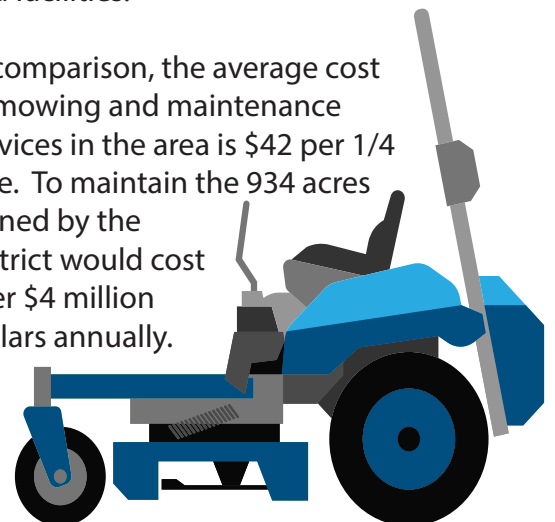
The Park District spent over \$1 million on Utilities.



Maintaining the parks and facilities.

Over \$3 million, 14.5%, was spent on wages, supplies, and services to maintain the parks and facilities.

In comparison, the average cost of mowing and maintenance services in the area is \$42 per 1/4 acre. To maintain the 934 acres owned by the District would cost over \$4 million dollars annually.



2022 CAPITAL PROJECTS

HOFFMAN PARK	\$98 THOUSAND
POPLAR PARK/ JOHN MUIR LITERACY ACCADEMY FULLY ACCESSIBLE PLAYGROUND	\$441 THOUSAND THROUGH PARTNERSHIP WITH SCHOOL DISTRICT 54
INFORMATION TECHNOLOGY UPGRADES	\$46 THOUSAND
BRIDGES OF POPLAR CREEK OUTDOOR RESTROOMS	\$212 THOUSAND
BRIDGES OF POPLAR CREEK WALK-IN COOLER	\$8 THOUSAND
BRIDGES OF POPLAR CREEK HVAC UPGRADES	\$33 THOUSAND
TRIPHAHN COMMUNITY CENTER & ICE ARENA HVAC UPGRADES	\$27 THOUSAND
THE CLUB - GYM CURTAIN REPLACEMENT	\$16 THOUSAND
SEASCAPE CONCRETE AND POOL FLOOR RENOVATION	\$74 THOUSAND
PARK LOT CRACKFILL	\$42 THOUSAND
LANDSCAPING EQUIPMENT	\$121 THOUSAND



DEBT SERVICE

DESCRIPTION	PRINCIPAL	INTEREST	TOTAL
2013A - ALTERNATE REVENUE BONDS		\$809,738	\$809,738
2014A - ALTERNATE REVENUE BONDS		\$605,062	\$605,062
2017A - GENERAL OBLIGATION BONDS	\$70,000	\$116,750	\$186,750
2019B - ALTERNATE REVENUE BONDS		\$251,400	\$251,400
2020A - ALTERNATE REVENUE BONDS	\$585,000	\$895,500	\$1,480,500
2020B - GENERAL OBLIGATION BONDS	\$300,000	\$32,000	\$332,000
2021 - GENERAL OBLIGATION BONDS	\$2,855,000	\$19,986	\$2,874,986

ALTERNATE REVENUE BONDS

Alternate revenue bonds are a type of debt instrument that is used to finance infrastructure projects. Alternate revenue bonds are supported by specific revenue streams usually generated by the project itself.

The use of alternate revenue bonds allows governments to finance projects without relying solely on taxpayer dollars or increasing taxes. By tapping into specific revenue streams tied to the project's operation or usage fees, governments can leverage private sector participation and ensure that those who benefit from the infrastructure development contribute to its financing.

GENERAL OBLIGATION BONDS

General obligation bonds, also known as GO bonds, are a type of debt instrument used to finance public infrastructure projects and other capital expenditures. These bonds are backed by the full faith and credit of the issuing government entity, which means that the government pledges its taxing power to repay the bondholders.

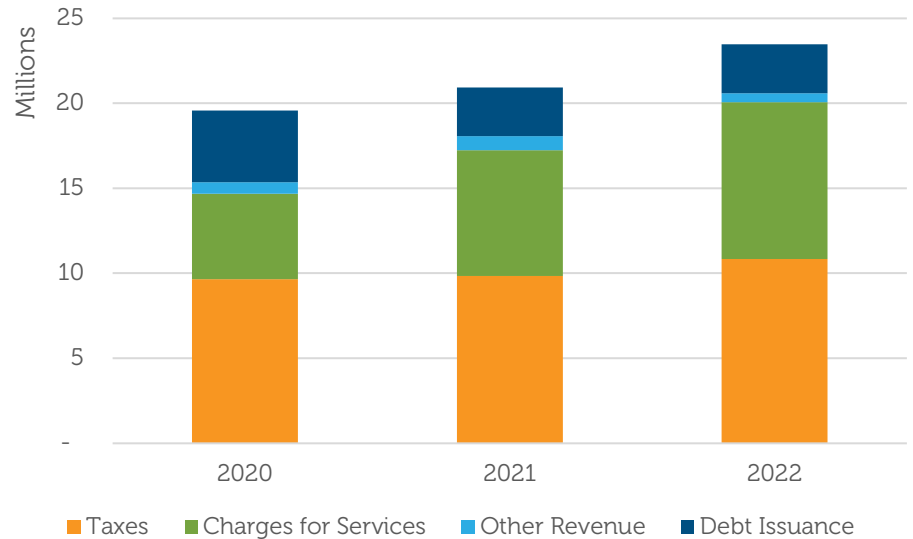
The funds raised through the issuance of GO bonds are typically used for long-term investments that benefit the community as a whole.

FINANCIAL TRENDS

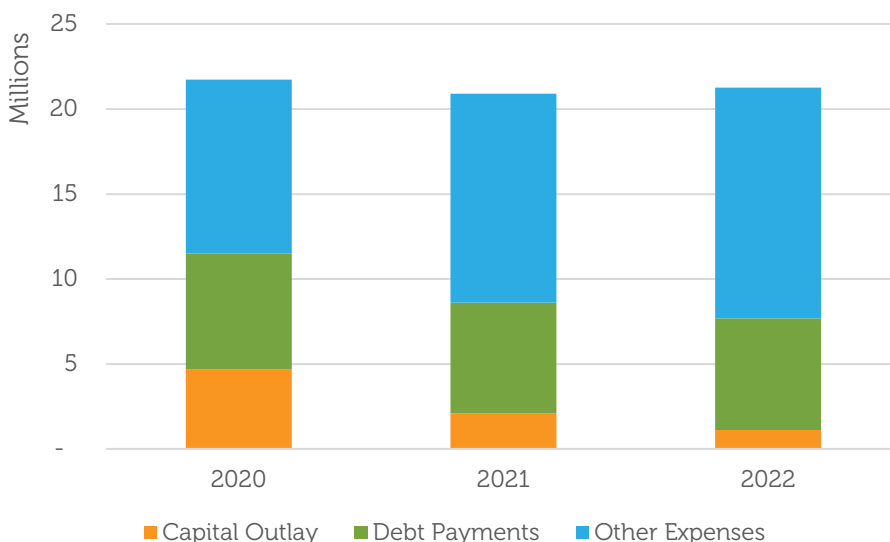
From Spring of 2020 to the Spring of 2022, the state of Illinois was in the throws of Covid. There were many restrictions on what programs and services were available to the community. The availability of outdoor activities became a key resource for the residents to endure the shut down of most indoor options.

Bridges of Poplar Creek Country Club became one of our most popular amenities during this time. Park usage was also significant during this time. As restrictions lessened, the District was able to slowly resume more normal operations. Early in 2022, facilities were able to reopen for normal operations.

REVENUE



EXPENSES



During the facility shut downs, the District took advantage of the opportunity to take on capital projects that would normally disrupt patrons. Although some of these projects were planned over multiple years, the time tables were moved forward. This can most marketably be seen in 2020 when nearly \$5 million in capital projects were completed.

Operating expenses were dramatically reduced in 2020 and did not return to more normal levels until 2022. With so much of the District's expenses related to maintaining the parks and facilities, only areas of suspended operation were able to be reduced. As the facilities resumed operations in 2022, expenses to support the services being offered also resumed.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

The Government Finance Officers Association (GFOA) is a professional association that serves as a resource for finance professionals working in government organizations. It was established in 1906 and has since become a leading authority on public financial management.

The GFOA provides its members with valuable tools, resources, and training to enhance their knowledge and skills in areas such as budgeting, accounting, debt management, and financial reporting. It also offers networking opportunities for professionals to connect with peers and exchange best practices.

One of the key roles of the GFOA is to promote sound financial practices in government organizations. This includes advocating for transparent and accountable financial management, promoting fiscal responsibility, and providing guidance on effective financial policies and procedures.

The association also plays a crucial role in setting standards for government finance professionals through its certification programs. These programs provide individuals with the opportunity to demonstrate their expertise and commitment to excellence in public finance.

Overall, the Government Finance Officers Association serves as a vital resource for finance professionals working in government organizations by providing them with the necessary tools, knowledge, and support to effectively manage public finances.

For more information, go to [GFOA.org](https://www.gfoa.org)

STAY CONNECTED



FOR MORE INFORMATION

Hoffman Estates Park District Transparency Center
Annual Comprehensive Financial Report