

Hoffman Estates Park District

HOFFMAN ESTATES, ILLINOIS

FOR THE FISCAL
YEAR ENDING
DECEMBER 31, 2023



**Popular
Annual
Financial
Report**

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INTRODUCTION

The Hoffman Estates Park District is pleased to present the Fiscal Year 2023 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, 2023. 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



Rajkumari
Chhatwani
President



Robert Kaplan
Vice President



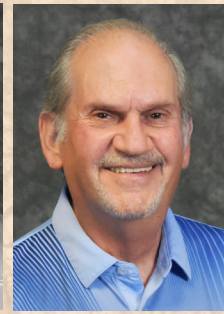
Pat McGinn
Treasurer



Linda Dressler
Asst. Secretary



Keith Evans
Commissioner



Marc A. Friedman
Commissioner



Chris MacGregor
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

School Age
17.1%



Children Under 5
6.6%



Seniors
13.8%



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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.



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Hoffman Estates
Residents were
Employed by the
Park District in
2023

\$2 million

Reinvested in
Community
Capital Projects

**Over
\$420,000**
Invested Locally

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

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HEALTH & WELLNESS

SOCIAL EQUITY

CONSERVATION

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.

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

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.

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.

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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.

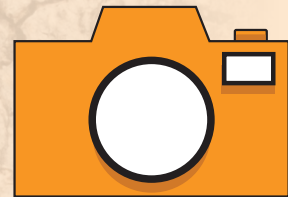
BASIC FINANCIAL STATEMENTS

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 Statement of Net Position gives a snapshot view of what the government owns, what it owes and what is left. The Statement of Activities shows what was spent and what was made. Both are designed to give a long-term view of a government's finances. These statements help determine if the government is meeting its goals and if it can continue to do so in the future. They use full accrual accounting, similar to how private businesses prepare their financial statements.

Accrual accounting records revenue when it's earned and expenses when they're incurred, regardless of when the cash actually changes hands. It also matches expenses to the revenue they generate. For example, think about Capital Assets and Depreciation: when the government buys a building or equipment, the cost is paid upfront, but the benefit is spread out over many years. To reflect this, the cost is spread out over the expected useful life of the asset.



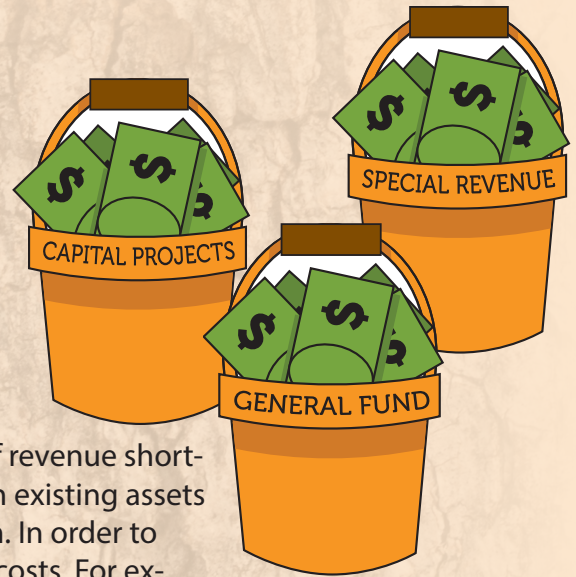
UNDERSTANDING ANNUAL COMPREHENSIVE FINANCIAL REPORT

BASIC FINANCIAL STATEMENTS CONT.

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.

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 \$4,894,636 for roof replacements at all District buildings and includes a board designated reserve for unforeseen events.



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

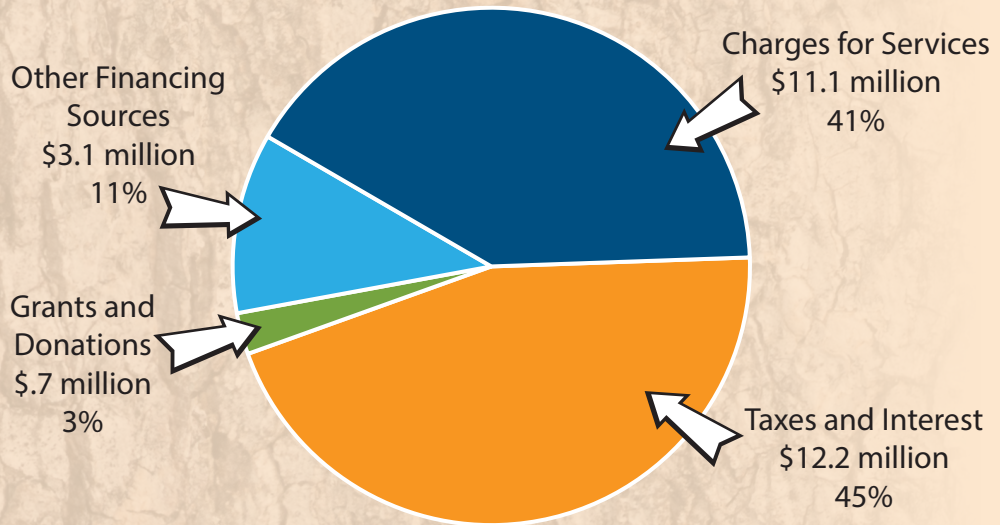
2023 REVENUE & EXPENSE OVERVIEW

Revenues exceeded expenses by nearly \$3 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 2023 fiscal year, revenue was \$1,702 thousand greater than budgeted. This was primarily due to conservative budgeting.

Highlights:

- Investment income was \$288 thousand greater than budget due to the extremely favorable interest rates.
- Property taxes were \$372 greater than budgeted due to the conservative budget for new growth in the community.
- Use of our fitness centers have continued to grow resulting in revenue \$393 thousand greater than budget primarily at The Club.
- Great golf weather resulted in an additional \$110 thousand in revenue.
- A more focused effort on renting the District's ice arena provided excellent results in \$139 thousand in additional revenue.

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

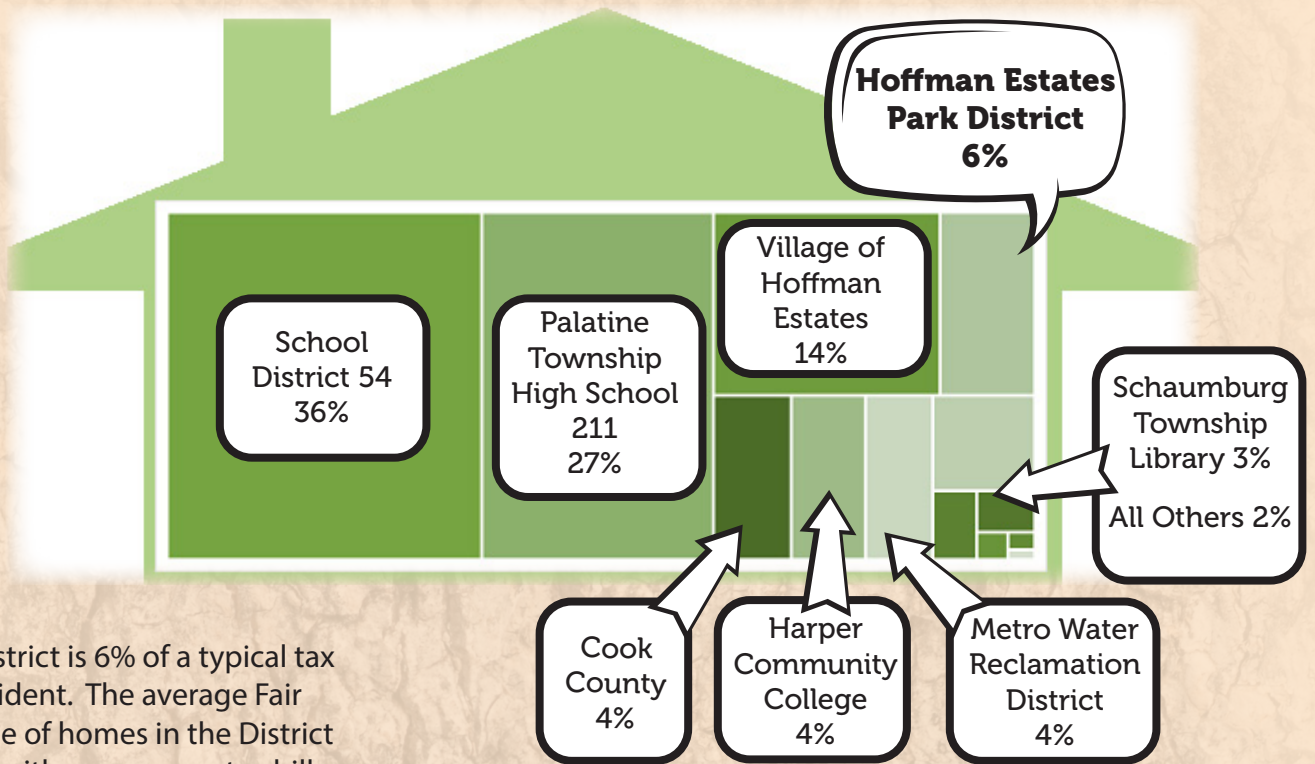
OTHER

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 \$230,318 with an average tax bill of \$5,824. This means that the average household pays \$335 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

2022 Estimated Fair Market Value	\$230,318
Assessment Level (10% for residential properties)	X .10
2022 Assessed Value	\$23,032
2022 State Equalizer	X 2.9237
2022 Equalized Assessed Value (EAV)	\$67,338
2022 Homeowner Exemption	-\$10,000
2022 Adjusted Equalized Assessed Value	\$57,338
2022 Tax Rate (your tax rate could vary)	X .10158
Estimated Tax Bill in Dollars	\$5,824

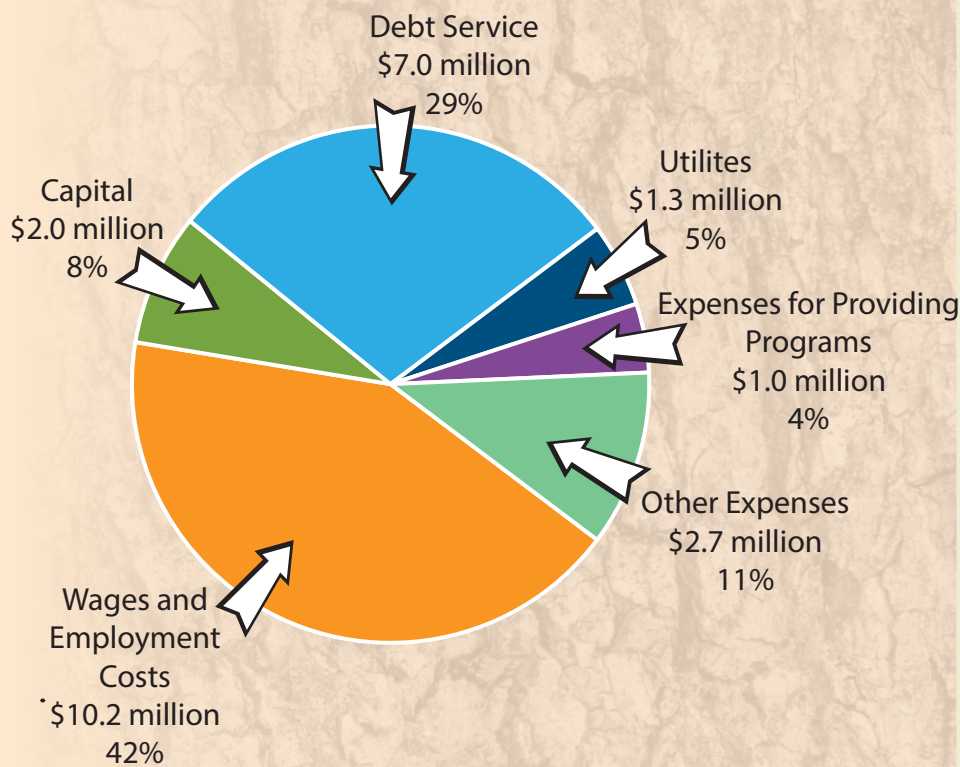


FINANCIAL UPDATE

EXPENSES AND OTHER FINANCING USES

The District had total expenditures nearly \$24 million, \$514 thousand less than budgeted. This is primarily a result of a delay in the Willow Recreation Center renovation project. This project was delayed as the District continues to assess how to provide the amenities that will provide the most benefit to the entire community.

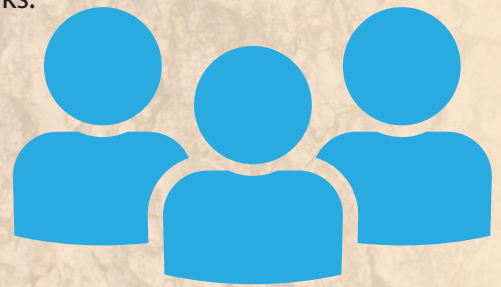
HOW THE DISTRICT SPENT IT'S RESOURCES



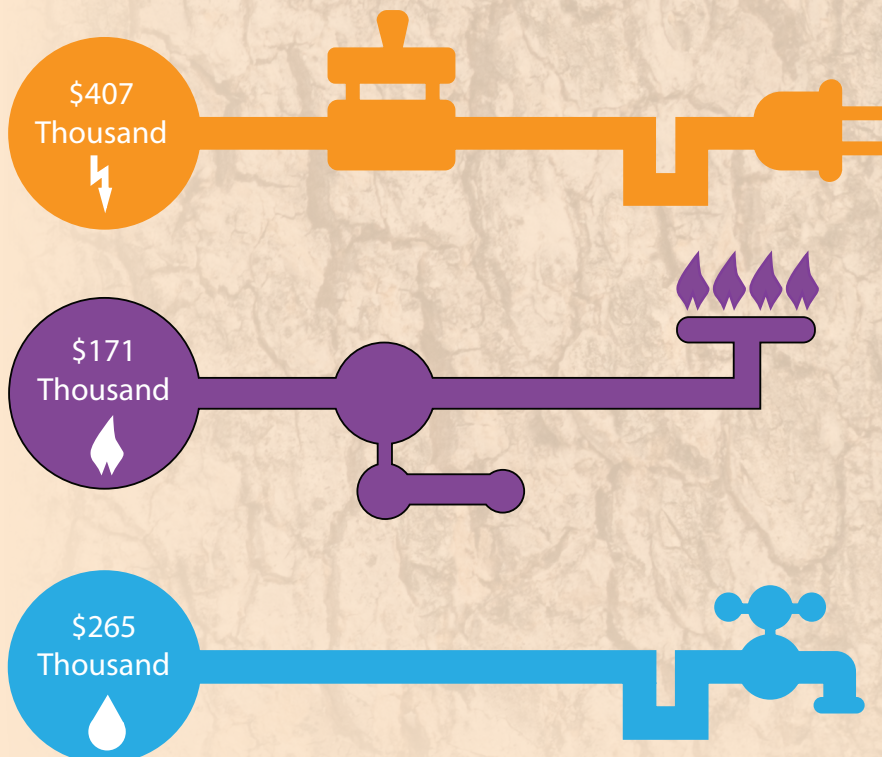
The District spent over \$10 million on wages and employment costs.

The District spent \$10.2 million on wages and related employment costs. This is 42% of total expenses and \$96 thousand less than the budgeted amount due to delays in filling vacant positions.

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



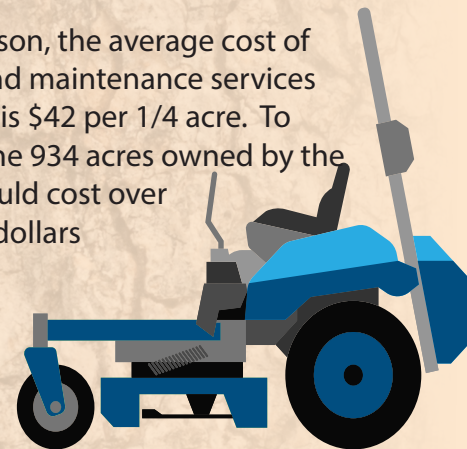
Utilities



Maintaining the parks and facilities.

\$2.6 million, 10.8%, 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.



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2023 MAJOR CAPITAL PROJECTS

BEACON POINT	\$340 THOUSAND
PINE PLAYGROUND	\$247 THOUSAND
TRIPHAHN COMMUNITY CENTER HOT WATER HEATER	\$244 THOUSAND
TRIPHAHN PLAYGROUND	\$202 THOUSAND
COURT AND PARKING LOT REPAIR AND SEAL	\$169 THOUSAND
TRIPHAHN COMMUNITY CENTER FITNESS CENTER REMODEL	\$141 THOUSAND
HUNTINGTON PARK	\$132 THOUSAND
WILLOW RECREATION CENTER RENOVATION - PHASE 1	\$82 THOUSAND
FABBRINI PICKLEBALL FENCE	\$59 THOUSAND
TRUCK	\$58 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	\$150,000	\$115,350	\$186,750
2019B - ALTERNATE REVENUE BONDS	\$245,000	\$251,400	\$251,400
2020A - ALTERNATE REVENUE BONDS	\$615,000	\$866,250	\$1,480,500
2020B - GENERAL OBLIGATION BONDS	\$300,000	\$20,000	\$332,000
2022A - GENERAL OBLIGATION BONDS	\$2,870,000	\$107,625	\$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.

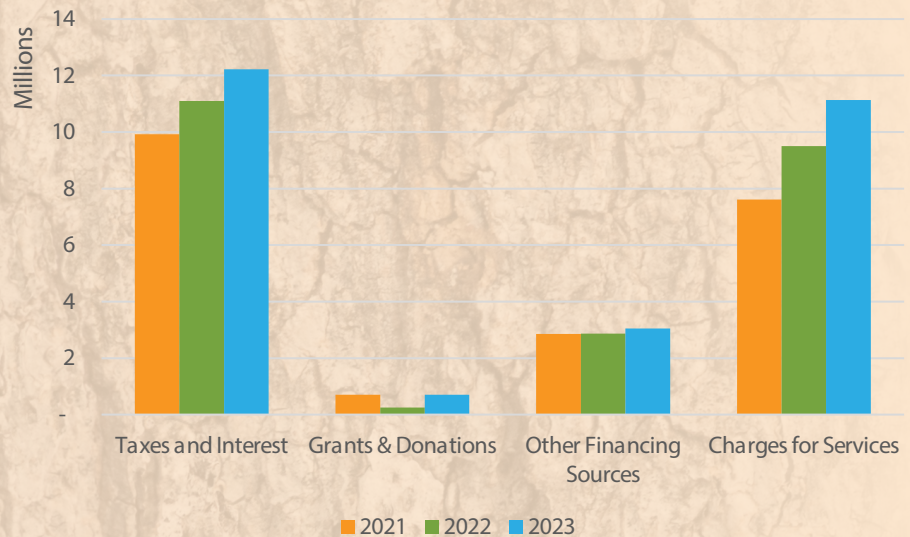


FINANCIAL TRENDS

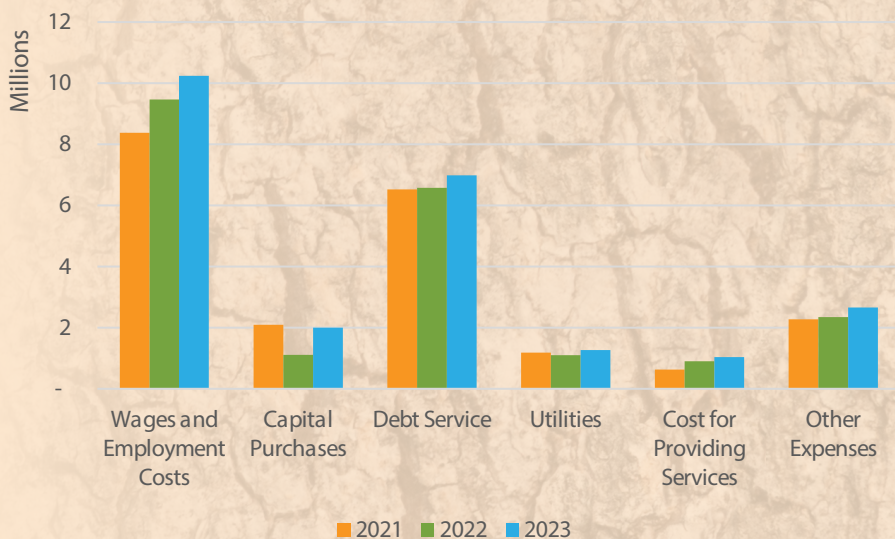
Tax and interest rose by 12% in 2022 and 10% in 2023. Similar to many other governmental bodies in Illinois, the District is constrained to the Consumer Price Index to a maximum 5% rise in property taxes. These higher increases reflect the end of the Sears Economic Development Area with the property tax revenue now included in the District's EAV instead of being diverted to the Village of Hoffman Estates. New property added to the tax roles increased the revenue in 2023.

Meanwhile, charges for services have been on a steady incline. This rise is mainly driven by increased participation, with fees adjusted to effectively cover inflationary cost increases through revenue.

REVENUE



EXPENSES



Employee wages and employment costs saw a 13% rise in 2022 and an 8% increase in 2023. Concurrently, minimum wage escalated by 8.3% in 2022 and 7.7% in 2023. These factors, coupled with heightened inflation and a competitive job market, have led to increased wage expenditures.

Capital expenditures fluctuate significantly from year to year, depending on scheduled projects.

The growth in interest income has also resulted in higher interest expenses, reflected in increased debt service payments in 2023.

Costs for service provision surged by 44% in 2022 and 15% in 2023. Fees have been adjusted to cover these escalating costs as well as wage hikes.

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GLOSSARY

Accounting: The process of recording, summarizing, analyzing, and reporting financial transactions.

Assets: Resources owned by a government or organization that have economic value, such as cash, buildings, equipment, and investments.

Liabilities: Debts or obligations owed by a government or organization, such as loans, bonds, and accounts payable.

Accounts Payable: Accounts payable refers to the amounts owed to suppliers or vendors for goods or services received but not yet paid for.

Revenue: Income earned by a government or organization from providing goods or services, taxes, grants, or investments.

Expenses: Costs incurred by a government or organization in carrying out its activities, including salaries, supplies, utilities, and maintenance.

Fund: A separate accounting entity with its own assets, liabilities, revenues, and expenses, used to track specific activities or programs.

Budget: A financial plan that outlines expected revenues and expenses for a specific period, typically a fiscal year, to achieve financial goals.

Encumbrance: A commitment made for future expenditures, often related to purchase orders or contracts, which reduces available funds.

Fund Balance: The difference between assets and liabilities in a fund, representing the financial position or equity of the fund.

Internal Controls: Policies, procedures, and safeguards implemented to ensure accurate financial reporting, prevent fraud, and safeguard assets.

GAAP (Generally Accepted Accounting Principles): Standardized guidelines and rules used in the United States to prepare and present financial statements.

Fiscal Year: A 12-month accounting period used for budgeting and reporting purposes, often aligned with the calendar year or a specific government's operational cycle.

Interfund Transactions: Financial transactions between different funds within the same government entity, such as transfers and loans.

Capital Assets: Long-term assets with a useful life extending beyond a single fiscal year, such as buildings, infrastructure, and equipment.

Debt Service: Payments of principal and interest on loans or bonds issued by a government to finance capital projects or operations.

Enterprise Fund: A fund used to account for activities that provide goods or services primarily to external users on a fee basis, such as utilities or public transportation.

Proprietary Fund: A fund used to account for activities that are similar to those of a private business, such as enterprise funds and internal service funds.

Governmental Fund: A fund used to account for general government activities, including general, special revenue, capital projects, and debt service funds.

Comprehensive Annual Financial Report (CAFR): A set of financial statements and supplementary information presenting the financial position and results of operations for a government entity, including notes and required supplementary information.

Net Position: The difference between assets and liabilities in a governmental entity's financial statements, representing its overall financial position.

Depreciation: The gradual allocation of the cost of a tangible asset over its useful life, reflecting its decrease in value due to wear and tear, obsolescence, or age.

Accrual Basis Accounting: An accounting method that records revenues and expenses when they are earned or incurred, regardless of when cash is exchanged.

Cash Basis Accounting: An accounting method that records revenues and expenses only when cash is received or paid, rather than when they are earned or incurred.

Statement of Activities: A financial statement that presents revenues, expenses, and changes in net position for a governmental entity over a specific period, similar to an income statement in business accounting.

Restricted Fund: A fund with constraints imposed by external parties, such as donors or grantors, specifying how resources can be used.

Unrestricted Fund: A fund without external restrictions on the use of its resources, providing maximum flexibility for a government's operations.

Encumbrance Accounting: The process of recording commitments for future expenditures as encumbrances, which are then reclassified as expenses when goods or

services are received.

General Obligation Bonds: Bonds issued by a government entity and backed by its full faith, credit, and taxing authority, typically used to finance capital projects.

Commingling: The mixing of resources from different funds or activities, which is generally prohibited in governmental accounting to maintain fiscal accountability.

Matching Principle: The accounting principle that requires expenses to be recorded in the same period as the revenues they help generate, ensuring accurate financial reporting.

GASB (Governmental Accounting Standards Board): The independent organization responsible for establishing accounting and financial reporting standards for state and local governments in the United States.

Cost Allocation: The process of assigning indirect costs to specific activities, programs, or cost centers based on a predetermined method or allocation basis.

Program Budgeting: A budgeting approach that focuses on the costs and outcomes of specific programs or activities rather than just organizational units or departments.

Financial Sustainability: The ability of a government entity to maintain its financial health and meet its obligations over the long term, often assessed through measures like reserve levels and debt ratios.

Reconciliation: refers to the process of comparing two sets of records or accounts to ensure that the figures are accurate, consistent, and in agreement. This process is typically performed to identify and rectify discrepancies between the two sets of records. Reconciliations are commonly conducted for various accounts, including bank accounts, general ledger accounts, and accounts receivable or payable. Reconciliations may also be performed for other accounts to ensure that all transactions are properly recorded and accounted for.



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

