

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
FISCAL YEAR ENDED
DECEMBER 31, 2012**



**VILLAGE OF HOFFMAN ESTATES,
ILLINOIS**

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
December 31, 2012

Prepared by: Finance Department

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December 31, 2012

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VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2012

LEGISLATIVE

Village Board of Trustees

William D. McLeod, President

Karen V. Mills

Raymond M. Kincaid

Jacquelyn Green

Anna Newell

Gary J. Pilafas

Gary G. Stanton

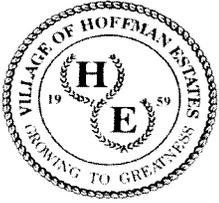
Bev Romanoff, Village Clerk

ADMINISTRATIVE

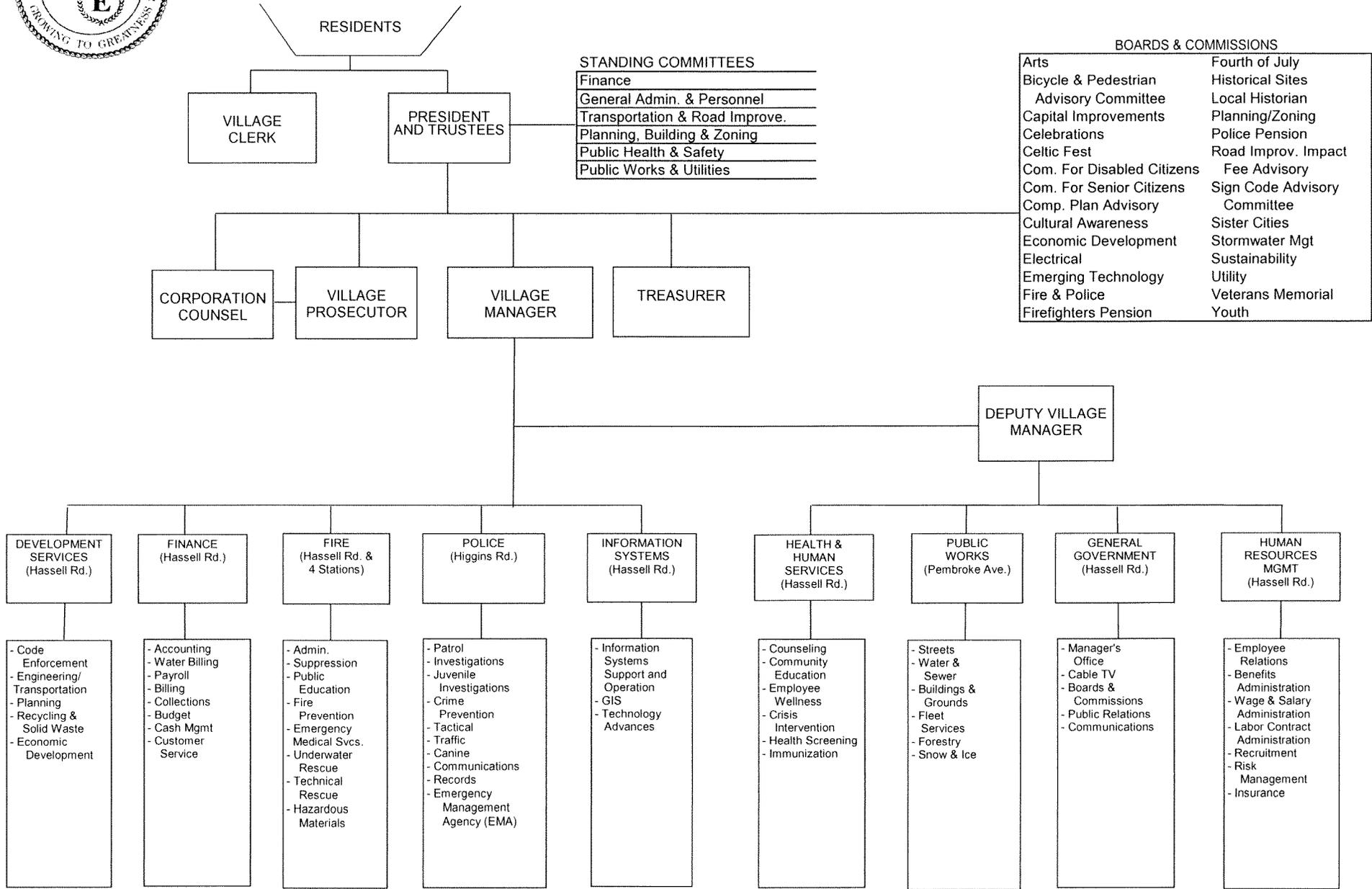
James H. Norris, Village Manager

FINANCE DEPARTMENT

Rachel E. Musiala, Director of Finance



Village of Hoffman Estates, Illinois



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Hoffman Estates
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director



HOFFMAN ESTATES

June 24, 2013

The Honorable William McLeod, President
Board of Trustees
Village Manager James H. Norris
Citizens of the Village of Hoffman Estates

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Crowe Horwath LLP performed the audit this year. The independent auditor's report is included in the Financial Section of this report. The auditors have given this report an unqualified ("clean") opinion, meaning that the financial statements fairly present the Village's financial position at December 31, 2012, and the changes in financial position for the year then ended.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Village of Hoffman Estates, incorporated in 1959, operates under the council/manager form of government. The legislative body consists of the Village President and Board of six Trustees, all elected on an at-large basis to overlapping four-year terms. The Village Manager is responsible for the day-to-day administration of the Village. The Village is a home rule municipality as defined by the Illinois Constitution. Located approximately thirty miles northwest of Chicago, in the Counties of Cook and Kane, the Village occupies a land area of approximately 22.1 square miles.

Results of the 2010 Census were received in May, 2011 and show the Village's total population at 51,895. This figure represents an increase of 2,400 from the last decennial census, which was completed in 2000. The Village is projected to reach its population maximum at 58,000 residents.

Additional demographic information about the Village may be found in the Statistical Section of this report.

The Village provides a full range of general governmental services, including police and fire protection, health and social services, water and sewer utilities, street construction and maintenance, code enforcement, planning and zoning, and general administrative services. The financial reporting entity of

the Village of Hoffman Estates is comprised of all funds of the primary government (i.e., the Village of Hoffman Estates as legally defined) and its pension trust funds: the Hoffman Estates Police Pension Fund and the Hoffman Estates Firefighters' Pension Fund. These funds were determined to be pension trust funds due to their fiduciary and fiscal relationship with the Village as their sole purpose is to provide retirement benefits to the Village's sworn police officers and firefighters. Tax increment financing districts have been reported as blended funds in the Village's financial statements, as they are not legally separate. No other legally separate entity qualifies as a component unit of the Village.

The annual budget serves as the foundation for the Village's financial planning and control. State law requires that a municipality operating under the budget system adopt its annual budget prior to the start of its fiscal year. Through the budget, spending authority is conveyed by expenditure object. Budgetary control is maintained by the use of encumbrance accounting under which purchase orders, contracts, and other commitments are effectively recorded as temporary expenditures in order to reserve the proper portion of the applicable budgetary account. The legal level of budgetary control is the department level, or, where no departmental segregation of a fund exists, the fund level.

Local Economy

Although the economic recovery needed in order to come back from the 2008 recession still languishes, the Village of Hoffman Estates experienced significant developments and accomplishments in 2012.

Office/Light Industrial: The Village saw development and occupancy for several major facilities in several areas of Hoffman Estates, including expansions at the St. Alexius Medical Center, a build out of a three-story office building in Prairie Stone Business Park, and the beginning of an expansion and building renovation at Fortune 500 Company, ADP. St. Alexius Medical Center also constructed a new six story building addition on the east side of their campus that will house an expanded day surgery center, pediatric department, expanded NICU department, post-partum department, and a labor and delivery department. In spring 2012, London-based Tate & Lyle PLC, makers of Splenda sweetener, completed an interior build out to a 110,000 square foot, three-story building in the Prairie Stone Business Park, just north of the Sears Centre Arena. The global headquarters of Tate & Lyle's Innovation and Commercial Development Group, as well as the regional headquarters for the Specialty Food Ingredients business in North America, moved into the space in March, bringing 160 high-quality jobs to the Village. Hoffman Estates was successful in retaining Sears Holdings Corp. for the foreseeable future, along with the 6,000 jobs it maintains in the Village. Other office and industrial development successes include the opening of Chicago Education Project school based services in the Blackberry Falls Office Park, and the completed development of Morizzo Funeral Home, all located along Hassell Road.

Retail/Restaurants: During 2012, a number of independent restaurants and retailers opened for business in Hoffman Estates. The introduction of Mariano's Fresh Market to Hoffman Village Shopping Center provides a new option for residents for picking up groceries, sushi and other treats. In preparation for the anchor tenant and opportunity to fill Hoffman Village occupancy to capacity, the Shopping Center underwent a complete exterior façade renovation and installation of new ground signs. Other small tenants are expected to follow. The Stone Eagle Tavern opened in the 59/90 Entertainment District located at Hoffman Boulevard and Route 59. The Saddle Room, a restaurant and OTB is open, also located in the 59/90 Entertainment District. Ricky Rocket's, a convenience store, gas station and retail center located at Hassell and Barrington Roads broke ground in spring 2012 and is expected to open in 2013. While part of a national chain, Ross Dress is a new junior anchor tenant in the Poplar Creek Crossing Shopping Center, near TJ Maxx, World Market and Target, that is anticipated to open in early 2013. Other retail and restaurant venues that renovated or opened in Hoffman Estates include building and façade changes at U-Haul and Strawberry Hill Plaza Shopping Center, Barrington Square Town Center site improvements and TIF establishment, as well as an expansion of Valli Produce. The Audi automobile dealership began construction and will open in mid-2013 at 1200 Golf Road.

Roselle Road Business Improvement District: The Hoffman Plaza Shopping Center has been purchased and presents an opportunity for potential upgrades or redevelopment. The renovated Jewel store continues to be a solid anchor for the center. The adjacent out lot at the southeast corner of Golf

and Roselle Roads finalized a major renovation of what is the Alexion Shopping Center, including a new façade and building expansion to accommodate Chipotle, a Sprint store and Discount Mattress. The vacant former gas station at Higgins and Roselle Roads remains an opportunity for potential developers.

Golf Center Shopping Center filled a number of vacancies experienced in 2011 and has seen few tenant changes in 2012. The Center has seen increased traffic due in part to the opening of the Royal Seafood Buffet. Efforts continue to market the remaining vacant store fronts in the center to interested businesses.

Several businesses have been through varying points in the review and planning process for the unoccupied Myoda building on Roselle Road; however, opportunities remain for redevelopment of the property. Coordination with the Myoda property, Firestone, Golf Center and the Cook County Highway Department continues to plan for installation of a future traffic signal on Roselle Road at the entrances to Golf Center and Hoffman Plaza. The signal will help to connect the entrances of the two shopping centers, as well as address traffic safety issues.

Long-term Financial Planning

The Village has a history of sound planning and financial practices. The Village's first Comprehensive Plan was prepared by outside consultants and was adopted in 1969 and has been updated several times since then, most recently in April, 2009. The Comprehensive Plan is intended to guide the long range development policy of the Village. A broad array of development related issues are discussed in the plan, including transportation, land use and economic development. The general guidance provided by the plan is considered when new developments are proposed and when specific programs are considered for implementation by the Village. Over time, it is expected that the broad policies in the plan may need to be adapted to meet changing conditions. Many of the policies of the plan are proposed with this need for flexibility in mind.

The Village also takes stringent steps in preparing for long-term capital planning. Every year, the Village produces a five-year Capital Improvements Program (CIP) budget, which focuses on all vehicles and all capital items that are over \$25,000. The CIP is the result of an ongoing infrastructure and vehicles/equipment planning process. These planning decisions are made with regard to both existing and new facilities and equipment. For existing facilities, the planning process addresses appropriate maintenance strategies and repair versus replacement of facilities. New service demands are also considered since they will affect capital facility requirements as well.

In addition, The Village has created its first ever Sustainability Plan. This plan formally recognizes the green initiatives that the Village has already undertaken, and will assist in prioritizing future green initiatives and capital projects, identify potential financial savings, and better position the Village for future grant and rebate opportunities. The Plan calls for consideration of efficiency, environmental impact, and the long-term viability of the Village's fiscal health.

The Village Board has established guidelines for budgetary and planning purposes of the amount of unreserved, undesignated fund balance in the General Fund that should be kept as a reserve. This policy states:

"The Village will strive to maintain an unallocated/unreserved fund balance within the General Fund equal to 18 percent of the preceding year's annual operating budget. While the General Fund is above this level of fund balance, any year where year-end revenues exceed expenditures, the amount of surplus will be transferred to other funds to address known future financial needs. This allocation will be 50 percent to the Capital Improvements Fund for street improvements and 50 percent to remain within the General Fund or other funds as needed based on the annual recommendation of the Village Manager and approval by the Village Board."

As of December 31, 2012, General Fund unassigned fund balance is 29.2 percent of budgeted operating expenditures.

Relevant Financial Policies

The Village has established several specific policies to guide its financial operations. Those policies relate to financial stability and reporting, debt issuance, investment and cash management, purchasing, and budget development and adjustment. Some of the most significant policies include:

- Issue a Comprehensive Annual Financial report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles. (Financial Stability and Reporting)
- Capitalize building improvements, land improvements, infrastructure, vehicles, and equipment having a minimum acquisition cost of \$10,000 or more on an individual asset basis. (Financial Stability and Reporting)
- The budget of a fund shall be considered “balanced” when planned revenues or existing fund equity equal or exceed planned expenditures, that is, total outlays or disbursements, for a fiscal year. (Budget Development and Adjustment)
- Invest public funds in a manner that will provide a competitive investment return with the maximum security while meeting daily cash flow demands of the Village and conform to all state statutes governing the investment of public funds. (Investment and Cash Management)
- Require that all bank deposits be collateralized with high-quality securities having a market value of at least 110% of the underlying securities. (Investment and Cash Management)
- Place all investment securities with a third-party custodian for safekeeping. (Investment and Cash Management)
- Conduct a formal competitive bidding process (newspaper publication) for purchases of \$20,000 or more. (Purchasing)

Major Initiatives

The Village of Hoffman Estates is dedicated to constantly improving the delivery of its services, thereby enhancing the quality of life for its residents and the operating environment for its businesses. The Village Board sets goals that provide valuable input into the financial planning and practices that will take place throughout the rest of the year, specifically during the budgeting process. The most recently established goals are:

Short-Term Goals:

- Build upon recent environmental recognition, including Platinum Clean Air Counts status and the Illinois Governor's Sustainability Award, by researching and drafting a Sustainability Plan with assistance from Boards and Commissions and other environmental partners.
- Through cooperation with the Illinois Department of Transportation (IDOT) and the Illinois State Toll Highway Authority (ISTHA), work toward completion of Phase I engineering for the Barrington Road full interchange project.
- Reconstruct Hassell Road and complete the Palatine Road project utilizing federal Surface Transportation Program (STP) funds.
- Address the Emerald Ash Borer (EAB) infestation and its numerous impacts on the Village's public tree population, and be a resource for residents and businesses for private infestation.

- Maintain existing public safety programs, including school outreach, public education, citizen academies and neighborhood watch programs, which promote the safety of individuals, neighborhoods and the Village as a whole.
- Explore grants, alternative service delivery methods and innovative practices to augment the Village's financial resources. Provide savings to residents and businesses through municipal electricity aggregation.
- Continually improve the Sears Centre Arena's performance by increasing events, paid attendance, concession commissions and sponsorship/premium seating revenue across all areas.
- Revitalize aging shopping centers through innovative redevelopment strategies, including public-private partnerships impacting Barrington Square, Hoffman Village, the Roselle Road Business District and other centers.
- Evaluate and implement new avenues of communication, such as a Village Mobile Application, creating electronic forms available on the website and enhanced use of social media outlets.

Ongoing Goals:

- Explore and implement sustainable programs and practices as outlined in the Sustainability Plan by applying for grant opportunities, and integrate sustainability into Village operations where feasible.
- Cooperate with local, regional, state and national agencies to identify and implement initiatives to improve all modes of public transit, including vehicle, bicycle and pedestrian travel, throughout the Village.
- Maintain and improve the Village's infrastructure, including designing, funding and implementation of a comprehensive and continuing revitalization program for Village streets, sidewalks and stormwater management projects.
- Ensure the health, welfare and safety of Village residents and businesses through provision of excellent public safety services, including EMS, fire, police and emergency management, as well as affordable health and wellness services.
- Provide municipal services in a fiscally sustainable manner given current economic conditions, and continue to be a leader in legislative advocacy to protect local government revenue streams and oppose unfunded mandates.
- Create a thriving and vital local economy with a strong blend of retail, clean-industrial, commercial and residential properties.
- Evaluate and integrate emerging technology and communication tools where feasible to streamline operations, improve service delivery, foster sustainability and increase accessibility and convenience to residents and businesses.
- Enhance the Village's operations through employee development and training in customer service, leadership and other core skill sets that will develop our employees and create a cadre of future leaders for the organization.

Awards and Acknowledgements

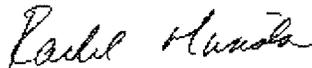
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hoffman Estates for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the twenty-ninth consecutive year the Village has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village of Hoffman Estates received the GFOA's Distinguished Budget Presentation Award for its annual budget for the 2012 fiscal year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the fourth year the Village has received this award.

The preparation of this report on a timely basis was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. In addition, I would like to thank the Mayor, the Village Trustees and the Village Manager for their leadership and support in planning and conducting the financial affairs of the Village in a responsible and progressive manner.

Respectfully submitted,



Rachel Musiala
Director of Finance

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hoffman Estates, Illinois ("the Village"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hoffman Estates, Illinois, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof 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 15 to the financial statements, in June 2011 the GASB issued GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Statement 63 is effective for the Village's fiscal year ending December 31, 2012. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that

deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, in March 2012 the GASB issued GASB Statement 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement are effective for the Village's fiscal year ended December 31, 2013, with earlier application being encouraged. The Village has implemented this Statement for the year ended December 31, 2012 retroactively to restate net position and fund balances as of January 1, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedules of funding progress and employer contributions for pensions and other post employment benefits and budgetary comparison schedule for the General Fund and Major Special Revenue Fund as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.



Crowe Horwath LLP

Oak Brook, Illinois
June 24, 2013

**VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

As management of the Village of Hoffman Estates (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2012. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page iv) and the Village's financial statements (beginning on page 3).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities reflect the Village's basic services, including general government, public safety, highways and streets, sanitation, health and welfare, economic development, and culture and recreation. The business-type activities include the water and sewer operations and the operation of the Sears Centre Arena.

The government-wide financial statements can be found on pages 3 through 4 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and EDA General Account Fund, both of which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for its General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, Internal Service Funds, and Fiduciary Funds. A budgetary comparison statement has been provided for the General Fund and EDA General Account Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 5 through 8 of this report.

Proprietary Funds. The Village maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer system as well as the operation of the Sears Centre Arena. Ownership of the Sears Centre Arena was taken over by the Village in late 2009. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for the costs of property and casualty insurance, workers' compensation insurance, and its information systems. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks and Sewerage Fund, which is considered to be a major fund of the Village. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 9 through 11 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village maintains two different types of fiduciary funds: pension trust funds and agency funds.

The basic fiduciary fund financial statements can be found on pages 12 and 13 of this report.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in funding its obligation to provide pension to its employees. Required supplementary information can be found on pages 57 through 64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66 through 128 of this report.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Beyond presenting current-year financial information in the government-wide and major individual fund formats, the Village also presents comparative information from the prior years in the Management's Discussion and Analysis. By doing so, the Village believes that it is providing the best means of analyzing its financial condition and position as of December 31, 2012.

Net Position

The table below reflects the condensed Statement of Net Position.

**Table 1
Statement of Net Position
As of December 31, 2012**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>
Current and Other Assets	\$ 59,535,027	\$ 58,835,814	\$ 7,463,115	\$ 6,053,333	\$ 66,998,142	\$ 64,889,147
Capital Assets	147,854,387	148,404,317	112,671,430	110,533,260	260,525,817	258,937,577
Total Assets	207,389,414	207,240,131	120,134,545	116,586,593	327,523,959	323,826,724
Long-Term Liabilities	143,037,385	128,178,236	56,209,564	55,226,256	199,246,949	183,404,492
Other Liabilities	24,123,792	25,960,643	2,775,609	1,848,264	26,899,401	27,808,907
Total Liabilities	167,161,177	154,138,879	58,985,173	57,074,520	226,146,350	211,213,399
Net Position:						
Invested in Capital Assets,						
Net of Debt	96,991,246	97,300,601	57,288,598	56,288,010	154,279,844	153,588,611
Restricted	12,287,308	8,430,181	-	-	12,287,308	8,430,181
Unrestricted	(69,050,317)	(52,629,530)	3,860,774	3,224,063	(65,189,543)	(49,405,467)
Total Net Position	\$ 40,228,237	\$ 53,101,252	\$ 61,149,372	\$ 59,512,073	\$ 101,377,609	\$ 112,613,325

The deficit in unrestricted net position is primarily the result of the Village sponsoring one of the largest economic development area (EDA) tax increment financing (TIF) districts in the State of Illinois to induce the relocation of the headquarters of a major retailer to the Village and keeping the jobs within the state. As part of the inducement, the Village issued \$65,400,000 Senior Lien Tax Increment Revenue Bonds, Series 2005 (expired in 2010), \$68,947,092 Junior Lien Tax Increment Revenue Bonds, Series 1991 (expired in 2007), and Tax Increment Revenue Notes in the amount of \$69,769,104 (as of December 31,

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2012). These bonds and notes did not produce a capital asset that is owned by the Village, and even though the Village is not generally obligated for the retirement of the debt as it is payable solely from the incremental taxes generated by the EDA, the bonds and notes are, nonetheless, required to be reported as a liability of the Village. If sufficient funds are not available in the EDA to pay the debt as of the end of the useful life of the EDA, then the obligations would be cancelled and the Village would report a gain on the cancellation of said debt. Therefore, the deficit will be reduced and eliminated over the remaining life of the EDA. It should be noted that the end of the life of the EDA was originally scheduled for 2012. However, recent legislation enacted by the State of Illinois has extended the EDA for an additional 15 years and it will now end in 2027.

Since the EDA distorts the financial position and results of operations of the ongoing operations of the Village, the following table displays the Village's net position without the EDA activity, which is a better measure of the financial position of the Village.

Table 1-a
Statement of Net Position Excluding EDA TIF Activity
As of December 31, 2012

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>
Current and Other Assets	\$ 53,578,422	\$ 53,655,920	\$ 7,463,115	\$ 6,053,333	\$ 61,041,537	\$ 59,709,253
Capital Assets	147,854,387	148,404,317	112,671,430	110,533,260	260,525,817	258,937,577
Total Assets	201,432,809	202,060,237	120,134,545	116,586,593	321,567,354	318,646,830
Long-Term Liabilities	60,802,608	58,409,132	56,209,564	55,226,256	117,012,172	113,635,388
Other Liabilities	23,971,417	25,576,810	2,775,609	1,848,264	26,747,026	27,425,074
Total Liabilities	84,774,025	83,985,942	58,985,173	57,074,520	143,759,198	141,060,462
Net Position:						
Invested in Capital Assets,						
Net of Debt	96,991,246	97,300,601	57,288,598	56,288,010	154,279,844	153,588,611
Restricted	6,477,937	3,634,120	-	-	6,477,937	3,634,120
Unrestricted	13,189,601	17,139,574	3,860,774	3,224,063	17,050,375	20,363,637
Total Net Position	\$ 116,658,784	\$ 118,074,295	\$ 61,149,372	\$ 59,512,073	\$ 177,808,156	\$ 177,586,368

As you can see, the governmental activities no longer show a deficit in unrestricted net assets when the EDA financial information is excluded. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Hoffman Estates (excluding EDA TIF activity), assets exceeded liabilities by \$177,586,435 as of December 31, 2012. The Village's combined net position decreased by \$221,788 from 2011, primarily due to the spend down of bond proceeds related to road improvements.

The largest portion of the Village's net position is its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 2
Net Position Invested in Capital Assets, Net of Related Debt
As of December 31, 2012

	<i>Governmental</i>		<i>Business-Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>
Capital Assets	\$ 147,854,390	\$ 148,404,317	\$ 112,671,430	\$ 110,533,260	\$ 260,525,820	\$ 258,937,577
Less Outstanding Related Debt:						
1997A G.O. Bonds	(530,000)	-	-	-	(530,000)	-
2004 G.O. Bonds	(935,000)	-	-	-	(935,000)	-
2005A G.O. Bonds	-	-	(49,305,000)	(48,020,000)	(49,305,000)	(48,020,000)
2008 G.O. Bonds	(19,983,750)	(19,983,750)	(6,661,250)	(6,661,250)	(26,645,000)	(26,645,000)
2009 G.O. Bonds	(30,355,000)	(30,355,000)	-	-	(30,355,000)	(30,355,000)
Less Outstanding Premiums	(1,099,915)	(1,021,642)	-	-	(1,099,915)	(1,021,642)
Plus Outstanding Discounts	207,063	199,394	279,473	246,852	486,536	446,246
Plus Unamort. Loss on Refunding	15,803	-	-	-	15,803	-
Plus Unspent Bond Proceeds	1,817,655	57,282	303,945	189,148	2,121,600	246,430
Total	96,991,246	97,300,601	57,288,598	56,288,010	154,279,844	153,588,611

The second portion of the Village's net position in the amount of \$20,363,637 represents funds that are unrestricted and can be used for Village services. The final portion of the Village's net position in the amount of \$3,634,187 represents resources that are subject to external restrictions on how they may be used.

For more detailed information, see the Statement of Net Position on page 3.

Activities

The table on the following page summarizes the revenue and expenses of the Village's activities.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 3
Changes in Net Position
For the Fiscal Year Ended December 31, 2012

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>
REVENUES						
Program Revenues:						
Charges for Services	\$ 9,588,415	\$ 9,170,539	\$ 13,054,456	\$ 15,424,687	\$ 22,642,871	\$ 24,595,226
Operating Grants	3,581,885	2,696,996	-	-	3,581,885	2,696,996
Capital Grants/Contributions	4,322,051	3,219,627	1,533,966	1,350,599	5,856,017	4,570,226
General Revenues:						
Property Taxes	38,455,279	37,109,465	-	-	38,455,279	37,109,465
Other Taxes	18,660,728	20,327,995	2,100,316	2,121,999	20,761,044	22,449,994
Other	3,322,801	1,565,561	1,068,643	1,310,666	4,391,444	2,876,227
Total Revenues	77,931,159	74,090,183	17,757,381	20,207,951	95,688,540	94,298,134
EXPENSES						
General Government	7,040,128	6,784,096	-	-	7,040,128	6,784,096
Public Safety	33,040,212	33,240,928	-	-	33,040,212	33,240,928
Highways and Streets	9,460,214	9,997,154	-	-	9,460,214	9,997,154
Sanitation	1,115,901	1,213,277	-	-	1,115,901	1,213,277
Health and Welfare	1,655,456	1,744,262	-	-	1,655,456	1,744,262
Culture and Recreation	241,334	339,529	-	-	241,334	339,529
Economic Development	2,009,349	3,086,713	-	-	2,009,349	3,086,713
Water and Sewer	-	-	13,204,142	14,419,572	13,204,142	14,419,572
Sears Centre	-	-	7,666,340	7,262,839	7,666,340	7,262,839
Interest on Long-Term Debt	5,503,426	4,974,048	-	-	5,503,426	4,974,048
Total Expenses	60,066,020	61,380,007	20,870,482	21,682,411	80,936,502	83,062,418
Excess (Deficiency)						
Before Transfers	17,865,139	12,710,176	(3,113,101)	(1,474,460)	14,752,038	11,235,716
Transfers In (Out)	(2,293,237)	162,839	2,293,237	(162,839)	-	-
Change in Net Position	\$ 15,571,902	\$ 12,873,015	\$ (819,864)	\$ (1,637,299)	\$ 14,752,038	\$ 11,235,716
Net Position,						
January 1, as Restated	\$ 25,065,045	\$ 40,228,237	\$ 62,557,048	\$ 61,149,372	\$ 87,622,093	\$ 101,377,609
Net Position,						
December 31	\$ 40,636,947	\$ 53,101,252	\$ 61,737,184	\$ 59,512,073	\$ 102,374,131	\$ 112,613,325

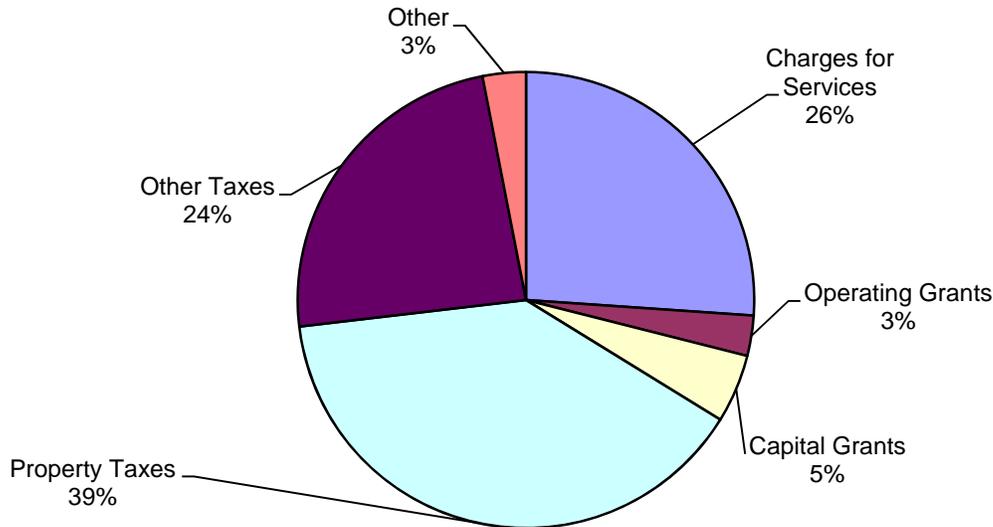
The difference between ending net position for 2011 shown above and the beginning net position for 2012 is due to a change in accounting principle discussed on page 56. For the fiscal year ended December 31, 2012, revenues from governmental activities totaled \$74 million. The Village benefits from a highly diversified revenue base. Revenues from the Village's largest single source, property taxes, amounted to over \$37 million. Property taxes support governmental activities and include the Village's contribution to the Police Pension Fund and Firefighters' Pension Fund.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The "other taxes" classification includes a number of different revenue sources. Among those are sales taxes, income taxes, and telecommunications taxes. The two major types of sales taxes are the retailer's occupation tax (ROT) and the home-rule sales tax. Both of these sales taxes are collected by the State of Illinois. A portion of the ROT is shared by the state with its municipalities based upon the point of sale. While the ROT is a 9.25 percent tax (9 percent as of January 1, 2013), the equivalent of a 1 percent tax is remitted to Hoffman Estates, in addition to another 1 percent for the Village's home-rule sales tax portion.

In 2012, state-shared sales tax revenues were \$6,432,977 compared to \$5,951,289 in 2011. Home-rule sales tax revenues also saw an increase from \$3,312,721 in 2011 to \$3,547,063 in 2012. These increases reflect new business openings within the Village as well as the improvements in the nation's economy.

Chart 1
Revenues by Source – Primary Government
For the Fiscal Year Ended December 31, 2012



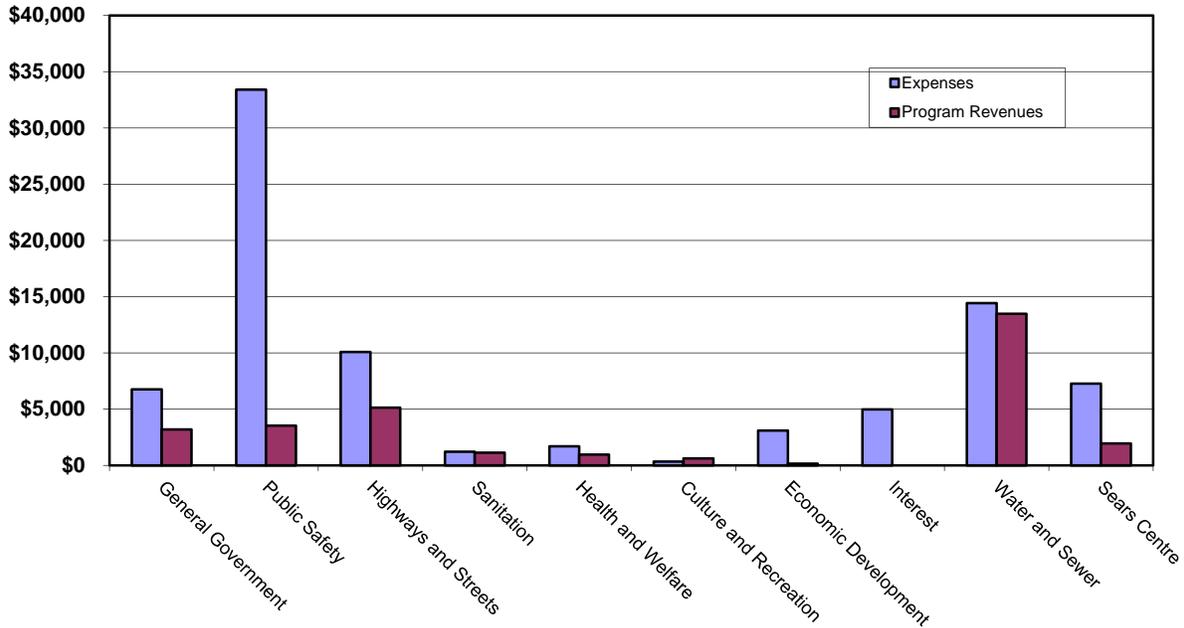
Income and local use taxes are also shared by the state, but on a per-capita basis. Between 2011 and 2012, the Village's income and local use tax revenues increased from \$4,913,556 to \$5,416,250 primarily due to improvement in the economy.

A major revenue component of the "Charges for Services" classification is fees from the Village's water and sewer utility. Water and sewer fee revenue was \$13,480,853 in 2012 compared to \$10,604,162 in 2011. The increase in these revenues is mostly attributed to the significant water rate increase by the City of Chicago, the source of the Village's water supply. The Village had been increasing the water rates at approximately 6.2 percent each year based on a water rate study that is done every five years. However, the significant increases imposed by the City of Chicago in 2012 resulted in the Village having to pass those costs to the residents causing a nearly 30 percent increase in water rates.

As you can see by the chart below, very few Village programs are self-funded through program revenues. This is where general revenues like property taxes and sales taxes come in. These non-program revenues are what make it possible to fund necessary functions within the Village.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

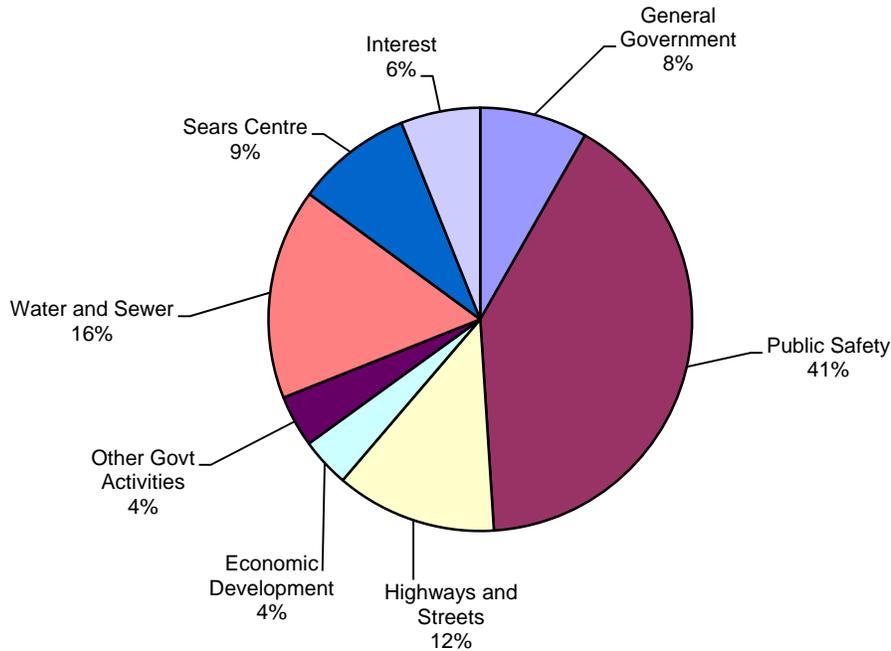
Chart 2
Expenses and Program Revenues
For the Fiscal Year Ended December 31, 2012
(Dollars in Thousands)



Village expenses amounted to \$83 million in 2012. Accounting for the largest share of the total expenses are public safety expenses related to the operations of the Police and Fire Departments. In 2012, the Village continued to seek opportunities for personnel efficiencies. Three vacancies that resulted from retirements were left unfilled.

With a high demand for skilled employees in both the public and private sectors in this region, it is important that the Village provide competitive compensation levels for our employees. However, due to economic uncertainty in terms of recovery and continuing the effort to reduce General Fund expenditures, the annual funding of the Village's performance based employee compensation package was kept at a minimum with only an average of a 2 percent increase given to non-union employees. Each of the collective bargaining units (Police, Fire, and Public Works) received salary increases based on their contractual agreements. Those agreements provided for various step (seniority) and general cost of living increases.

Chart 3
Expenses by Function
For the Fiscal Year Ended December 31, 2012



Once again, it needs to be mentioned that the inclusion of the EDA debt distorts the results of operations of the governmental activities. In the current year, incremental taxes in the EDA were \$18,834,653, which represents general revenue to the governmental activities. There is also some miscellaneous and investment income in the amount of \$5,453. On the expense side, the Village recognized interest expense of \$2,122,769 related to the Revenue Notes as well as \$4,822,007 of general government, public safety and infrastructure improvements for the EDA. Removing this activity from the governmental activities results in the following:

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 3-a
Changes in Net Position Excluding EDA TIF Activity
For the Fiscal Year Ended December 31, 2012

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Primary Government</i>	
	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>
REVENUES						
Program Revenues:						
Charges for Services	\$ 9,588,415	\$ 9,170,539	\$ 13,054,456	\$ 15,424,687	\$ 22,642,871	\$ 24,595,226
Operating Grants	3,581,885	2,696,996	-	-	3,581,885	2,696,996
Capital Grants/Contributions	4,322,051	3,219,627	1,533,966	1,350,599	5,856,017	4,570,226
General Revenues:						
Property Taxes	18,423,634	18,274,812	-	-	18,423,634	18,274,812
Other Taxes	18,660,728	20,327,995	2,100,316	2,121,999	20,761,044	22,449,994
Other	3,297,112	1,560,108	1,068,643	1,310,666	4,365,755	2,870,774
Total Revenues	57,873,825	55,250,077	17,757,381	20,207,951	75,631,206	75,458,028
EXPENSES						
General Government	6,697,489	6,434,941	-	-	6,697,489	6,434,941
Public Safety	29,181,960	29,418,704	-	-	29,181,960	29,418,704
Highways and Streets	9,303,991	9,799,549	-	-	9,303,991	9,799,549
Sanitation	1,115,901	1,213,277	-	-	1,115,901	1,213,277
Health and Welfare	1,655,456	1,744,262	-	-	1,655,456	1,744,262
Culture and Recreation	241,334	339,529	-	-	241,334	339,529
Economic Development	1,918,198	2,633,690	-	-	1,918,198	2,633,690
Water and Sewer	-	-	13,204,142	14,419,572	13,204,142	14,419,572
Sears Centre	-	-	7,666,340	7,262,839	7,666,340	7,262,839
Interest on Long-Term Debt	2,994,525	2,847,779	-	-	2,994,525	2,847,779
Total Expenses	53,108,854	54,431,731	20,870,482	21,682,411	73,979,336	76,114,142
Excess (Deficiency)						
Before Transfers	4,764,971	818,346	(3,113,101)	(1,474,460)	1,651,870	(656,114)
Transfers In (Out)	(1,870,187)	597,165	2,293,237	(162,839)	423,050	434,326
Change in Net Position	\$ 2,894,784	\$ 1,415,511	\$ (819,864)	\$ (1,637,299)	\$ 2,074,920	\$ (221,788)

As can be seen, when the EDA activity is removed, a clearer picture of the Village's finances is revealed. The increase of net position realized in 2011 of \$2,074,920 is primarily due to grant revenue and contributions of assets. As for 2012, the Village is showing a decrease in net assets of \$221,788 primarily due to the spending of bond proceeds for capital projects.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

For the fiscal year ended December 31, 2012, the governmental funds reported combined ending fund balances of over \$30 million. The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,144,269, while total fund balance equaled \$14,691,107. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and as a measure of the

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

General Fund's liquidity. It may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.2 percent of budgeted General Fund expenditures, while total fund balance represents 32.6 percent of that same amount.

Table 4
General Fund Budgetary Highlights
For the Fiscal Year Ended December 31, 2012

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	
			<i>2012</i>	<i>2011</i>
<i>REVENUES & SALE OF CAPITAL ASSETS</i>				
Taxes	\$23,958,430	\$23,958,430	\$24,231,961	\$23,543,577
Inter-Governmental	11,739,720	11,833,120	12,856,322	12,019,865
Other	9,611,520	9,702,800	9,722,616	12,482,721
Total Revenues	45,309,670	45,494,350	46,810,899	48,046,163
<i>EXPENDITURES AND TRANSFERS</i>				
Expenditures	(44,137,470)	(44,475,830)	(43,333,612)	(43,078,267)
Transfers Out	(3,413,110)	(3,477,110)	(1,728,867)	(3,475,963)
Total Expenditures and Transfers	(47,550,580)	(47,952,940)	(45,062,479)	(46,554,230)
Change in Fund Balance	(\$2,240,910)	(\$2,458,590)	\$1,748,420	\$1,491,933

The fund balance of the Village's General Fund increased by \$1,748,420 during the current fiscal year. This was a positive result when compared to the planned drawdown of \$710,350. In years where revenues exceed expenditures within the General Fund, excess funds are utilized according to the Village's Fund Balance Policy. This policy states that the Village will strive to maintain an unallocated/unreserved fund balance within the General Fund equal to 18 percent of the preceding year's annual operating budget. While the General Fund is above this level of fund balance, any year where year-end revenues exceed expenditures, the amount of surplus will be transferred to other funds to address known future financial needs. This allocation will be 50 percent to the Capital Improvements Fund for street improvements and 50 percent to remain within the General Fund or other funds as needed based on the annual recommendation of the Village Manager and approval by the Village Board.

Actual General Fund revenues exceeded original budgeted revenues by \$1,501,229 during fiscal year 2012, which hopefully is a continued sign that the economic downturn is ending. During fiscal years 2008 and 2009, revenues fell short of projections and the economic downturn had a tremendous impact on Hoffman Estates' overall budget. Village revenues had dropped almost \$7 million during these two previous years. All of the Village's economy or consumption driven revenues, like sales tax, food & beverage tax, hotel tax, development fees, real estate transfer tax, and building permits all saw significant decreases.

Budget reduction plans had to be implemented at mid-year 2008 and mid-year 2009 for over \$6.1 million. Fiscal year 2010 saw a leveling off of the negative impact on the Village's General Fund and as for 2012, actual General Fund expenditures and transfers ended up being under the original budget by \$2,488,101 and less than the amended budget by \$2,890,461. This is due to every department being conscientious of their spending, not knowing if the economic downturn was really coming to an end. This conscientious spending continues into fiscal year 2013.

The EDA General Account Fund is a major fund due to the amount of revenues and expenditures that are in this fund for 2012. This fund is used to account EDA Revenue Note payments that are made when

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

surplus revenues are available related to the EDA. Since this fund has revenues matching the expenditures, there is no fund balance as of December 31, 2012.

With respect to the business-type activities, the Waterworks and Sewerage Fund recorded a decrease in net position in the amount of \$114,803, which was significantly lower than the \$651,450 million decrease that was originally projected. This more positive outcome is primarily due to the fact that the Village budgets for capital purchases from a cash flow perspective, but in reality, those expenses are not realized because the purchases are capitalized as a fixed asset. Unrestricted net position of the Waterworks and Sewerage Fund at the end of the year amounted to \$2,594,418.

The Sears Centre Operating Fund was created in 2009 when the Village took over ownership of the arena. This fund is used to account for all operations of the Sears Centre arena. As of December 31, 2012 this fund had an unrestricted net position in the amount of \$629,645.

The Village Board amended the fiscal year 2012 budget once. This budget amendment was primarily for the following purposes related to the General Fund:

- Sales Tax Rebate budget needed to be increased by \$93,400 to accommodate new agreements in 2012.

Of the total budgeted expense increases of \$20,089,410, \$14,588,450 represented EDA incremental property taxes to pay outstanding EDA revenue notes; \$3,071,580 was to be funded from available fund balance in various funds; and the remaining increases were funded out of miscellaneous increases in various revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for both its governmental and business-type activities as of December 31, 2012 amounted to \$258,937,577 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, roads, bridges, and storm sewers. The total investment in capital assets for the current fiscal year decreased by less than 1 percent from 2011.

Major capital asset events during 2012 included the following:

- In an effort to achieve the goal of revitalizing aging shopping centers and improving local economy through innovative redevelopment strategies, the Village purchased two vacant pieces of property on Golf Road for \$756,624 to be sold to interested retailers.
- The Village purchased ten new vehicles totaling \$291,552. Seven of them were for the Police Department, two of them were for the Public Works Department, and one of them was for the Transportation and Engineering Division.
- The Yorkshire Subdivision was accepted into the Village. This resulted in the following infrastructure additions:
 - Right-of-ways valued at \$683,636
 - Storm sewers valued at \$252,044
 - Streets valued at \$404,267
 - Sanitary sewer lines valued at \$141,749
 - Water main lines valued at \$128,860
- The Devonshire Woods Subdivision was accepted into the Village. This resulted in the following infrastructure additions:
 - Right-of-ways valued at \$653,523
 - Storm sewers valued at \$537,296
 - Streets valued at \$513,453
 - Sanitary sewer lines valued at \$597,001

(See independent auditor's report.)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- Water main lines valued at \$414,534
- The Saddle Room and Morrizo Funeral Home were accepted into the Village, adding \$68,455 in water main and sanitary sewer assets.
- The 2012 Street Revitalization Project resulted in \$1,451,788 of reconstructed streets within the Village.

The schedule below reflects the Village's capital asset balances as of December 31, 2012.

Table 5
Capital Assets
As of December 31, 2012

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>
Land and Land Right of Way	\$ 47,090,611	\$ 49,184,394	\$ 6,499,000	\$ 6,499,000	\$ 53,589,611	\$ 55,683,394
Plant System and Equipment	-	-	53,656,360	55,184,649	53,656,360	55,184,649
Buildings and Improvements	50,212,758	50,212,758	74,174,256	74,174,256	124,387,014	124,387,014
Machinery, Vehicles and Equipment	11,983,071	12,110,814	7,118,464	7,221,809	19,101,535	19,332,623
Infrastructure	102,341,736	105,123,137	-	-	102,341,736	105,123,137
Construction in Progress	53,253	162,340	153,932	-	207,185	162,340
Less:						
Accumulated Depreciation	(63,827,039)	(68,389,126)	(28,930,582)	(32,546,454)	(92,757,621)	(100,935,580)
Total	147,854,390	148,404,317	112,671,430	110,533,260	260,525,820	258,937,577

Additional information on the Village's capital assets can be found in note 4 on pages 27 and 28 of this report.

Long-Term Debt

The following table summarizes the Village's bonded and similar indebtedness.

Table 6
Bonded and Similar Indebtedness
As of December 31, 2012

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>
General Obligation Bonds	\$ 51,803,750	\$ 50,338,750	\$ 55,966,250	\$ 54,681,250	\$ 107,770,000	\$ 105,020,000
Unamortized Prem/(Discount)	892,853	822,248	(279,473)	(246,852)	613,380	575,396
TIF Revenue Notes	85,819,617	73,353,944	-	-	85,819,617	73,353,944
Net Pension Obligation	303,849	297,602	-	-	303,849	297,602
Capital Lease	-	-	16,483	11,883	16,483	11,883
Compensated Absences	2,614,326	2,743,421	309,122	345,670	2,923,448	3,089,091
Net OPEB	1,220,428	1,279,124	136,023	154,924	1,356,451	1,434,048
Termination Benefits	382,562	165,395	61,159	32,529	443,721	197,924
Total	\$ 143,037,385	\$ 129,000,484	\$ 56,209,564	\$ 54,979,404	\$ 199,246,949	\$ 183,979,888

At the end of the current fiscal year, the Village had total debt outstanding of \$183,979,888. Of this amount, \$105,020,000 comprises general obligation bonds backed by the full faith and credit of the

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Village. The Village also issues notes where the Village pledges incremental tax income derived from a separately created tax increment financing district. These notes are not obligations of the Village and are secured only by the incremental revenues generated by the EDA TIF district.

In 2012, the Village's total long-term debt decreased by \$15,267,261 or 7.7 percent. This was primarily due to the annual EDA note payment in the amount of \$14,588,442 from EDA incremental revenues.

As an Illinois home-rule community, the Village is not subject to any debt limitation. The Village's general obligation bonds have been given a credit rating of Aa2 from Moody's Investors Services and AA+ from Standard & Poor's. Standard & Poor's recently reported that the Village has very strong income levels, we maintain very strong General Fund reserves, and we have a moderate overall debt burden. That, combined with our participation in the deep and diverse Chicago metropolitan area economy, makes the Village have a stable financial outlook.

Additional information on the Village's long-term debt can be found in note 5 on pages 25 through 35 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property taxes imposed on property within the Village's corporate limits provide a stable revenue source. The levy for the police pension plan, which is actuarially determined, only increased slightly in 2012. Both pension plans continue to recover from the unparalleled declines in pension fund reserves in 2010 because of investment losses in those funds. Pension funding comes from three sources: employee contributions, employer contributions and investment returns. Since employee contributions are capped by the Illinois General Assembly, the fiscal burden falls upon Village contributions (local taxpayers) to keep these funds financially solvent. By law, Hoffman Estates is mandated to fund the pension benefits of police, firefighters and other municipal employees.

All Village Sworn Police Officers and Firefighters are covered under the downstate police pension plan and fire pension plan, respectively, as governed by Illinois Compiled Statutes and amended only by the Illinois Legislature. All other Village employees are covered under the Illinois Municipal Retirement Fund (IMRF). Recognizing the financial impact on taxpayers, the IMRF board took steps recently to mitigate its investment loss and offered options to municipalities to cap their fund contribution for municipal employees (except police and fire).

However, meaningful pension reform related to police and fire pensions was a little more difficult to come by. Because of this, various public and private sector organizations across the State of Illinois formed the Pension Fairness for Illinois Communities Coalition. The Village of Hoffman Estates has been an active participant. During the regular 2010 legislative session, major negotiations occurred between coalition members and representatives of the Police and Fire labor groups. Legislation passed, which created a second tier system for all new hires effective January 1, 2011. In addition, increased investment authority combined with a 30 year rolling amortization will help to stabilize employer public safety pension costs. No other progress was made in terms of pension reform during 2012. Because of this, the Village of Hoffman Estates and other municipalities across the State of Illinois will continue to have to monitor their individual downstate pension funds in terms of overall percentage of pension fund funding.

The 2010 census found that the median household income was \$75,506 and the median home value was \$301,500. The Village's population, per the 2010 census, is 51,895, an increase of 2,400 from the 2000 census figure of 49,495. This increase in population means that the Village will be entitled to larger portions of state-shared revenue such as income taxes and motor fuel taxes.

All of these factors were considered in preparing the Village's budget for the 2013 fiscal year.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

During the current fiscal year, unassigned fund balance in the General Fund increased from \$11,616,671 to \$13,144,269 primarily due to higher than projected revenues. The Village is planning on utilizing \$309,930 of this fund balance in the 2013 fiscal year budget.

The water and sewer rates were increased by an average of 6.2 percent in both 2010 and 2011 for all customers. These rate increases were determined by a water rate study conducted by the Village every five years in order to fund future water and sewer system improvements. However, in 2012, the City of Chicago significantly increased the cost of water being provided to its residents as well as the surrounding counties that it provides water to, including the Village of Hoffman Estates. Hoffman Estates is a member of the Joint Action Water Agency of Cook County (JAWA). JAWA is a municipal corporation consisting of seven municipalities, established to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members. JAWA has entered into an agreement with the City of Chicago under which the City has agreed to sell quantities of Lake Michigan water sufficient to meet the projected water needs of the members through the year 2020. The Village was not in a position to absorb any of this increase. To ease the burden on the residents, the Village has spread the needed rate increases into three installments. The first increase was effective March 1, 2012 for 13.5 percent. The next increase was on December 1, 2012 for approximately 14.0 percent. The final increase pertaining to the current water rate study and City of Chicago rate increase will be implemented on December 1, 2013 for about 9.9 percent.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability of the money it receives. Questions concerning this report or requests for additional financial information should be directed to Rachel Musiala, Director of Finance, Village of Hoffman Estates, 1900 Hassell Road, Hoffman Estates, IL 60169.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 31,811,737	\$ 3,597,887	\$ 35,409,624
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):			
Property taxes	17,356,082	-	17,356,082
Accounts	157,192	2,389,605	2,546,797
Accrued Interest	5,431	-	5,431
Other	2,083,813	232,167	2,315,980
Deposits	89,200	-	89,200
Prepaid Items	188,408	(19,735)	168,673
Inventory	147,335	184,135	331,470
Other Assets	36,407	-	36,407
Due from Other Governments	5,046,465	-	5,046,465
Internal Balances	577,578	(577,578)	-
Due from Fiduciary Funds	630,223	-	630,223
Advances to Fiduciary Funds	31,100	-	31,100
Net Pension Asset	475,449	-	475,449
Capital Assets			
Not Depreciated	49,346,734	6,499,000	55,845,734
Depreciated (Net of Accumulated Depreciation)	99,057,583	104,034,260	203,091,843
TOTAL ASSETS	<u>207,040,737</u>	<u>116,339,741</u>	<u>323,380,478</u>
LIABILITIES			
Accounts Payable	2,370,773	1,182,946	3,553,719
Accrued Payroll	593,837	49,385	643,222
Accrued Interest Payable	209,420	240,273	449,693
Claims Payable	702,088	-	702,088
Benefits Payable	180,915	-	180,915
Unearned Revenues	508,304	309,970	818,274
Deposits Payable	2,886,988	35,507	2,922,495
Event Deposits	-	30,183	30,183
Due to Fiduciary Funds	130,597	-	130,597
Long-Term Liabilities			
Due Within One Year	2,927,898	1,482,762	4,410,660
Due in More than One Year	126,072,586	53,496,642	179,569,228
TOTAL LIABILITIES	<u>136,583,406</u>	<u>56,827,668</u>	<u>193,411,074</u>
DEFERRED INFLOWS			
Unearned Property Taxes	17,356,079	-	17,356,079
TOTAL DEFERRED INFLOWS	<u>17,356,079</u>	<u>-</u>	<u>17,356,079</u>
NET POSITION			
Net Investment in Capital Assets	97,300,601	56,288,010	153,588,611
Restricted for:			
Employee Loan Program	86,699	-	86,699
Highways and Streets	1,386,956	-	1,386,956
Emergency Equipment	81,780	-	81,780
Public Safety	210,447	-	210,447
Economic Development	5,748,506	-	5,748,506
Bond Projects	62,645	-	62,645
Debt service	853,148	-	853,148
Unrestricted (Deficit)	(52,629,530)	3,224,063	(49,405,467)
TOTAL NET POSITION	<u>\$ 53,101,252</u>	<u>\$ 59,512,073</u>	<u>\$ 112,613,325</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 6,784,096	\$ 3,162,569	\$ -	\$ 24,456	\$ (3,597,071)		\$ (3,597,071)
Public Safety	33,240,928	3,041,099	335,595	150,952	(29,713,282)		(29,713,282)
Highways and Streets	9,997,154	113,699	1,976,753	3,044,219	(4,862,483)		(4,862,483)
Sanitation	1,213,277	1,129,240	-	-	(84,037)		(84,037)
Health and Welfare	1,744,262	953,523	-	-	(790,739)		(790,739)
Culture and Recreation	339,529	623,134	-	-	283,605		283,605
Economic Development	3,086,713	147,275	384,648	-	(2,554,790)		(2,554,790)
Interest	4,974,048	-	-	-	(4,974,048)		(4,974,048)
Total Governmental Activities	61,380,007	9,170,539	2,696,996	3,219,627	(46,292,845)		(46,292,845)
Business-Type Activities:							
Waterworks and Sewerage	14,419,572	13,480,853	-	1,350,599	-	\$ 411,880	411,880
Sears Centre	7,262,839	1,943,834	-	-	-	(5,319,005)	(5,319,005)
Total Business-Type Activities	21,682,411	15,424,687	-	1,350,599	-	(4,907,125)	(4,907,125)
Total Primary Government	\$ 83,062,418	\$ 24,595,226	\$ 2,696,996	\$ 4,570,226	(46,292,845)	(4,907,125)	(51,199,970)
General Revenues:							
Taxes:							
Property					37,109,465	-	37,109,465
Sales					6,432,977	-	6,432,977
Home Rule Sales					3,547,063	-	3,547,063
Real Estate Transfer					419,814	-	419,814
Income and Local Use					5,416,250	-	5,416,250
Hotel/Motel					1,209,627	-	1,209,627
Telecommunications					2,896,031	-	2,896,031
Food and Beverage					-	1,863,460	1,863,460
Entertainment					440	258,539	258,979
Replacement					253,524	-	253,524
Other					152,269	-	152,269
Investment Income					44,671	3,866	48,537
Miscellaneous					1,520,890	1,306,800	2,827,690
Transfers In (Out)					162,839	(162,839)	-
Total General Revenues and Transfers					59,165,860	3,269,826	62,435,686
Change in Net Position					12,873,015	(1,637,299)	11,235,716
Net Position, Beginning of Year, as Restated					40,228,237	61,149,372	101,377,609
Net Position, End of Year					\$ 53,101,252	\$ 59,512,073	\$ 112,613,325

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	<u>Major Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>EDA General Account</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and Investments	\$ 11,370,920	\$ -	\$ 17,720,009	\$ 29,090,929
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):				
Property Taxes	15,625,569	-	1,730,513	17,356,082
Accounts	157,192	-	-	157,192
Accrued Interest	5,431	-	-	5,431
Other	1,904,501	-	179,312	2,083,813
Prepaid Items	129,796	-	57,648	187,444
Inventory	147,335	-	-	147,335
Other Assets	-	-	36,407	36,407
Due from Other Governments	4,939,041	-	107,424	5,046,465
Due from Other Funds	365,152	-	482,065	847,217
Due from Fiduciary Funds	630,223	-	-	630,223
Advances to Other Funds	-	-	1,000,000	1,000,000
Advances to Fiduciary Funds	31,100	-	-	31,100
TOTAL ASSETS	<u>\$ 35,306,260</u>	<u>\$ -</u>	<u>\$ 21,313,378</u>	<u>\$ 56,619,638</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,597,577	\$ -	\$ 706,696	\$ 2,304,273
Accrued Payroll	537,830	-	46,447	584,277
Unearned Revenues	78,156	-	430,148	508,304
Due to Other Funds	444,434	-	834,390	1,278,824
Due to Fiduciary Funds	130,597	-	-	130,597
Deposits Payable	1,065,823	-	1,821,165	2,886,988
TOTAL LIABILITIES	<u>3,854,417</u>	<u>-</u>	<u>3,838,846</u>	<u>7,693,263</u>
DEFERRED INFLOWS				
Unearned Property Taxes	15,625,569	-	1,730,513	17,356,082
Unearned State Taxes	1,135,167	-	-	1,135,167
TOTAL DEFERRED INFLOWS	<u>16,760,736</u>	<u>-</u>	<u>1,730,513</u>	<u>18,491,249</u>
FUND BALANCES				
Nonspendable:				
Prepays Items	129,796	-	57,648	187,444
Inventories	147,335	-	-	147,335
Insurance Deposits	1,083,418	-	-	1,083,418
Restricted:				
Employee Loan Program	86,699	-	-	86,699
Highways & Streets	-	-	1,386,956	1,386,956
Emergency Equipment	-	-	81,780	81,780
Public Safety	99,590	-	110,857	210,447
Economic Development - State Statute	-	-	5,748,506	5,748,506
Bond Projects	-	-	62,645	62,645
Debt Service	-	-	853,148	853,148
Assigned:				
Capital Improvements	-	-	7,446,603	7,446,603
Unassigned	13,144,269	-	(4,124)	13,140,145
TOTAL FUND BALANCES	<u>14,691,107</u>	<u>-</u>	<u>15,744,019</u>	<u>30,435,126</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 35,306,260</u>	<u>\$ -</u>	<u>\$ 21,313,378</u>	<u>\$ 56,619,638</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
December 31, 2012

Total Fund Balances - Governmental Funds \$ 30,435,126

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds:

Capital assets	\$ 216,793,443	
Accumulated depreciation	(68,389,126)	
Net capital assets	148,404,317	
Less Capital Assets of Internal Service Funds Included Below	(197,158)	148,207,159

Net Pension Asset is Reported as an Asset on the Statement of Net Position 475,449

Long-Term Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and, Therefore, are not Reported in the Governmental Funds:

Compensated Absences	(2,743,421)	
Plus Compensated Absences of Internal Service Funds Included Above	32,504	
Net Other Post-Employment Benefit Obligation	(1,279,124)	
Plus Net Other Post-Employment Benefit Obligation of Internal Service Funds Included Above	23,835	
Net Pension Obligation	(186,629)	
Termination Benefits Payable	(165,395)	
Net IMRF Pension Obligation	(110,973)	
Unamortized Bond Premium/Discount	(822,248)	
General Obligation Bonds Payable	(50,338,750)	
Tax Increment Financing Notes Payable	(73,353,944)	(128,944,145)

Accrued Interest on Long-Term Liabilities is Shown as a Liability on the Statement of Net Position (209,420)

Certain Revenues that are Deferred in the Governmental Funds are Recognized as Revenue on the Statement of Net Position 1,135,170

The Net Position of the Internal Service Funds are Included in the Governmental Activities in the Statement of Net Position 2,001,913

Net Position of Governmental Activities \$ 53,101,252

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2012

	<u>Major Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>EDA General Account</u>	<u>Other Governmental Funds</u>	
REVENUES				
Taxes	\$ 24,231,961	\$ 14,588,442	\$ 6,092,362	\$ 44,912,765
Licenses and Permits	1,682,898	-	-	1,682,898
Intergovernmental	12,856,322	-	2,266,950	15,123,272
Charges for Services	6,329,978	-	208,090	6,538,068
Fines and Forfeits	905,297	-	242,932	1,148,229
Interest Income	16,089	-	26,198	42,287
Miscellaneous	788,354	-	738,299	1,526,653
TOTAL REVENUES	<u>46,810,899</u>	<u>14,588,442</u>	<u>9,574,831</u>	<u>70,974,172</u>
EXPENDITURES				
Current:				
General Government	5,266,656	-	349,155	5,615,811
Public Safety	28,093,057	-	4,197,683	32,290,740
Highways and Streets	4,903,380	-	261,516	5,164,896
Sanitation	1,213,277	-	-	1,213,277
Health and Welfare	1,687,017	-	-	1,687,017
Culture and Recreation	319,509	-	-	319,509
Economic Development	1,850,716	-	1,221,197	3,071,913
Capital Outlay	-	-	4,865,388	4,865,388
Debt Service				
Principal Retirement	-	14,588,442	1,465,000	16,053,442
Interest and Fiscal Charges	-	-	2,911,079	2,911,079
TOTAL EXPENDITURES	<u>43,333,612</u>	<u>14,588,442</u>	<u>15,271,018</u>	<u>73,193,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,477,287</u>	<u>-</u>	<u>(5,696,187)</u>	<u>(2,218,900)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	87,140	-	5,520,737	5,607,877
Transfers (Out)	(1,816,007)	-	(3,745,330)	(5,561,337)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,728,867)</u>	<u>-</u>	<u>1,775,407</u>	<u>46,540</u>
Net Change in Fund Balances	1,748,420	-	(3,920,780)	(2,172,360)
Fund Balances at Beginning of Year	<u>12,942,687</u>	<u>-</u>	<u>19,664,799</u>	<u>32,607,486</u>
Fund Balances at End of Year	<u>\$ 14,691,107</u>	<u>\$ -</u>	<u>\$ 15,744,019</u>	<u>\$ 30,435,126</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

Net Change in Total Fund Balances - Governmental Funds		\$ (2,172,360)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental Funds Report Capital Outlay as Expenditures, However, They are Capitalized and Depreciated in the Statement of Activities		5,658,913
The Repayment of Principal on Long-Term Debt is Reported as an Expenditure When due in Governmental Funds but as a Reduction of Principal Outstanding in the Statement of Activities		16,053,442
Certain Items are Reported as Interest Expense on the Statement of Activities:		
Accretion of Interest on Bonds	\$ (2,122,769)	
Change in Accrued Interest Payable	4,998	
Amortization of Bond Premiums and Discounts, Net	<u>54,802</u>	
		(2,062,969)
Depreciation Expense Does not Require the Use of Current Financial Resources, and Therefore, is not Reported as Expenditures in the Governmental Funds		(5,108,985)
Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Fund Statements		69,409
Some Expenses Reported in the Statement of Activities do not Require the Use of Current Resources and, Therefore, are not Reported in the Governmental Funds:		
Change in Termination Benefits	217,167	
Change in Net Other Post-Employment Benefit Obligations	(53,753)	
Change in Net Pension Asset	28,691	
Change in Net Pension Obligation	8,571	
Change in Net IMRF Obligation	(2,324)	
Change in Compensated Absences	<u>(123,277)</u>	
		75,075
The Change in Net Position of Certain Activities of Internal Service Funds (Excluding Depreciation Included Above) is in Governmental Funds		<u>360,490</u>
Change in Net Position of Governmental Activities		<u>\$ 12,873,015</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service
	Major Funds			
	Waterworks and Sewerage	Sears Centre Operating	Total	
ASSETS				
Current				
Cash and Investments	\$ 1,315,923	\$ 2,281,964	\$ 3,597,887	\$ 2,720,808
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):				
Accounts	2,163,379	226,226	2,389,605	-
Other	-	232,167	232,167	-
Prepaid Items	-	(19,735)	(19,735)	964
Deposits	-	-	-	89,200
Inventories	184,135	-	184,135	-
Due from Other Funds	444,434	-	444,434	12,212
Total Current Assets	<u>4,107,871</u>	<u>2,720,622</u>	<u>6,828,493</u>	<u>2,823,184</u>
Noncurrent Assets				
Capital Assets Not Being Depreciated	499,000	6,000,000	6,499,000	-
Capital Assets Being Depreciated	58,533,198	78,047,516	136,580,714	449,291
Accumulated Depreciation	(25,392,339)	(7,154,115)	(32,546,454)	(252,133)
Total Noncurrent Assets	<u>33,639,859</u>	<u>76,893,401</u>	<u>110,533,260</u>	<u>197,158</u>
TOTAL ASSETS	<u>37,747,730</u>	<u>79,614,023</u>	<u>117,361,753</u>	<u>3,020,342</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	656,523	526,423	1,182,946	66,500
Accrued Payroll	49,385	-	49,385	9,560
Events Payable	-	30,183	30,183	-
Accrued Interest Payable	27,755	212,518	240,273	-
Unearned Revenues	-	309,970	309,970	-
Claims Payable	-	-	-	702,088
Benefits Payable	-	-	-	180,915
Due to Other Funds	22,012	-	22,012	3,027
Advances	-	1,000,000	1,000,000	-
Deposits Payable	35,507	-	35,507	-
Long-term Obligations, Due within One Year:				
General Obligation Bonds Payable	-	1,345,000	1,345,000	-
Capital Lease Payable	-	4,600	4,600	-
Compensated Absences Payable	133,162	-	133,162	32,504
Total Current Liabilities	<u>924,344</u>	<u>3,428,694</u>	<u>4,353,038</u>	<u>994,594</u>
NonCurrent Liabilities				
General Obligation Bonds Payable	6,594,785	46,494,613	53,089,398	-
Capital Lease Payable	-	7,283	7,283	-
Compensated Absences Payable	212,508	-	212,508	-
Other Post-Employment Benefit Obligations	187,453	-	187,453	23,835
Total Noncurrent Liabilities	<u>6,994,746</u>	<u>46,501,896</u>	<u>53,496,642</u>	<u>23,835</u>
TOTAL LIABILITIES	<u>7,919,090</u>	<u>49,930,590</u>	<u>57,849,680</u>	<u>1,018,429</u>
NET POSITION				
Net Investment in Capital Assets	27,234,222	29,053,788	56,288,010	197,158
Unrestricted	2,594,418	629,645	3,224,063	1,804,755
TOTAL NET POSITION	<u>\$ 29,828,640</u>	<u>\$ 29,683,433</u>	<u>\$ 59,512,073</u>	<u>\$ 2,001,913</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Funds			
	Waterworks and Sewerage	Sears Centre Operating	Total	
OPERATING REVENUES				
Charges for Services	\$ 13,480,853	\$ 1,910,808	\$ 15,391,661	\$ 2,567,952
TOTAL OPERATING REVENUES	13,480,853	1,910,808	15,391,661	2,567,952
OPERATING EXPENSES				
Operations	-	-	-	1,055,405
Claims and Insurance	-	-	-	1,270,740
Water Division	10,895,872	-	10,895,872	-
Sewer Division	2,212,666	-	2,212,666	-
Sears Centre	-	2,271,636	2,271,636	-
Depreciation	1,308,478	2,354,388	3,662,866	29,145
TOTAL OPERATING EXPENSES	14,417,016	4,626,024	19,043,040	2,355,290
Operating Income (Loss)	(936,163)	(2,715,216)	(3,651,379)	212,662
NONOPERATING INCOME (EXPENSES)				
Entertainment and Food & Beverage Tax	-	2,121,999	2,121,999	-
Licenses and Permits	-	33,026	33,026	-
Interest Income	1,236	2,630	3,866	2,384
Interest Expense	-	(2,606,750)	(2,606,750)	-
Amortization Expense	(2,556)	(30,065)	(32,621)	-
Miscellaneous Revenue	14,526	1,292,274	1,306,800	-
TOTAL NONOPERATING INCOME (EXPENSES)	13,206	813,114	826,320	2,384
Income (Loss) before Transfers and Contributions	(922,957)	(1,902,102)	(2,825,059)	215,046
TRANSFERS				
Transfers In	41,160	150,000	191,160	116,299
Transfers (Out)	(353,999)	-	(353,999)	-
TOTAL TRANSFERS	(312,839)	150,000	(162,839)	116,299
CONTRIBUTIONS	1,350,599	-	1,350,599	-
Change in Net Position	114,803	(1,752,102)	(1,637,299)	331,345
Net Position at Beginning of Year, as Restated	29,713,837	31,435,535	61,149,372	1,670,568
Net Position at End of Year	\$ 29,828,640	\$ 29,683,433	\$ 59,512,073	\$ 2,001,913

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental
	Major Funds			Activities
	Waterworks and Sewerage	Sears Centre Operating	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers and Users	\$ 13,097,259	\$ 3,241,020	\$ 16,338,279	\$ -
Cash Received from Interfund Services Transactions	-	-	-	2,567,952
Cash Received from Entertainment/Food & Beverage Tax	-	2,121,999	2,121,999	-
Cash Received from Licenses and Permits	-	33,026	33,026	-
Cash Payments to Suppliers	(10,436,191)	(3,041,133)	(13,477,324)	(1,786,304)
Cash Payments for Interfund Services Transactions	(186,100)	-	(186,100)	-
Cash Payments to Employees	(2,579,258)	-	(2,579,258)	(469,798)
Net Cash Provided By (Used In) Operating Activities	<u>(104,290)</u>	<u>2,354,912</u>	<u>2,250,622</u>	<u>311,850</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Borrowing (Lending)	(521,927)	(673,807)	(1,195,734)	(69,555)
Transfers In (Out)	(312,839)	150,000	(162,839)	116,299
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(834,766)</u>	<u>(523,807)</u>	<u>(1,358,573)</u>	<u>46,744</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(1,524,696)	-	(1,524,696)	-
Principal Payment on Bonds and Leases	-	(1,289,600)	(1,289,600)	-
Interest and Fiscal Charges Paid on Bonds	-	(2,581,825)	(2,581,825)	-
Proceeds from Capital Contributions	1,350,599	-	1,350,599	-
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>(174,097)</u>	<u>(3,871,425)</u>	<u>(4,045,522)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned	1,236	2,630	3,866	2,384
Net Cash Provided By (Used In) Investing Activities	<u>1,236</u>	<u>2,630</u>	<u>3,866</u>	<u>2,384</u>
Net Increase (Decrease) in Cash	(1,111,917)	(2,037,690)	(3,149,607)	360,978
Cash and Cash Equivalents, Beginning of Year	2,427,840	4,319,654	6,747,494	2,359,830
Cash and Cash Equivalents, End of Year	<u>\$ 1,315,923</u>	<u>\$ 2,281,964</u>	<u>\$ 3,597,887</u>	<u>\$ 2,720,808</u>
Reconciliation of Operating Income to				
Net Cash Used in Operating Activities:				
Operating Income (Loss)	\$ (936,163)	\$ (2,715,216)	\$ (3,651,379)	\$ 212,662
Adjustment to Reconcile Operating Income				
to Net Cash Used in Operating Activities:				
Depreciation and amortization	1,308,478	2,354,388	3,662,866	29,145
Miscellaneous Revenues	14,526	1,262,209	1,276,735	-
Entertainment/Food & Beverage Tax	-	2,121,999	2,121,999	-
Licenses and Permits	-	33,026	33,026	-
(Increase) Decrease in Receivable	(398,120)	(355,634)	(753,754)	-
(Increase) Decrease in Prepaid Expenses	-	72,606	72,606	-
Increase (Decrease) in Deposits	1,548	-	1,548	(27,548)
(Increase) Decrease in Inventory	(9,663)	-	(9,663)	-
Increase (Decrease) in Accounts Payable	(114,027)	(225,629)	(339,656)	24,987
Increase (Decrease) in Salaries Payable	2,312	-	2,312	1,053
Increase (Decrease) in Benefits Payable	-	-	-	(6,554)
Increase (Decrease) in Claims Payable	-	-	-	67,344
Increase (Decrease) in Deferred Revenue	-	(192,837)	(192,837)	-
Increase (Decrease) in Compensated Absences Payable	36,548	-	36,548	5,818
Increase (Decrease) in Termination Benefits Payable	-	-	-	-
Increase (Decrease) in Other Post-Employment Benefits Payable	(9,729)	-	(9,729)	4,943
Total Adjustments	<u>831,873</u>	<u>5,070,128</u>	<u>5,902,001</u>	<u>99,188</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (104,290)</u>	<u>\$ 2,354,912</u>	<u>\$ 2,250,622</u>	<u>\$ 311,850</u>
Noncash activities:				
Capital Contributions	<u>\$ 1,350,599</u>	<u>\$ -</u>	<u>\$ 1,350,599</u>	<u>\$ -</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Short-Term Investments	\$ 1,588,874	\$ 15,213,746
Investments, at Fair Value		
U.S. Treasury Securities	31,800,552	-
U.S. Agency Securities	19,427,760	-
Corporate Bonds	710,062	-
IMET	401,141	-
Mutual Funds	53,288,290	-
Money Market Mutual Funds	7,178,789	-
Equity Securities	2,937,594	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):		
Interest Receivable	405,715	-
Other	2,685	-
Due from Primary Government	130,597	-
Assets Held by Agents	-	58,754
TOTAL ASSETS	117,872,059	\$ 15,272,500
LIABILITIES		
Accounts Payable	54,700	\$ -
Due to Participants	-	27,654
Due to Primary Government	-	630,223
Advances from Primary Government	-	31,100
Due to Other Entities	-	14,583,523
TOTAL LIABILITIES	54,700	\$ 15,272,500
NET POSITION		
Held in Trust for Pension Benefits	\$ 117,817,359	

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
Year ended December 31, 2012

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer Contributions	\$ 4,531,070
Employee Contributions	1,641,745
Other Contributions	331,786
Total Contributions	6,504,601
Investment Income (Loss)	
Net Depreciation in Fair Value of Investments	7,347,881
Interest Revenue	3,405,878
Investment Expense	(300,632)
Net Investment Income	10,453,127
TOTAL ADDITIONS	16,957,728
DEDUCTIONS	
Benefits and Refunds	6,075,626
Miscellaneous	69,023
TOTAL DEDUCTIONS	6,144,649
Net Change in Plan Net Position	10,813,079
Plan Net Position at Beginning of Year	107,004,280
Plan Net Position at End of Year	\$ 117,817,359

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number(s)</u>
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VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Hoffman Estates, Illinois (the Village), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter to be referred to as generally accepted accounting principles). 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:

A. Reporting Entity

The Village is a municipal corporation governed by an elected president and six-member Board of Trustees. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the primary government. "Blended" component units, whether or not legally separate entities, are in substance part of the Village's operations. Therefore, financial data from any blended component units are combined with data of the primary government.

The Village's financial statements include two pension trust funds: the Police Pension System and the Firefighters' Pension System.

Police Pension System: The Village's sworn police employees participate in the Police Pension System (PPS). The PPS functions for the benefit of those employees and is governed by a five-member Pension Board. Two members appointed by the Village President, one elected pension beneficiary and two elected police officers constitute the Pension Board. The Village and PPS participants are obligated to fund all PPS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. The PPS is reported as a pension trust fund because of the Village's fiduciary responsibility.

Firefighters' Pension System: The Village's sworn firefighters participate in the Firefighters' Pension System (FPS). The FPS functions for the benefit of those employees and is governed by a five-member Pension Board. Two members appointed by the Village President, one elected pension beneficiary and two elected fire employees constitute the Pension Board. The Village and FPS participants are obligated to fund all FPS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. The FPS is reported as a pension trust fund because of the Village's fiduciary responsibility.

B. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village utilizes pension trust funds and agency funds which are generally used to account for assets that the Village holds in a fiduciary capacity or on behalf of others as their agent.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Economic Development Area (EDA) General Account, a special revenue fund, is used to account for revenues and expenditures pertaining to the Village's establishment of an EDA and the Sears Development and the repayment of the EDA Notes, in accordance with state statutes. Property taxes are the main source of revenue in the Fund.

The Village reports the following major proprietary funds:

The Waterworks and Sewerage Fund accounts for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

The Sears Centre Operating Fund accounts for the provision of charges for services for the Sears Centre Arena. All activities necessary to provide such services are accounted for in this fund, included, but not limited to, administration, operations, maintenance, financing and related debt service.

Additionally, the Village reports the following internal service funds:

Internal service funds account for the Village's self-insured property, casualty and worker's compensation programs and the operations of the information systems division provided to other departments or agencies of the Village on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the Village's governmental funds/activities.

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund. Furthermore, the Village reports the following agency funds as fiduciary funds: Barrington/Higgins TIF Fund, EDA Special Tax Allocation Fund and Flexible Spending Account Fund.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund (pension funds) financial statements. Agency funds use the accrual basis of accounting but have no measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes owed to the state at year end, franchise taxes, licenses, charges for services, food and beverage taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the Village.

For the year ended December 31, 2012, a portion of the Village's share of the State Income Tax was received past 60 days of year end due to the current fiscal issues facing the State of Illinois. As such, the Village elected to recognize the portion received after 60 days as revenue, or \$686,121, in order to properly present 12 months of revenue on the financial statements.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Village reports unearned revenue on its financial statements. Unearned revenues arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

E. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition.

Investments with a maturity of one year or less when purchased and all nonnegotiable 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. All investments of the pension trust funds, regardless of length of maturity, are reported at fair value. Fair value is based on published market quotes as of December 31 or contract values for insurance contracts which equates to fair value.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the Village's fair value in the pool.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

F. Property Taxes

Property taxes for 2012 attach as an enforceable lien on January 1, 2012 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, 2013 and August 1, 2013, and are payable in two installments, on or about March 1, 2013 and September 1, 2013. The County collects such taxes and remits them periodically. Since the 2012 levy is intended to finance the 2013 fiscal year, the levy has been recorded as receivable and deferred inflow. The revenues in the current year financial statements represent the 2011 property tax levy.

G. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items/Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items/expenses. The Village uses the consumption method – purchases are debited to a prepaid asset account and are recorded as expenditures or expenses when used.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Infrastructure	30
Office equipment	5-15
Department equipment	5-15
Office furniture	10-15
Vehicles	5-15
Plant system	40
Software	5-15

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

It is the Village's policy for employees to accrue vacation and sick leave. Accrued vacation must be used within 12 months of being earned. Vested or accumulated vacation and sick leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expense is recorded for that portion of vesting accumulated sick leave benefits that is expected to be taken as "terminal leave" at retirement.

K. Interfund Transactions

Interfund services transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

L. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

M. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. These items are reported in the corresponding Deferred Inflows or Deferred Outflows section of the Statement of Net Position.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

N. Net Position

Net Position represent the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction of improvements of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

O. Fund Balance

The components of fund balance include the following line items:

- a. Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact
- b. Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation.
- c. Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the Village, the Board of Trustees is the highest level of decision making. As of December 31, 2012, the Village does not have any commitments of fund balance.
- d. Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Directors designated for that purpose. The intended use is established by an official designated for that purpose. The Village has not designated anyone for this purpose. However, GASB 54 has outlined that fund balance outside of the general fund is to fall in this category if there is not a deficit fund balance for the fund.
- e. Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the Village will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the Village will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash

The carrying amount of cash, excluding the Pension Trust Funds, was \$3,362,305 at December 31, 2012, while the bank balances were \$3,570,665.

At December 31, 2012, the Pension Trust Funds' carrying amount of cash was \$2,645, and bank balances of cash were \$2,645.

The Village's investment policy authorizes the Village to invest in debt securities guaranteed by the United States (explicitly or implicitly), debt securities of the United States or its agencies, interest-bearing savings accounts, time deposits and certificates of deposit of a bank that is insured by the FDIC, certain insured short-term obligations of corporations organized in the United States, certain money market mutual funds, interest-bearing bonds of other local governments, and Illinois Funds (a money market fund created by the State legislature under the control of the State Treasurer that maintains a \$1 share value). In addition, the pension funds may invest in certain tax anticipation warrants, certain savings and loan institutions, certain credit unions, certain mutual funds, certain obligations of the State of Israel (Firefighters' Pension only) and life insurance contracts and separate accounts.

It is the policy of the Village and pension funds 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.

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, police and fire pension 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. The Village, Police, and Fire Pension Funds were fully collateralized as of December 31, 2012.

B. Investments

Village

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2012:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Certificate of Deposits	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -
IMET	2,487,694	2,487,694	-	-	-
Money market mutual funds	15,640,593	15,640,593	-	-	-
Investment contracts	9,355,481	9,355,481	-	-	-
Illinois funds	<u>16,836,051</u>	<u>16,836,051</u>	-	-	-
Total	<u>\$ 47,319,819</u>	<u>\$ 47,319,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Police Pension

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>
U.S. Treasury Securities	\$ 15,431,569	\$ 1,076,202	\$ 10,132,994	\$ 4,222,373	\$ -
U.S. Agency Securities	9,226,137	519,593	3,692,755	2,241,167	2,772,622
Mutual Funds	31,524,561	31,524,561	-	-	-
Money Market Mutual Funds	336,586	336,586	-	-	-
IMET	401,141	401,141	-	-	-
Illinois Funds	<u>1,005,172</u>	<u>1,005,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 57,925,166</u>	<u>\$ 34,863,255</u>	<u>\$ 13,825,749</u>	<u>\$ 6,463,541</u>	<u>\$ 2,772,622</u>

Firefighters' Pension

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>
U.S. Treasury Securities	\$16,368,982	\$ 402,312	\$ 8,832,263	\$ 5,878,571	\$ 1,255,836
U.S. Agency Securities	10,201,623	1,149,106	3,554,145	1,566,063	3,932,309
Corporate Bonds	710,062	85,024	625,038	-	-
Mutual Funds	21,763,729	21,763,729	-	-	-
Equities	2,937,594	2,937,594	-	-	-
Money Market Mutual Funds	6,842,203	6,842,203	-	-	-
Illinois Funds	<u>581,058</u>	<u>581,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 59,405,251</u>	<u>\$ 33,761,026</u>	<u>\$ 13,011,446</u>	<u>\$ 7,444,634</u>	<u>\$ 5,188,145</u>

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. There are no specified maximum maturity lengths for the pension funds. The Police Pension Fund's policy has an investment horizon for its investments of three years. The Firefighters' Pension Fund's has an investment horizon for its investments of three to five years. Also, up to 5% of police plan assets may be invested in non-liquid, long-term investments.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments primarily in Obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. Illinois Funds is rated AAA by a national rating agency. IMET is currently not rated. Additionally, the U.S. Agency Obligations that consist of FHLMC securities are rated AAA by a national rating agency. For the pension funds, the U.S. Agency Obligations consist of FHLMC, FNMA, FHLB, GNMA and FFCB securities. For ratings that were available, these securities were rated AAA by a national rating agency.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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, police and firefighters' pension 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 or its agencies. The Police Pension Fund has the following limitations: 10% to 45% of the overall portfolio should be invested in equities, 40% to 80% should be invested in fixed income securities and 1% to 10% should be invested in cash and cash equivalents. The Police Pension Fund had greater than 5% of its overall portfolio invested in FNMA securities implicitly guaranteed by the United States Government. The Firefighters' Pension Fund has the following limitations: 30% to 50% of the overall portfolio should be invested in equities, 50% to 60% should be invested in fixed income securities and 1% to 15% should be invested in cash and cash equivalents. The Firefighters' Pension Fund had greater than 5% of its overall portfolio invested in FNMA securities implicitly guaranteed by the United States Government.

The following is a reconciliation between the notes and the financial statements:

<u>Cash and Investment Note</u>		<u>Financial Statements</u>	
Carrying Amount of Village's Cash	\$ 3,362,305	Statement of Net Position –	
Carrying Amount of Pension's Funds	2,645	Cash and Investments	\$35,409,624
Village's Investments	47,319,819	Statement of Fiduciary Net Position–	
Police Pension Fund Investments	58,345,666	Cash and Investments	
Fire Pension Fund Investments	<u>59,405,251</u>	Pension Funds' Cash and Short-Term	
Total Cash and Investments per Note	<u>\$168,435,686</u>	Investments	1,588,874
		Pension Funds' Investments	
		U.S. Treasury Securities	32,221,052
		U.S. Agency Securities	19,427,760
		Corporate Bonds	710,062
		IMET	401,141
		Mutual Funds	53,288,290
		Money Market Mutual Funds	7,178,789
		Equity Securities	2,937,594
		Agency Fund Cash and Short-Term	
		Investments	15,213,746
		Agency Fund Assets Held by Agents	<u>58,754</u>
		Total Cash and Investments	
		per Statements	<u>\$168,435,686</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 – RECEIVABLES

The following receivables are included in other receivables on the statement of net position:

Governmental activities	
Hotel tax	\$ 228,703
Cable franchise fees	196,017
IPBC terminal reserve	1,083,418
Grants	287,384
Waste management franchise fees	43,870
911 surcharge	3,904
Tipping fees	56,682
Employee computer program	86,699
Red light camera funds	4,000
Other miscellaneous	<u>93,137</u>
Total governmental activities	<u>\$ 2,083,814</u>
Business-type activities	
Entertainment tax	\$ 28,719
Food & Beverage	197,587
Other	<u>5,861</u>
Total business-type activities	<u>\$ 232,167</u>

The following receivables are included in due from other governments on the statement of net position:

Governmental activities	
Sales tax	\$ 1,643,899
Home rule sales tax	895,153
Income tax	1,443,618
Local use tax	204,892
Motor fuel tax	107,424
Simplified telecommunications tax	689,178
Court fines	<u>62,301</u>
Total governmental activities	<u>\$ 5,046,465</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 - CAPITAL ASSETS

	Balances January 1	Increases	Decreases	Balances December 31
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,280,662	\$ 756,624	\$ -	\$ 7,037,286
Land Right of Way	40,809,949	1,337,159	-	42,147,108
Construction in progress	53,253	162,340	53,253	162,340
Total capital assets not being depreciated	<u>47,143,864</u>	<u>2,256,123</u>	<u>53,253</u>	<u>49,346,734</u>
Capital Assets being depreciated				
Buildings and improvements	50,212,758	-	-	50,212,758
Department equipment	2,468,776	16,542	59,238	2,426,080
Vehicles	9,287,321	291,552	121,113	9,457,760
Office furniture	15,225	-	-	15,225
Office equipment	136,838	-	-	136,838
Software	74,911	-	-	74,911
Infrastructure	102,341,736	3,158,848	377,447	105,123,137
Total capital assets being depreciated	<u>164,537,565</u>	<u>3,466,942</u>	<u>557,798</u>	<u>167,446,709</u>
Less accumulated depreciation for				
Buildings and improvements	8,532,529	1,268,232	-	9,800,761
Department equipment	1,150,900	187,075	59,237	1,278,738
Vehicles	5,989,242	626,716	110,214	6,505,744
Office furniture	14,210	1,015	-	15,225
Office equipment	136,840	-	-	136,840
Software	60,728	8,958	-	69,686
Infrastructure	47,942,590	3,016,989	377,447	50,582,132
Total accumulated depreciation	<u>63,827,039</u>	<u>5,108,985</u>	<u>546,898</u>	<u>68,389,126</u>
Total capital assets being depreciated, net	<u>100,710,526</u>	<u>(1,642,043)</u>	<u>10,900</u>	<u>99,057,583</u>
Governmental activities capital assets, net	<u>\$ 147,854,390</u>	<u>\$ 614,080</u>	<u>\$ 64,153</u>	<u>\$ 148,404,317</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities	
General government	\$ 337,872
Public safety	1,356,621
Highways and streets, including depreciation of general infrastructure assets	3,357,568
Health and welfare	13,596
Culture and recreation	21,898
Economic development	21,430
Total depreciable expense - governmental activities	<u>\$ 5,108,985</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Balances January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances December 31</u>
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 6,499,000	\$ -	\$ -	\$ 6,499,000
Construction in progress	<u>153,932</u>	<u>-</u>	<u>153,932</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,652,932</u>	<u>-</u>	<u>153,932</u>	<u>6,499,000</u>
Capital assets being depreciated				
Buildings and improvements	74,174,256	-	-	74,174,256
Plant system and equipment	53,656,360	1,528,289	-	55,184,649
Vehicles	1,218,836	150,339	46,994	1,322,181
Software	14,077	-	-	14,077
Department equipment	<u>5,885,551</u>	<u>-</u>	<u>-</u>	<u>5,885,551</u>
Total capital assets being depreciated	<u>134,949,080</u>	<u>1,678,628</u>	<u>46,994</u>	<u>136,580,714</u>
Less accumulated depreciation for				
Buildings and improvements	4,491,143	1,857,295	-	6,348,438
Plant system and equipment	22,202,136	1,158,711	-	23,360,847
Vehicles	889,625	59,005	46,994	901,636
Software	235	2,815	-	3,050
Department equipment	<u>1,347,443</u>	<u>585,040</u>	<u>-</u>	<u>1,932,483</u>
Total accumulated depreciation	<u>28,930,582</u>	<u>3,662,866</u>	<u>46,994</u>	<u>32,546,454</u>
Total capital assets being depreciated, net	<u>106,018,498</u>	<u>(1,984,238)</u>	<u>-</u>	<u>104,034,260</u>
Business-type activities capital assets, net	<u>\$ 112,671,430</u>	<u>\$ (1,984,238)</u>	<u>\$ 153,932</u>	<u>\$ 110,533,260</u>

Depreciation expense was charged to functions of the business-type activities as follows:

Business-type Activities	
Waterworks and Sewerage	\$ 1,308,478
Sears Centre Operating	<u>2,354,388</u>
Total depreciable expense - business-type activities	<u>\$ 3,662,866</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 - LONG-TERM DEBT

A. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose of Bonds</u>	<u>Fund Debt Retired by</u>	<u>Balances January 1</u>	<u>Issuances</u>	<u>Reductions</u>	<u>Balances December 31</u>	<u>Current Portion</u>
\$6,365,000 General Obligation Bonds, Series 1997A, dated December 15, 1997 with interest at 4.50% to 4.70%.	Street Improvements and Fire Equipment	Debt Service	\$ 530,000	\$ -	\$ 530,000	\$ -	\$ -
\$6,765,000 General Obligation Refunding Bonds, Series 2004, Dated October 15, 2004 with interest at 3.00% to 3.75%.	Street Improvements and Fire Equipment	Debt Service	935,000	-	935,000	-	-
\$54,935,000 General Obligation Taxable Bonds, Series 2005A, Dated August 1, 2005 with interest at 4.40% to 5.40%.	Sears Centre Construction	Sears Centre	49,305,000	-	1,285,000	48,020,000	1,345,000
\$26,645,000 General Obligation Bonds, Series 2008A, Dated March 7, 2008 with interest at 5.00%.	Village Hall, Police and Fire Station and Water Tank Construction	Water Debt Service	6,661,250	-	-	6,661,250	-
\$30,355,000 General Obligation Bonds, Series 2009A, Dated April 1, 2009 with interest at 3.00% to 5.25%.	Police Station Construction and Road Improvements	Debt Service	<u>30,355,000</u>	<u>-</u>	<u>-</u>	<u>30,355,000</u>	<u>1,200,000</u>
Total general obligation bonds			<u>\$ 107,770,000</u>	<u>\$ -</u>	<u>\$ 2,750,000</u>	<u>\$ 105,020,000</u>	<u>\$ 2,545,000</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 - LONG-TERM DEBT (Continued)

B. Tax Increment Financing Bonds and Notes

The Village also issues bonds and notes where the Village pledges incremental tax income derived from a separately created tax increment financing Village (TIF). These bonds and notes are not obligations of the Village and are secured only by the incremental revenues generated by the Village. All tax increment financing notes are issued for the purpose of TIF Village improvements. Tax increment financing bonds and notes currently outstanding are as follows:

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Balance January 1</u>	<u>Issuances or Accretions</u>	<u>Retirements or Accretions</u>	<u>Balance December 31</u>	<u>Current Portion</u>
Tax Increment Revenue						
Notes due in annual installments only if tax increment revenues are available	Debt Service	\$ 82,234,777	\$ 2,122,769	\$ 14,588,442	\$ 69,769,104	\$ -
Tax Increment Redevelopment						
Note due in annual installments only if tax increment revenues are available	Debt Service	<u>3,584,840</u>	<u>-</u>	<u>-</u>	<u>3,584,840</u>	<u>-</u>
Total tax increment financing bonds		<u>\$ 85,819,617</u>	<u>\$ 2,122,769</u>	<u>\$ 14,588,442</u>	<u>\$ 73,353,944</u>	<u>\$ -</u>

The increase of \$2,122,769 in the Tax Increment Revenue Notes represents interest due March 31 and September 30, 2012 of \$2,122,769 that accrues to the principal balance if not paid.

C. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Year Ending December 31	General Obligation Bonds	
	Governmental Activities	
	Principal	Interest
2013	\$ 1,200,000	\$ 2,513,044
2014	1,235,000	2,477,044
2015	1,295,000	2,418,382
2016	1,360,000	2,356,869
2017	1,410,000	2,302,469
2018-2022	8,220,000	10,355,169
2023-2027	10,595,000	7,970,770
2028-2032	10,755,000	5,110,344
2033-2037	11,591,250	2,464,875
2038	<u>2,677,500</u>	<u>133,875</u>
Total	<u>\$ 50,338,750</u>	<u>\$ 38,102,837</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 - LONG-TERM DEBT (Continued)

Year Ending December 31	Tax Increment Revenue Notes *		General Obligation Bonds - Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ -	\$ -	\$ 1,345,000	\$ 2,883,273
2014	-	-	1,415,000	2,817,368
2015	-	-	1,485,000	2,747,326
2016	-	-	1,555,000	2,673,076
2017	-	-	1,635,000	2,594,548
2018-2022	-	-	9,550,000	11,603,603
2023-2027	-	-	12,380,000	8,773,532
2028-2032	-	-	18,000,000	4,963,038
2033-2037	-	-	6,423,750	959,865
2038	-	-	892,500	44,625
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,681,250</u>	<u>\$ 40,060,250</u>

* 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, which was going to be in 2012. However, legislation has been approved to extend the EDA for another 15 years. Any amount of unpaid interest at the interest due dates is added to the principal balance of the note. All interest rates have been fixed at 4%.

The Barrington/Higgins 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 bears interest at 5.0%. Therefore, no set debt service schedule is available.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 - LONG-TERM DEBT (Continued)

D. Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in liabilities reported in the governmental activities:

	<u>Balances</u> <u>January 1</u>	<u>Issuances or</u> <u>Accretions</u>	<u>Reductions</u>	<u>Balances</u> <u>December 31</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds payable	\$ 51,803,750	\$ -	\$ 1,465,000	\$ 50,338,750	\$ 1,200,000
Unamortized bond discount	(207,063)	-	(7,669)	(199,394)	-
Unamortized bond premium	1,099,916	-	78,274	1,021,642	-
Tax increment financing Notes payable	85,819,617	2,122,769	14,588,442	73,353,944	-
Net pension obligation	195,200	-	8,571	186,629	-
Net IMRF pension obligation	108,649	2,324	-	110,973	-
Compensated absences payable - governmental funds*	2,587,640	1,565,699	1,442,422	2,710,917	1,529,999
Compensated absences payable - internal service	26,686	32,504	26,686	32,504	32,504
Net other post-employment benefit obligations	1,201,536	53,753	-	1,255,289	-
Net other post-employment benefit obligations - Internal Service Fund	18,892	4,943	-	23,835	-
Termination benefit **	<u>382,562</u>	<u>-</u>	<u>217,167</u>	<u>165,395</u>	<u>165,395</u>
Total governmental activities	<u>\$ 143,037,385</u>	<u>\$ 3,781,992</u>	<u>\$ 17,818,893</u>	<u>\$ 129,000,484</u>	<u>\$ 2,927,898</u>

* The General Fund, EDA Administration Fund and the Asset Seizure Fund typically have been used in prior years to liquidate the compensated absences payable.

** The General Fund has typically been used in prior years to liquidate the termination benefit payable, the net pension obligation, and the net other post-employment benefit obligations.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 - LONG-TERM DEBT (Continued)

During the fiscal year the following changes occurred in liabilities reported in the business-type activities:

	<u>Balances</u> <u>January 1</u>	<u>Issuances or</u> <u>Accretions</u>	<u>Reductions</u>	<u>Balances</u> <u>December 1</u>	<u>Current</u> <u>Portion</u>
General obligations payable	\$ 55,966,250	\$ -	\$ 1,285,000	\$ 54,681,250	\$ 1,345,000
Unamortized bond discount	(279,473)	-	(32,621)	(246,852)	-
Capital lease payable	16,483	-	4,600	11,883	4,600
Compensated absences payable	309,122	175,973	139,425	345,670	133,162
Net other post-employment benefit obligations	136,023	18,901	-	154,924	-
Termination benefit	<u>61,159</u>	<u>-</u>	<u>28,630</u>	<u>32,529</u>	<u>-</u>
Total business-type activities	<u>\$ 56,209,564</u>	<u>\$ 194,874</u>	<u>\$ 1,425,034</u>	<u>\$ 54,979,404</u>	<u>\$ 1,482,762</u>

E. Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

F. Tax Increment Revenue Bond Ordinance Disclosures

The ordinances authorizing the issuance of the Series 2005 Tax Increment Revenue Refunding Bonds and the Series 1991 Junior Lien Tax Increment Revenue Bonds provide for the creation of separate accounts designated as the “Governmental Share Account,” “Program Expense Account,” “Senior Lien Bond and Interest Account,” “Senior Lien Debt Service Reserve and Redemption Account,” “Junior Lien Bond and Interest Account,” “Junior Lien Debt Service Reserve and Redemption Account” and the “General Account,” into which there shall be credited as of the first day of each month all revenues of the EDA Tax Increment Financing District in accordance with the following priority:

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

NOTE 5 - LONG-TERM DEBT (Continued)

1) The Governmental Share Account

There is hereby created a special account to be known as the Governmental Share Account. As monies are deposited into the EDA Special Tax Allocation Fund, the Village shall deposit into the Governmental Share Account incremental property taxes in accordance with the following schedule:

Tax Levy <u>Year</u>	Phase I Increment <u>Revenues</u>	Percentage of Phase II Tax Increment <u>Revenues</u>
2011	\$ 5,656,947	30%
2012	5,939,795	30%

Phase I tax increment revenues refer to the incremental revenues generated by the approximately 200 acre Sears Merchandise Group Home Office Complex. Phase II tax increment revenues refer to the incremental revenues generated by the balance of the land (approximately 580 acres) within the EDA Tax Increment Financing District.

Funds within the Governmental Share Account are to be promptly paid to the affected taxing districts in accordance with the Economic Development Agreement.

2) The Program Expense Account

There shall be credited to the Program Expense Account an amount sufficient to pay all initial and ongoing administrative expenses related to the issuance of the tax increment financing revenue bonds for the current and next succeeding bond year.

3) The General Account

All monies remaining in the EDA Special Tax Allocation Fund after crediting the required amounts to the aforementioned accounts shall be credited to the General Account. Monies on deposit in the General Account shall first be used to remedy any deficiencies in the prior accounts, second to cover any arbitrage rebate to maintain the tax exempt status of the bonds and, thereafter, in the order of priority as follows:

- a) For purposes of paying project costs
- b) For the purpose of paying principal and interest on any outstanding notes issued under the development agreement
- c) To pay for anticipated project costs for the next three years
- d) To refund, advance refund, redeem, prepay, defease or purchase any outstanding bonds
- e) To establish such additional reserves as may be deemed necessary by the Village Board
- f) To distribute funds to applicable taxing districts in accordance with state laws

A schedule summarizing the Village's compliance with the bond indentures can be found in the Supplemental Data section of this report on pages 137-138.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 - LONG-TERM DEBT (Continued)

G. 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 EDA General Account Fund created by the indenture of the Series 2005 and Series 1991 tax increment revenue bonds.

The interest rates are fixed at 4%. Payments on the notes are due semi-annually as and to the extent monies are available in the 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.

H. Termination Benefits

In accordance with GASB Statement No. 47, *Accounting for Termination Benefits*, the Village is required to calculate and record a termination benefit liability, which is, in general, the future costs to the Village to fund costs associated with termination benefit. See Note 12 for further information regarding the termination benefit liability at December 31, 2012.

I. Net Other Post-Employment Benefit Obligation

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, the Village is required to calculate and record a net other post-employment benefit obligation (NOPEBO). The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions. See Note 13 for further information regarding the NOPEBO liability at December 31, 2012.

J. Capital Lease

On July 12, 2010, the Village entered into a capital lease for copier equipment. Lease payments are due monthly in the amount of \$1,085 and the term is sixty months. \$462 of the monthly payment relates to the service portion and \$623 relates to the leasing of the equipment. The copier equipment was recorded at a cost of \$23,000 and accumulated depreciation as of December 31, 2012 is \$11,117. Payments are made by the Sears Centre Operating Fund. The following are the future minimum rental payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,600	\$ 2,876	\$ 7,476
2014	4,600	2,876	7,476
2015	<u>2,683</u>	<u>1,678</u>	<u>4,361</u>
Total	<u>\$ 11,883</u>	<u>\$ 7,430</u>	<u>\$ 19,313</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

NOTE 6 - INTERFUND ACCOUNTS

Due from/to other funds at December 31, 2012 consist of the following:

	<u>Due From</u>	<u>Due To</u>
General	\$ 995,375	\$ 575,031
Nonmajor Governmental	482,065	834,390
Waterworks and Sewerage	444,434	22,012
Internal Service	12,212	3,027
Fiduciary	<u>130,597</u>	<u>630,223</u>
 Total	 <u>\$ 2,064,683</u>	 <u>\$ 2,064,683</u>

\$630,142 in the General Fund due from Fiduciary Funds relates to a TIF surplus distribution that is owed the General Fund. This amount will be repaid within one year.

The remainder of the above due from/due to amounts outstanding primarily relate to the allocation of health, dental and worker's compensation insurance expenses, capital projects expenses, property tax allocations, and other expenses. These amounts will be repaid within one year.

Advances from/to other funds at December 31, 2012 consisted of the following:

	<u>Advance From</u>	<u>Advance To</u>
General	\$ 31,100	\$ -
Nonmajor Governmental Funds	1,000,000	
Sears Centre Operating	-	1,000,000
Fiduciary	<u>-</u>	<u>31,100</u>
Total	<u>\$ 1,031,100</u>	<u>\$ 1,031,100</u>

The purposes of significant advances from/to other funds are as follows:

\$1,000,000 advance from the Capital Replacement Fund to the Sears Centre Operating Fund for cash flow funding. Repayment is not expected within one year.

Interfund transfers during the year ended December 31, 2012 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 87,140	\$ 1,816,007
Nonmajor Governmental	5,520,737	3,745,330
Waterworks and Sewerage	41,160	353,999
Sears Centre Operating	150,000	-
Internal Service	<u>116,299</u>	<u>-</u>
Total	<u>\$ 5,915,336</u>	<u>\$ 5,915,336</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 6 - INTERFUND ACCOUNTS (Continued)

The purposes of significant interfund transfers are as follows:

\$1,786,007 transferred to other funds from the General Fund. This relates to routine transfers from the General Fund to the 1997A&B General Obligation Debt Service Fund (\$101,120), 2004 General Obligation Debt Service Fund (\$240,750), 2008 General Obligation Debt Service Fund (\$985,938), Capital Improvements Fund (\$105,000), Capital Vehicle and Equipment Fund (\$134,400), Sears Centre Operating Fund (\$150,000), and the Information Systems Fund (\$68,799) for the payment of debt service and capital project costs. The transfers will not be repaid. \$353,999 transferred to other funds from the Waterworks & Sewerage Fund. This primarily relates to a transfer to the 2008 General Obligation Debt Service Fund, a nonmajor fund, for the payment of debt service. This amount will not be repaid.

NOTE 7 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The Village is self-insured for general liability and worker's compensation, and has established a risk financing Insurance Fund (the Fund) for those risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. Under this program, the Fund provides coverage up to a maximum of \$100,000 for each general liability and property damage claim, \$250,000 for each worker's compensation claim in 2003 and prior, \$300,000 for each worker's compensation claim in 2004, \$350,000 for each worker's compensation claims in 2005 and \$500,000 for each worker's compensation claims in 2006 and 2007. In 2008 through 2011, the coverage is up to \$500,000 for each worker's compensation claim except for police and firefighters' coverage is up to \$600,000. The Fund provided coverage up to a maximum of \$50,000 for each health claim through 2004. As of January 1, 2005, the Village joined the Intergovernmental Personnel Benefit Cooperative (IPBC) for health claims. IPBC currently has \$1,083,418 available on deposit for use by the Village. The Village purchases commercial insurance for claims in excess of the coverages provided by the Fund. Settled claims have not exceeded this commercial coverage in fiscal year 2012.

All operating funds of the Village participate and make payments to the Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims. Liabilities of the Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and societal factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 634,744	\$ 1,053,287
Incurred claims (including IBNR)	723,146	320,775
Claim payments	<u>(655,802)</u>	<u>(739,318)</u>
Unpaid claims, end of year	<u>\$ 702,088</u>	<u>\$ 634,744</u>

High-Level Excess Liability Pool (HELP)

The Village participates in the High-Level Excess Liability Pool (HELP). HELP is a public entity risk pool established by certain municipalities in Illinois to provide excess liability coverage (\$10,000,000 of coverage after a \$2,000,000 self-insurance retention). The Village's payments to HELP are displayed on the financial statements as expenditures/expenses in appropriate funds.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 7 - RISK MANAGEMENT (Continued)

HELP was organized on April 1, 1987. The purpose of HELP is to act as joint self- insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the members and other parties included within the scope of coverage of HELP.

HELP is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of HELP are appointed by the Board of Directors. The Board of Directors determines the general policy of HELP, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of debt by HELP, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the HELP agreement or the bylaws.

The Village does not exercise any control over the activities of HELP beyond its representation on the Board of Directors.

The Village of Elk Grove Village, Illinois (the initial host member) issued \$5,000,000 of general obligation bonds in 1987 to provide initial funding for HELP. The bond proceeds were put into escrow. An intergovernmental agreement among HELP, the Village of Elk Grove Village, Illinois and the members provided that HELP and its members were obligated to the Village of Elk Grove Village, Illinois for payment of principal and interest on the bonds until such bonds were retired. Additionally, each member was liable for its proportionate share of any default by other members. The obligations of HELP and its members are unconditional. The bonds were paid in full as of April 30, 1997.

Intergovernmental Personnel Benefit Cooperative (IPBC)

Effective January 1, 2005, the Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental and nonprofit public service entities.

The IPBC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers: a Benefit Administrator and a Treasurer. The Village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

NOTE 8 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's counsel that resolution of these matters will not have a material adverse effect on the financial statements of the Village.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 9 - CONTRACTUAL COMMITMENTS

A. High-Level Excess Liability Pool

The Village has committed to purchase excess liability insurance from HELP through April 30, 2018. The Village expects to make the following payments to HELP:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$ 89,980
2014	89,980
2015	89,980
2016	89,980
2017	89,980
2018	89,980

These amounts have been estimated using the Village's current contribution levels.

B. Northwest Suburban Municipal Joint Action Water Agency (JAWA)

The Village has committed to purchase water from JAWA through the year 2022. The Village expects to pay the following payments to JAWA:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$ 6,550,000
2014	6,550,000
2015	6,550,000
2016	6,550,000
2017	6,550,000
2018-2022	32,750,000

These amounts have been estimated based upon the Village's current water consumption figures and current water costs. In future years the annual cost will be subject to change.

C. Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to make payments to SWANCC for solid waste refuse disposal and expects to pay the following amounts:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$ 72,020
2014	73,128
2015	69,804
2016	66,480

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 9 - CONTRACTUAL COMMITMENTS (Continued)

These amounts have been estimated based upon the Village's commitment for 2013. In future years, the annual expense will be subject to change based upon the actual tonnage of refuse disposed of and current SWANCC costs.

D. Economic Incentive Agreements

The Village has entered into economic incentive agreements with commercial entities whereby the Village has agreed to reimburse the commercial entities for certain unique infrastructure costs incurred by the commercial entities through sales tax and property tax rebates. The amount of the rebates is limited to the lower of actual costs or \$20,000,000 (\$4,478,214 paid as of December 31, 2012) and are payable over 5 to 18 years solely from sales taxes and property taxes generated by the commercial entities. The rebates are to be paid semi-annually beginning in 2004 by each March 31st and September 30th for the previous six months ending December 31st and June 30th, respectively, or annually within 120 days after the end of the Village's fiscal year for amounts collected by the state for the prior fiscal year or quarterly. At December 31, 2012, the Village has accrued an estimated rebate liability of \$504,852 for amounts collected by the state through December 31, 2012. The amounts to be reimbursed annually are limited to various percentages of sales taxes and property taxes generated by the commercial entities.

E. Construction Contracts

The Village had no significant construction contracts outstanding as of December 31, 2012.

NOTE 10 - JOINT VENTURES

A. Northwest Suburban Municipal Joint Action Water Agency (JAWA)

Description of Joint Venture

The Village is a member of the JAWA which consists of seven municipalities. JAWA is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. JAWA is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers.

JAWA is governed by a Board of Directors which consists of one elected official from each member municipality. Each Director has an equal vote. The officers of JAWA are appointed by the Board of Directors. The Board of Directors determines the general policy of JAWA, makes all appropriations, approves contracts for sale or purchase of water, provides for the issuance of debt, adopts bylaws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the bylaws.

Complete financial statements can be obtained from the Northwest Suburban Municipal Joint Action Water Agency, 901 Wellington Avenue, Elk Grove Village, Illinois 60007.

Revenues of the system consist of (1) all receipts derived from the Water Supply Agreements or any other contract for the supply of water; (2) all income derived from the investment of monies; and (3) all income, fees, water service charges and all grants, rents and receipts derived by

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 10 - JOINT VENTURES (Continued)

JAWA from the ownership and operation of the system and the sale of water. JAWA covenants to establish fees and charges sufficient to provide revenues to meet all its obligations.

JAWA has entered into water supply agreements with the seven member municipalities for a term of 40 years, extending to 2022. The agreements are irrevocable and may not be terminated or amended except as provided for in the General Resolution. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual quantity of water.

JAWA has entered into an agreement with the City of Chicago under which the City has agreed to sell quantities of Lake Michigan water sufficient to meet the projected water needs of the members through the year 2020.

The obligation of the Village to make payments required by this agreement is payable from the Village's Waterworks and Sewerage Fund.

In accordance with the joint venture agreement, the Village remitted \$6,526,128 to JAWA for 2012. The Village does not have an equity interest in JAWA at December 31, 2012.

B. Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of the SWANCC which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. SWANCC is empowered to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

SWANCC is governed by a Board of Directors which consists of the mayor or president from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors. The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, provides for the issuance of debt, adopts bylaws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the bylaws.

Complete financial statements for SWANCC can be obtained from the SWANCC's administrative office at 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

SWANCC's outstanding bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by SWANCC resolutions. The bonds are not the debt of any member. SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges and all grants, rents and receipts derived by SWANCC from the ownership and operation of the system. SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 10 - JOINT VENTURES (Continued)

contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the contract, the Village made payments totaling \$726,573 to SWANCC in 2012. The payments have been recorded in the Municipal Waste System Fund. The Village does not have an equity interest in SWANCC at December 31, 2012.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police and Firefighters' Pension plans issue separate reports on the pension plans. These reports can be obtained from the Village, 1900 Hassell Road, Hoffman Estates, Illinois 60169. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

A. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Description: The Village's defined benefit pension plan for employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy: As set by statute, plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for 2012 used by the employer was 13.59% of the annual covered payroll. The employer annual required contribution rate for 2012 was 13.59%. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost: For 2012, the Village's actual contributions for pension cost for the Regular plan members were \$1,485,520. Its required contribution for 2012 was \$1,485,520.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 1,485,520	100%	\$ 110,973
12/31/11	1,465,442	98%	108,649
12/31/10	1,422,238	94%	73,300

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4.00% per year, attributable to inflation; (c) additional projected salary increases ranging from 0.40% to 10.00% per year depending on age and service, attributable to seniority/merit; and (d) post-retirement benefit increases of 3.00% annually. The actuarial value of the Village's employer plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.00% corridor between the actuarial and market value of assets. The plan's underfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010, was 30 years.

Funded Status and Funding Progress: As of December 31, 2012, the most recent actuarial valuation date, the plan was 66.53% funded. The actuarial accrued liability for benefits was \$36,106,378 and the actuarial value of assets was \$24,020,334 resulting in an underfunded actuarial accrued liability (UAAL) of \$12,086,044. The covered payroll for 2012 (annual payroll of active employees covered by the plan) was \$10,930,980 and the ratio of the UAAL to the covered payroll was 111%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. A separate report for the Police Pension Plan is not available. At December 31, 2011, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	59
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	77
Nonvested	15
Total	151

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits.

Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes shall not exceed \$106,800 however, that amount shall increase annually by the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service costs for the Police Pension Plan.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. A separate report for the Firefighters' Pension Plan is not available. At December 31, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	53
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	60
Nonvested	33
Total	146

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits.

Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800 plus the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service costs for the Firefighters' Pension Plan.

B. Significant Investments

Investments in Fidelity mutual funds exceed 5.00% of plan net assets for the Police Pension Plan. Investments in Vanguard mutual funds and American Funds exceed 5.00% of plan net assets for the Fire Pension Plan. There are no other significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or Firefighters' Pension Plans. Information for the IMRF is not available.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation date	December 31, 2012	December 31, 2011	December 31, 2011
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Closed	29 Years, Closed	29 Years, Closed
Significant actuarial assumptions			
a. Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
b. Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.00% Compounded Annually	5.00% Compounded Annually
c. Additional projected salary increases - seniority/merit	.40% to 10.00%	1.00%	1.00%
d. Post-retirement benefit increases	3.00%	3.00%	3.00%

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Employer annual pension cost (APC), actual contributions and the net pension obligation (asset) (NPO) are as follows. The NPO (asset) is the cumulative difference between the APC and the contributions actually made.

	<u>Fiscal</u> <u>Year</u>	Illinois <u>Municipal</u> <u>Retirement</u>	<u>Fiscal</u> <u>Year</u>	<u>Police</u> <u>Pension</u>	<u>Firefighters'</u> <u>Pension</u>
Annual pension cost (APC)	2010	\$ 1,422,238	2009	\$ 1,905,067	\$ 1,759,858
	2011	1,465,442	2010	2,515,988	2,439,158
	2012	1,485,520	2011	2,468,728	2,480,105
Actual contribution	2010	\$ 1,348,938	2009	\$ 1,979,784	\$ 1,771,131
	2011	1,431,656	2010	2,541,814	2,454,155
	2012	1,485,520	2011	2,497,419	2,488,676
Percentage of APC contributed	2010	95.00%	2009	103.90%	100.60%
	2011	98.00%	2010	101.00%	100.60%
	2012	100.00%	2011	101.20%	100.30%
NPO (asset)	2010	\$ 73,300	2009	(420,933)	210,197
	2011	108,649	2010	(446,758)	195,200
	2012	110,973	2011	(475,449)	186,629

D. Funded Status and Funding Progress

The funded status and funding progress of the pension plans as of December 31, 2011 and for Illinois Municipal Retirement as of December 31, 2012 were as follows:

	<u>Illinois</u> <u>Municipal</u> <u>Retirement</u>	<u>Police</u> <u>Pension</u>	<u>Firefighters'</u> <u>Pension</u>
Actuarial accrued liability (AAL)	\$ 36,106,378	\$ 86,206,210	\$ 79,584,660
Actuarial value of plan assets	24,020,334	52,085,622	54,918,658
Unfunded actuarial accrued liability (UAAL)	12,086,044	34,120,588	24,666,002
Funded ratio (actuarial value of plan assets/AAL)	66.53%	60.42%	69.00%
Covered payroll (active plan members)	10,930,980	8,358,633	8,231,207
UAAL as a percentage of covered payroll	110.57%	408.21%	299.66%

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Net Pension Obligation

The NPO (asset) has been calculated as follows:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual required contributions	\$ 2,476,784	\$ 2,474,644
Interest on net pension obligation	(33,507)	14,640
Adjustment to annual required contribution	<u>25,451</u>	<u>(9,179)</u>
Annual pension cost	2,468,728	2,480,105
Contributions made	<u>2,497,419</u>	<u>2,488,676</u>
Change in net pension obligation (asset)	(28,691)	(8,571)
Net pension obligation (asset), beginning of year	<u>(446,758)</u>	<u>195,200</u>
Net pension obligation (asset), end of year	<u>\$ (475,449)</u>	<u>\$ 186,629</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

F. Pension Information

Fiduciary Net Position

	Pension Trust		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
ASSETS			
Cash and short-term investments	\$ 1,006,682	\$ 582,192	\$ 1,588,874
Investments, at fair value			
U.S. treasury securities	15,353,720	10,554,733	25,908,453
U.S. agency securities	9,724,482	16,015,873	25,740,355
Corporate bonds	-	710,062	710,062
Mutual funds	31,104,061	21,763,729	52,867,790
Money market mutual funds	336,586	6,842,203	7,178,789
Equities	-	2,937,594	2,937,594
Receivables (net, where applicable, of allowances for uncollectibles)			
Accrued interest	178,096	227,619	405,715
Other	-	2,685	2,685
Due from primary government	65,210	65,387	130,597
Total assets	<u>58,169,982</u>	<u>59,702,077</u>	<u>117,872,059</u>
LIABILITIES			
Accounts payable	2,274	52,426	54,700
Total liabilities	<u>2,274</u>	<u>52,426</u>	<u>54,700</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 58,167,708</u>	<u>\$ 59,649,651</u>	<u>\$ 117,817,359</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Changes in Plan Net Position	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer contributions	\$ 2,450,556	\$ 2,080,514	\$ 4,531,070
Employee contributions	863,800	777,945	1,641,745
Other contributions	<u>331,062</u>	<u>724</u>	<u>331,786</u>
Total contributions	<u>3,645,418</u>	<u>2,859,183</u>	<u>6,504,601</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	3,693,787	3,654,094	7,347,881
Interest	<u>1,862,011</u>	<u>1,543,867</u>	<u>3,405,878</u>
Total investment income	5,555,798	5,197,961	10,753,759
Less investment expense	<u>(103,037)</u>	<u>(197,595)</u>	<u>(300,632)</u>
Net investment income	<u>5,452,761</u>	<u>5,000,366</u>	<u>10,453,127</u>
Total additions	<u>9,098,179</u>	<u>7,859,549</u>	<u>16,957,728</u>
DEDUCTIONS			
Benefits and refunds	2,993,874	3,084,923	6,078,797
Miscellaneous	<u>22,219</u>	<u>43,633</u>	<u>65,852</u>
Total deductions	<u>3,016,093</u>	<u>3,128,556</u>	<u>6,144,649</u>
NET INCREASE (DECREASE)	6,082,086	4,730,993	10,813,079
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
January 1	<u>52,085,622</u>	<u>54,918,658</u>	<u>107,004,280</u>
December 31	<u>\$ 58,167,708</u>	<u>\$ 59,649,651</u>	<u>\$ 117,817,359</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 12 - TERMINATION BENEFITS

During August, 2010, the Village entered into an agreement providing for the payment of 36 months of health insurance costs. The employees were required to resign as of a designated date and to maintain the same coverage as they were provided during their employment. Under the agreement, the Village contributed 100% of the employee's health insurance premiums for the period covered. The Village has calculated the premium payments for the remaining period of the benefit based on the 2012 actual rates. The Village makes monthly insurance payments for the premium amount in conjunction with their regular health insurance premium payments. As of December 31, 2012, the balance is \$197,924.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described, the Village provides post-employment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental and business-type activities.

B. Benefits Provided

The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan.

C. Membership

At December 31, 2012, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	31
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees - Vested	222
Active Employees - Nonvested	<u>78</u>
Total	<u>331</u>
Participating Employees	<u><u>1</u></u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2012

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

D. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

E. Annual OPEB Costs and Net OPEB Obligation

The Village had an actuarial valuation performed for the plan as of December 31, 2012 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2012. The Village's annual OPEB cost (expense) was \$579,774 for the year ended December 31, 2012. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 was as follows. A valuation was performed for the first time as of December 31, 2006.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	Percentage of <u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2010	\$ 432,848	\$502,177	116.00%	\$1,266,783
December 31, 2011	591,844	502,177	84.80%	1,356,451
December 31, 2012	579,774	502,177	86.60%	1,434,048

The net OPEB obligation as of December 31, 2012, was calculated as follows:

Annual required contribution	\$ 570,731
Interest on net OPEB obligation	54,258
Adjustment to annual required contribution	<u>(45,215)</u>
Annual OPEB cost	579,774
Contributions made	<u>502,177</u>
Increase in net OPEB obligation	77,597
Net OPEB obligation, beginning of year	<u>1,356,451</u>
Net OPEB obligation, end of year	<u>\$ 1,434,048</u>

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress.

The funded status of the plan as of December 31, 2012 was as follows:

Actuarial accrued liability (AAL)	\$11,871,893
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	11,871,893
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	27,083,197
UAAL as a percentage of covered payroll	43.80%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return and an annual initial healthcare cost trend rate of 8.0% decreasing to an ultimate rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 30 years.

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* in November 2010. The Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues. The requirements of the Statement are effective for financial statements for periods beginning after June 15, 2012. The Village is currently evaluating the impact of the adoption of the standard on its financial statements.

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In March 2012, the GASB issued GASB Statement 66, Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straightline basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The provisions of this Statement are effective for the Village's fiscal year ended December 31, 2013. The Village is currently evaluating the impact of the adoption of the standard on its financial statements.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this Statement are effective for the Village's Pension Funds fiscal year ending December 31, 2014. Management has not determined what impact this GASB statement will have on its financial statements.

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for the City's financial year ending December 31, 2015. Management has not determined what impact this GASB statement will have on its financial statements.

In January 2013, the GASB issued Statement 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement requires the use of

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

carrying values to measure the assets and liabilities in a government merger. This Statement also requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for the Village's fiscal year ended December 31, 2014, with earlier application being encouraged. This GASB statement is not expected to have any impact on the Village's financial statements.

In April 2013, the GASB issued Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This liability should be reported until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units by specifying the information required to be disclosed by governments that extend nonexchange financial guarantee as well as new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for the Village's fiscal year ended December 31, 2014, with earlier application being encouraged. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended December 31, 2012, the Village implemented the requirements of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and GASB Statement 65, "Items Previously Reported as Assets and Liabilities." Statement 63 is effective for the Village's fiscal year ending December 31, 2012 and provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. As such, the Village modified its government-wide financial statement presentation to incorporate these requirements.

GASB Statement 65 is effective for the Village's fiscal year ended December 31, 2013, with earlier application being encouraged. The Village has implemented this statement retroactively as of their fiscal year ended December 31, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. A specific change to the Village’s financial statements relates to deferred bond issuance costs of \$408,710 for Governmental Activities and \$587,812 for Business Activities that were reported on the financial statements for the year ended December 31, 2011. Due to the requirements of GASB 65, this amount is no longer considered to be an asset and thus was removed from the financial statements as an adjustment to net position. A reconciliation for net position from the 2011 financial statements to beginning net position as reported on the 2012 financial statements is as follows:

Governmental Activities

Beginning Net Position as Previously Reported	\$ 40,636,947
Change in Accounting Principle for Deferred Bond Costs	<u>(408,710)</u>
Beginning Net Position as Restated	<u>\$ 40,228,237</u>

<u>Business Type Activities</u>	<u>Waterworks and Sewerage Fund</u>	<u>Sears Centre Operating Fund</u>	<u>Total</u>
Beginning Net Position as Previously Reported	\$ 29,769,678	\$ 31,967,506	\$ 61,737,184
Change in Accounting Principle for Deferred Bond Costs	<u>(55,841)</u>	<u>(531,971)</u>	<u>(587,812)</u>
Beginning Net Position as Restated	<u>\$ 29,713,837</u>	<u>\$ 31,435,535</u>	<u>\$ 61,149,372</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
 Year Ended December 31, 2012
 (with comparative totals for 2011)

	General Fund					EDA General Account				
	2012		Actual	Variance From Final Budget Positive (Negative)	2011	2012		Variance From Final Budget Positive (Negative)	2011	
	Original Budget	Final Budget			Actual	Original Budget	Final Budget		Actual	
REVENUES										
Taxes	\$ 23,958,430	\$ 23,958,430	\$ 24,231,961	\$ 273,531	\$ 23,543,577	\$ -	\$ 14,588,450	\$ 14,588,442	\$ (8)	\$ 15,988,968
Licenses and Permits	1,410,500	1,410,500	1,682,898	272,398	2,049,297	-	-	-	-	-
Intergovernmental	11,739,720	11,833,120	12,856,322	1,023,202	12,019,865	-	-	-	-	-
Charges for Services	6,118,010	6,209,290	6,329,978	120,688	6,269,750	-	-	-	-	-
Fines and Forfeits	1,490,500	1,490,500	905,297	(585,203)	806,084	-	-	-	-	-
Interest Income	37,050	37,050	16,089	(20,961)	23,016	-	-	-	-	-
Miscellaneous	555,460	555,460	788,354	232,894	3,334,574	-	-	-	-	-
TOTAL REVENUES	45,309,670	45,494,350	46,810,899	1,316,549	48,046,163	-	14,588,450	14,588,442	(8)	15,988,968
EXPENDITURES										
Current										
General Government	5,427,500	5,427,500	5,266,656	160,844	5,295,530	-	-	-	-	-
Public Safety	28,616,880	28,616,880	28,093,057	523,823	28,034,071	-	-	-	-	-
Highways and Streets	5,295,120	5,295,120	4,903,380	391,740	4,961,989	-	-	-	-	-
Sanitation	1,020,820	1,213,280	1,213,277	3	1,115,901	-	-	-	-	-
Health and Welfare	1,704,950	1,704,950	1,687,017	17,933	1,661,144	-	-	-	-	-
Culture and Recreation	279,980	332,480	319,509	12,971	216,819	-	-	-	-	-
Economic Development	1,792,220	1,885,620	1,850,716	34,904	1,792,813	-	-	-	-	-
Debt Service										
Principal Retirement	-	-	-	-	-	-	14,588,450	14,588,442	8	15,988,968
TOTAL EXPENDITURES	44,137,470	44,475,830	43,333,612	1,142,218	43,078,267	-	14,588,450	14,588,442	8	15,988,968
Excess (Deficiency) of Revenues Over Expenditures	1,172,200	1,018,520	3,477,287	2,458,767	4,967,896	-	-	-	-	-
OTHER FINANCING SOURCES (USES)										
Transfers In (Out)	(1,492,230)	(1,728,870)	(1,728,867)	3	(3,475,963)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,492,230)	(1,728,870)	(1,728,867)	3	(3,475,963)	-	-	-	-	-
Net change in fund balances	\$ (320,030)	\$ (710,350)	1,748,420	\$ 2,458,770	1,491,933	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year			12,942,687		11,450,754					
Fund balances at end of year			\$ 14,691,107		\$ 12,942,687		\$ -		\$ -	

See accompanying notes to the schedule.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

BUDGETARY INFORMATION

All departments submit requests for appropriations to the Village Manager so that a budget may be prepared. The proposed budget is prepared by line-item, program, department and fund and includes information on previous years' spending, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the Village Board for review. The Village Board holds public hearings and may add to, subtract or change appropriations. Once the budget is approved, a formal budget ordinance is adopted providing the legal authority to spend public funds.

The annual budget within functions can be changed by the Village Manager. Changes affecting total functions or funds must be approved by the Village Board. Expenditures/expenses may not legally exceed budget at the department/fund level. During the year, one budget amendment was approved by the Village Board. The budget figures included in this report reflect all budget amendments made during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, internal service, and all trust funds. All annual budgets lapse at year end.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 December 31, 2012

Trend Information

Eight-year historical trend information designed to provide information about the progress made in accumulating sufficient assets to pay benefits due is presented below:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((2-1)/5)
12/31/05	\$ 24,975,810	\$ 28,864,113	\$ 3,888,303	86.53%	\$ 9,607,953	40.47%
12/31/06	27,262,318	30,742,302	3,479,984	88.68%	10,148,000	34.29%
12/31/07	25,719,656	30,858,858	5,139,202	83.35%	10,924,003	47.05%
12/31/08	22,199,419	32,224,638	10,025,219	68.89%	11,580,858	86.57%
12/31/09	22,191,670	34,308,819	12,117,149	64.68%	11,974,189	101.19%
12/31/10	23,351,347	34,328,423	10,977,076	68.02%	10,940,296	100.34%
12/31/11	22,015,558	34,340,246	12,324,688	64.11%	10,557,938	116.73%
12/31/12	24,020,334	36,106,378	12,086,044	66.53%	10,930,980	110.57%

On a market value basis, the actuarial value of assets as of December 31, 2012 was \$24,972,504. On a market value basis, the funded ratio would be 69.16%.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 PENSION TRUST FUNDS
 December 31, 2012

POLICE PENSION FUND

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Funded Ratio (1/2)	Unfunded AAL (UAAL) (2-1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
12/31/2004	\$ 36,312,217	\$ 52,154,449	69.62%	\$ 15,842,232	\$ 6,624,855	239.13%
12/31/2005	38,197,403	57,086,394	66.91%	18,888,991	6,771,593	278.94%
12/31/2006	41,968,210	61,447,157	68.30%	19,478,947	7,373,997	264.16%
12/31/2007	45,509,710	65,825,715	69.14%	20,316,005	7,927,658	256.27%
12/31/2008	40,439,193	71,200,406	56.80%	30,761,213	8,118,084	378.92%
12/31/2009	46,170,267	76,001,039	60.75%	29,830,772	8,155,245	365.79%
12/31/2010	52,092,944	80,683,222	64.56%	28,590,278	8,202,710	348.55%
12/31/2011	52,085,622	86,206,210	60.42%	34,120,588	8,358,633	408.21%

FIREFIIGHTERS' PENSION FUND

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Funded Ratio (1/2)	Unfunded AAL (UAAL) (2-1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
12/31/2004	\$ 40,731,107	\$ 49,152,952	82.87%	\$ 8,421,845	\$ 6,340,870	132.82%
12/31/2005	43,322,571	53,329,382	81.24%	10,006,811	6,661,577	150.22%
12/31/2006	46,581,608	57,700,568	80.73%	11,118,960	6,954,964	159.87%
12/31/2007	49,711,799	61,602,588	80.70%	11,890,789	7,533,523	157.84%
12/31/2008	43,975,311	66,323,357	66.30%	22,348,046	7,901,342	282.84%
12/31/2009	48,459,349	70,358,756	68.87%	21,899,407	8,186,783	267.50%
12/31/2010	54,429,934	74,471,179	73.09%	20,040,245	8,448,299	237.21%
12/31/2011	54,918,658	79,584,660	69.01%	24,666,002	8,231,207	299.66%

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFIT PLAN
 December 31, 2012

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Funded Ratio (1/2)	Unfunded AAL (UAAL) (2-1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
12/31/2006	\$ -	\$ 8,678,983	0.00%	\$ 8,678,983	N/A	N/A
12/31/2007	*	*	*	*	*	*
12/31/2008	-	6,403,843	0.00%	6,403,843	\$ 26,385,184	24.27%
12/31/2009	*	*	*	*	*	*
12/31/2010	-	10,111,315	0.00%	10,111,315	27,072,995	37.35%
12/31/2011	*	*	*	*	*	*
12/31/2012	-	11,871,893	0.00%	11,871,893	27,083,197	43.83%

*The Village had actuarial valuations performed biennially.

N/A - Information not available

The Village implemented GASB Statement No. 45 for the fiscal year ended December 31, 2006.
 Information for prior years is not available.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
December 31, 2012

<u>Fiscal Year Ended</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
12/31/2004	\$ 872,022	\$ 872,022	100%
12/31/2005	956,952	956,952	100%
12/31/2006	1,090,910	1,090,910	100%
12/31/2007	1,172,145	1,172,145	100%
12/31/2008	1,196,303	1,196,303	100%
12/31/2009	1,342,307	1,342,307	100%
12/31/2010	1,348,938	1,422,238	95%
12/31/2011	1,431,656	1,465,442	98%
12/31/2012	1,485,520	1,485,520	100%

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 PENSION TRUST FUNDS
 December 31, 2012

POLICE PENSION				FIRE PENSION			
Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
12/31/2004	\$ 1,373,666	\$ 1,345,336	102.11%	12/31/2004	\$ 1,194,531	\$ 1,176,166	101.56%
12/31/2005	1,355,494	1,363,653	99.40%	12/31/2005	1,262,516	1,270,100	99.40%
12/31/2006	1,471,015	1,476,740	99.61%	12/31/2006	1,347,220	1,334,036	100.99%
12/31/2007	1,638,142	1,663,437	98.48%	12/31/2007	1,426,737	1,426,524	100.01%
12/31/2008	1,800,870	1,785,384	100.87%	12/31/2008	1,561,796	1,545,560	101.05%
12/31/2009	1,979,784	1,912,498	103.52%	12/31/2009	1,771,131	1,755,105	100.91%
12/31/2010	2,541,814	2,524,331	100.69%	12/31/2010	2,454,155	2,434,992	100.79%
12/31/2011	2,497,419	2,476,784	100.83%	12/31/2011	2,488,676	2,474,644	100.57%
12/31/2012	2,450,556	N/A	N/A	12/31/2012	2,080,514	N/A	N/A

N/A - Information not available.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFIT PLAN
 December 31, 2012

Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
12/31/2006	\$ 244,371	\$ 574,913	42.51%
12/31/2007	*	*	*
12/31/2008	201,364	603,659	33.36%
12/31/2009	*	410,579	*
12/31/2010	502,177	410,579	122.31%
12/31/2011	*	570,731	*
12/31/2012	502,177	570,731	87.99%

*The Village is having actuarial valuations performed biennially.

The Village implemented GASB Statement No. 45 for the fiscal year ended December 31, 2006.
 Information for prior years is not available.

N/A - Information not available.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Hoffman Estates, Illinois ("the Village") as of and for the years ended December 31, 2012 and 2011, which collectively comprise the Village's basic financial statements and have issued our reports thereon dated June 24, 2013 and June 25, 2012 which contained an unmodified and unqualified opinion on those financial statements. Our audits were performed for the purpose of forming opinions on the financial statements as a whole. The combining and individual fund financial statements and schedules and supplemental data are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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.



Crowe Horwath LLP

Oak Brook, Illinois
June 24, 2013

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMPARATIVE BALANCE SHEET BY ACCOUNT
 GENERAL FUND
 December 31, 2012
 (with comparative totals for 2011)

	2012			2011
	General Account	Municipal Waste System Account	Total	
ASSETS				
Cash and Investments	\$ 11,296,496	\$ 74,424	\$ 11,370,920	\$ 7,892,228
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):A16				
Property Taxes	15,625,569	-	15,625,569	15,734,333
Accounts	157,192	-	157,192	164,719
Accrued Interest	5,431	-	5,431	187
Other	1,799,101	105,400	1,904,501	1,752,822
Prepaid Items	64,615	65,181	129,796	115,656
Inventories	147,335	-	147,335	156,286
Due from Other Governments	4,939,041	-	4,939,041	4,848,393
Due from Other Funds	365,152	-	365,152	432,505
Due from Fiduciary Funds	630,223	-	630,223	721,814
Advances to Other Funds	-	-	-	600,000
Advances to Fiduciary Funds	31,100	-	31,100	31,100
TOTAL ASSETS	\$ 35,061,255	\$ 245,005	\$ 35,306,260	\$ 32,450,043
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 1,554,493	\$ 43,084	\$ 1,597,577	\$ 1,246,047
Accrued Payroll	537,830	-	537,830	459,475
Unearned Revenues	78,156	-	78,156	16,668,859
Due to Other Funds	444,434	-	444,434	87,034
Due to Fiduciary Funds	130,597	-	130,597	62,748
Deposits Payable	1,016,289	49,534	1,065,823	983,193
TOTAL LIABILITIES	3,761,799	92,618	3,854,417	19,507,356
DEFERRED INFLOWS				
Unearned Property Taxes	15,625,569	-	15,625,569	-
Unearned State Taxes	1,135,167	-	1,135,167	-
TOTAL DEFERRED INFLOWS	16,760,736	-	16,760,736	-
FUND BALANCE				
Nonspendable:				
Prepaid Items	64,615	65,181	129,796	115,656
Inventories	147,335	-	147,335	156,286
Insurance Deposits	1,083,418	-	1,083,418	876,935
Restricted:				
Public Safety	99,590	-	99,590	91,786
Employee Loan Program	86,699	-	86,699	85,353
Unassigned	13,057,063	87,206	13,144,269	11,616,671
TOTAL FUND BALANCES	14,538,720	152,387	14,691,107	12,942,687
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 35,061,255	\$ 245,005	\$ 35,306,260	\$ 32,450,043

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GENERAL FUND ACCOUNTS
Year Ended December 31, 2012

	General Account	Municipal Waste System Account	Total
REVENUES			
Taxes	\$ 24,231,961	\$ -	\$ 24,231,961
Licenses and Permits	1,682,898	-	1,682,898
Intergovernmental	12,856,322	-	12,856,322
Charges for Services	5,235,474	1,094,504	6,329,978
Fines and Forfeits	905,297	-	905,297
Interest Income	15,997	92	16,089
Miscellaneous	695,380	92,974	788,354
TOTAL REVENUES	<u>45,623,329</u>	<u>1,187,570</u>	<u>46,810,899</u>
EXPENDITURES			
Current:			
General Government	5,266,656	-	5,266,656
Public Safety	28,093,057	-	28,093,057
Highways and Streets	4,903,380	-	4,903,380
Sanitation	-	1,213,277	1,213,277
Health and Welfare	1,687,017	-	1,687,017
Culture and Recreation	319,509	-	319,509
Economic Development	1,850,716	-	1,850,716
TOTAL EXPENDITURES	<u>42,120,335</u>	<u>1,213,277</u>	<u>43,333,612</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,502,994</u>	<u>(25,707)</u>	<u>3,477,287</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	87,140	-	87,140
Transfers (Out)	(1,786,007)	(30,000)	(1,816,007)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,698,867)</u>	<u>(30,000)</u>	<u>(1,728,867)</u>
Net Change in Fund Balances	1,804,127	(55,707)	1,748,420
Fund Balances at Beginning of Year	<u>12,734,593</u>	<u>208,094</u>	<u>12,942,687</u>
Fund Balances at End of Year	<u>\$ 14,538,720</u>	<u>\$ 152,387</u>	<u>\$ 14,691,107</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL ACCOUNT
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
GENERAL GOVERNMENT				
Legislative	\$ 378,580	\$ 378,580	\$ 356,026	\$ 311,971
Administrative	560,120	560,120	551,415	546,748
Legal	501,970	501,970	597,258	432,939
Finance	853,880	853,880	849,626	796,497
Village Clerk	179,640	179,640	176,256	168,326
Human Resources Management	460,180	460,180	451,265	433,154
Communications	173,030	173,030	166,152	161,478
Buildings and Grounds	944,520	944,520	901,255	991,134
Equipment and Supply	1,325,010	1,325,010	1,224,876	1,246,957
Police and Fire Commission	61,490	61,490	11,007	61,420
Miscellaneous Boards and Commission	162,110	162,110	147,672	128,711
TOTAL GENERAL GOVERNMENT	5,600,530	5,600,530	5,432,808	5,295,530
PUBLIC SAFETY				
Police Department				
Administration	1,246,420	1,246,420	1,229,043	1,240,146
Juvenile Investigations	574,740	574,740	505,621	576,589
Problem Oriented Policing	550	550	218	496
Tactical	763,010	763,010	758,687	744,279
Patrol and Response	9,282,130	9,282,130	9,494,270	9,257,374
Traffic Control	1,203,360	1,203,360	1,102,023	962,587
Investigations	1,246,100	1,246,100	1,135,033	1,067,999
Community Relations	10,160	10,160	7,313	7,481
Communications	601,130	601,130	574,174	555,070
Canine	156,370	156,370	153,277	149,233
Special Services	182,610	182,610	146,813	170,201
Records	364,900	364,900	329,648	311,750
Administrative Services	731,960	731,960	714,253	684,280
Emergency Operations	160,660	160,660	142,410	177,673
Total Police Department	16,524,100	16,524,100	16,292,783	15,905,158
Fire Department				
Administration	601,510	601,510	605,030	615,289
Public Education	28,440	28,440	32,897	24,058
Suppression	5,645,290	5,645,290	5,572,992	5,925,691
Emergency Medical Services	5,120,910	5,120,910	4,906,352	5,197,299
Fire Prevention	496,480	496,480	494,912	366,389
Fire Stations	27,120	27,120	21,939	16,382
Total Fire Department	11,919,750	11,919,750	11,634,122	12,145,108
TOTAL PUBLIC SAFETY	28,443,850	28,443,850	27,926,905	28,034,071
HIGHWAYS AND STREETS				
Administration - Public Works	244,820	244,820	235,057	226,608
Snow and Ice Control	1,696,610	1,696,610	1,347,267	1,658,988
Asphalt	343,910	343,910	347,312	336,403
Forestry	859,460	859,460	864,567	751,550

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL ACCOUNT
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
Maintenance	\$ 225,010	\$ 225,010	\$ 243,876	\$ 201,333
Storm Sewers	217,050	217,050	189,913	204,527
Utilities	607,030	607,030	578,801	565,671
Engineering	1,101,230	1,101,230	1,096,587	1,016,909
TOTAL HIGHWAYS AND STREETS	<u>5,295,120</u>	<u>5,295,120</u>	<u>4,903,380</u>	<u>4,961,989</u>
HEALTH AND WELFARE				
Health and Human Services	659,390	659,390	632,370	610,983
Code Enforcement	1,045,560	1,045,560	1,054,647	1,050,161
TOTAL HEALTH AND WELFARE	<u>1,704,950</u>	<u>1,704,950</u>	<u>1,687,017</u>	<u>1,661,144</u>
CULTURE AND RECREATION				
Cable T.V.	130,270	130,270	129,117	127,537
4th of July	149,710	202,210	190,392	89,282
TOTAL CULTURE AND RECREATION	<u>279,980</u>	<u>332,480</u>	<u>319,509</u>	<u>216,819</u>
ECONOMIC DEVELOPMENT				
Administration - Community Development	212,540	212,540	210,503	202,885
Planning	452,230	452,230	451,413	481,462
Economic Development	1,127,450	1,220,850	1,188,800	1,108,466
TOTAL ECONOMIC DEVELOPMENT	<u>1,792,220</u>	<u>1,885,620</u>	<u>1,850,716</u>	<u>1,792,813</u>
TOTAL EXPENDITURES	<u>\$ 43,116,650</u>	<u>\$ 43,262,550</u>	<u>\$ 42,120,335</u>	<u>\$ 41,962,366</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUNICIPAL WASTE SYSTEM ACCOUNT
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 1,005,260	\$ 1,044,040	\$ 1,094,504	\$ 1,090,339
Investment Income	50	50	92	38
Miscellaneous	143,480	143,480	92,974	202,890
TOTAL REVENUES	<u>1,148,790</u>	<u>1,187,570</u>	<u>1,187,570</u>	<u>1,293,267</u>
EXPENDITURES				
Current				
Sanitation	1,020,820	1,213,280	1,213,277	1,115,901
TOTAL EXPENDITURES	<u>1,020,820</u>	<u>1,213,280</u>	<u>1,213,277</u>	<u>1,115,901</u>
Excess (Deficiency) of Revenues over Expenditures	<u>127,970</u>	<u>(25,710)</u>	<u>(25,707)</u>	<u>177,366</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(30,000)	(30,000)	(30,000)	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
Net Change in Fund Balance	<u>\$ 97,970</u>	<u>\$ (55,710)</u>	(55,707)	147,366
Fund Balance at Beginning of Year			<u>208,094</u>	<u>60,728</u>
Fund Balance at End of Year			<u>\$ 152,387</u>	<u>\$ 208,094</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 EDA GENERAL ACCOUNT FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ -	\$ 14,588,450	\$ 14,588,442	\$ 15,988,968
TOTAL REVENUES	<u>-</u>	<u>14,588,450</u>	<u>14,588,442</u>	<u>15,988,968</u>
EXPENDITURES				
Debt Service				
Principal Retirement	-	14,588,450	14,588,442	15,988,968
TOTAL EXPENDITURES	<u>-</u>	<u>14,588,450</u>	<u>14,588,442</u>	<u>15,988,968</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	-
Fund Balance at Beginning of Year			-	-
Fund Balance at End of Year			<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 4,251,158	\$ 853,359	\$ 12,615,492	\$ 17,720,009
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):				
Property Taxes	180,513	1,550,000	-	1,730,513
Accrued Interest	-	-	-	-
Other	21,169	-	158,143	179,312
Prepaid Items	9,529	-	48,119	57,648
Other Assets	-	-	36,407	36,407
Due from Other Governments	107,424	-	-	107,424
Due from Other Funds	-	-	482,065	482,065
Advances to Other Funds	-	-	1,000,000	1,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 4,569,793</u>	<u>\$ 2,403,359</u>	<u>\$ 14,340,226</u>	<u>\$ 21,313,378</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 161,832	\$ -	\$ 544,864	\$ 706,696
Accrued Payroll	46,447	-	-	46,447
Unearned Revenues	86,011	-	344,137	430,148
Due to Other Funds	373,081	211	461,098	834,390
Deposits Payable	11,530	-	1,809,635	1,821,165
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>678,901</u>	<u>211</u>	<u>3,159,734</u>	<u>3,838,846</u>
DEFERRED INFLOWS				
Unearned Property Taxes	180,513	1,550,000	-	1,730,513
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable:				
Prepays Items	9,529	-	48,119	57,648
Restricted:				
Highways and Streets	1,386,956	-	-	1,386,956
Emergency Equipment	81,780	-	-	81,780
Public Safety	110,857	-	-	110,857
Debt Service	-	853,148	-	853,148
Economic Development - State Statute	2,125,381	-	3,623,125	5,748,506
Bond Projects	-	-	62,645	62,645
Assigned:				
Capital Improvements	-	-	7,446,603	7,446,603
Unassigned	(4,124)	-	-	(4,124)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>3,710,379</u>	<u>853,148</u>	<u>11,180,492</u>	<u>15,744,019</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 4,569,793</u>	<u>\$ 2,403,359</u>	<u>\$ 14,340,226</u>	<u>\$ 21,313,378</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 4,422,879	\$ 1,667,417	\$ 2,066	\$ 6,092,362
Intergovernmental	1,919,547	-	347,403	2,266,950
Charges for Services	-	192,070	16,020	208,090
Fines and Forfeits	242,932	-	-	242,932
Investment Income	5,732	5,981	14,485	26,198
Miscellaneous	102,886	-	635,413	738,299
TOTAL REVENUES	<u>6,693,976</u>	<u>1,865,468</u>	<u>1,015,387</u>	<u>9,574,831</u>
EXPENDITURES				
Current:				
General Government	349,155	-	-	349,155
Public Safety	4,197,683	-	-	4,197,683
Highways and Streets	261,516	-	-	261,516
Economic Development	1,221,197	-	-	1,221,197
Capital Outlay	-	-	4,865,388	4,865,388
Debt Service				
Principal Retirement	-	1,465,000	-	1,465,000
Interest and Fiscal Charges	-	2,911,079	-	2,911,079
TOTAL EXPENDITURES	<u>6,029,551</u>	<u>4,376,079</u>	<u>4,865,388</u>	<u>15,271,018</u>
Excess (Deficiency) of Revenues over Expenditures	<u>664,425</u>	<u>(2,510,611)</u>	<u>(3,850,001)</u>	<u>(5,696,187)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,821,451	3,699,286	5,520,737
Transfers (Out)	(2,072,139)	-	(1,673,191)	(3,745,330)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,072,139)</u>	<u>1,821,451</u>	<u>2,026,095</u>	<u>1,775,407</u>
Net Change in Fund Balance	<u>(1,407,714)</u>	<u>(689,160)</u>	<u>(1,823,906)</u>	<u>(3,920,780)</u>
Fund Balance at Beginning of Year	<u>5,118,093</u>	<u>1,542,308</u>	<u>13,004,398</u>	<u>19,664,799</u>
Fund Balance at End of Year	<u>\$ 3,710,379</u>	<u>\$ 853,148</u>	<u>\$ 11,180,492</u>	<u>\$ 15,744,019</u>

NONMAJOR SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund – to account for the maintenance and various street improvements in the Village. Financing is provided by the Village's share of motor fuel tax allotments. State statutes require those allotments to be used to maintain streets.

Community Development Block Grant Fund – to account for revenues and expenditures related to the Village's Community Development Block Grant.

Asset Seizure Fund – to account for the fines and forfeitures received under the "Zero Tolerance Act" which by law are restricted to use in the fight against drug abuse.

Economic Development Area (EDA) Administration Fund – to account for revenues and expenditures pertaining to the Village's establishment of an EDA and the Sears Development, in accordance with state statutes.

Emergency 911 Fund – to account for revenues and expenditures pertaining to the telephone surcharge authorized by voter referendum and required to be established as a separate fund by state statutes.

Roselle Road TIF Fund – to account for the revenues and expenditures pertaining to the activity in the Roselle Road TIF District.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2012

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration
ASSETS				
Cash and Investments	\$ 1,293,203	\$ 1	\$ 232,955	\$ 1,462,994
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):				
Property Taxes	-	-	-	-
Other	-	16,675	590	-
Prepaid Items	-	4,125	-	5,404
Due from Other Governments	107,424	-	-	-
TOTAL ASSETS	\$ 1,400,627	\$ 20,801	\$ 233,545	\$ 1,468,398
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 13,671	\$ 4,125	\$ 1,335	\$ 10,219
Accrued Payroll	-	-	1,989	44,458
Unearned Revenues	-	-	86,011	-
Due to Other Funds	-	16,675	33,353	266,116
Deposits Payable	-	-	-	11,530
TOTAL LIABILITIES	13,671	20,800	122,688	332,323
DEFERRED INFLOWS				
Unearned Property Taxes	-	-	-	-
FUND BALANCES				
Nonspendable:				
Prepays Items	-	4,125	-	5,404
Restricted:				
Highways and Streets	1,386,956	-	-	-
Emergency Equipment	-	-	-	-
Public Safety	-	-	110,857	-
Economic Development - State Statute	-	-	-	1,130,671
Unassigned	-	(4,124)	-	-
TOTAL FUND BALANCES	1,386,956	1	110,857	1,136,075
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
	\$ 1,400,627	\$ 20,801	\$ 233,545	\$ 1,468,398

Emergency 911	Roselle Road TIF	Total Special Revenue Funds
\$ 78,314	\$ 1,183,691	\$ 4,251,158
-	180,513	180,513
3,904	-	21,169
-	-	9,529
-	-	107,424
<u>\$ 82,218</u>	<u>\$ 1,364,204</u>	<u>\$ 4,569,793</u>
\$ -	\$ 132,482	\$ 161,832
-	-	46,447
-	-	86,011
438	56,499	373,081
-	-	11,530
<u>438</u>	<u>188,981</u>	<u>678,901</u>
-	180,513	180,513
-	-	9,529
-	-	1,386,956
81,780	-	81,780
-	-	110,857
-	994,710	2,125,381
-	-	(4,124)
<u>81,780</u>	<u>994,710</u>	<u>3,710,379</u>
<u>\$ 82,218</u>	<u>\$ 1,364,204</u>	<u>\$ 4,569,793</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended December 31, 2012

	Motor Fuel Tax	Community Development Block Grant	Asset Seizure	EDA Administration
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 4,242,711
Intergovernmental	1,511,708	384,648	-	-
Fines and Forfeits	-	-	242,932	-
Investment Income	616	-	157	2,605
Miscellaneous	-	-	102,886	-
TOTAL REVENUES	<u>1,512,324</u>	<u>384,648</u>	<u>345,975</u>	<u>4,245,316</u>
EXPENDITURES				
Current:				
General Government	-	-	-	349,155
Public Safety	-	-	349,535	3,822,224
Highways and Streets	63,911	-	-	197,605
Economic Development	-	226,645	-	-
TOTAL EXPENDITURES	<u>63,911</u>	<u>226,645</u>	<u>349,535</u>	<u>4,368,984</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,448,413</u>	<u>158,003</u>	<u>(3,560)</u>	<u>(123,668)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(1,485,309)</u>	<u>(158,003)</u>	<u>(40,500)</u>	<u>(318,327)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,485,309)</u>	<u>(158,003)</u>	<u>(40,500)</u>	<u>(318,327)</u>
Net Change in Fund Balance	<u>(36,896)</u>	<u>-</u>	<u>(44,060)</u>	<u>(441,995)</u>
Fund Balance at Beginning of Year	<u>1,423,852</u>	<u>1</u>	<u>154,917</u>	<u>1,578,070</u>
Fund Balance at End of Year	<u>\$ 1,386,956</u>	<u>\$ 1</u>	<u>\$ 110,857</u>	<u>\$ 1,136,075</u>

Emergency 911	Roselle Road TIF	Total Special Revenue Funds
\$ -	\$ 180,168	\$ 4,422,879
23,191	-	1,919,547
-	-	242,932
79	2,275	5,732
-	-	102,886
<u>23,270</u>	<u>182,443</u>	<u>6,693,976</u>
-	-	349,155
25,924	-	4,197,683
-	-	261,516
-	994,552	1,221,197
<u>25,924</u>	<u>994,552</u>	<u>6,029,551</u>
<u>(2,654)</u>	<u>(812,109)</u>	<u>664,425</u>
-	(70,000)	(2,072,139)
-	(70,000)	(2,072,139)
<u>(2,654)</u>	<u>(882,109)</u>	<u>(1,407,714)</u>
<u>84,434</u>	<u>1,876,819</u>	<u>5,118,093</u>
<u>\$ 81,780</u>	<u>\$ 994,710</u>	<u>\$ 3,710,379</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 1,309,000	\$ 1,309,000	\$ 1,511,708	\$ 1,530,282
Investment Income	200	200	616	394
TOTAL REVENUES	<u>1,309,200</u>	<u>1,309,200</u>	<u>1,512,324</u>	<u>1,530,676</u>
EXPENDITURES				
Current				
Highways and Streets	90,000	90,000	63,911	82,749
TOTAL EXPENDITURES	<u>90,000</u>	<u>90,000</u>	<u>63,911</u>	<u>82,749</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,219,200</u>	<u>1,219,200</u>	<u>1,448,413</u>	<u>1,447,927</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(2,163,430)</u>	<u>(2,163,430)</u>	<u>(1,485,309)</u>	<u>(222,130)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,163,430)</u>	<u>(2,163,430)</u>	<u>(1,485,309)</u>	<u>(222,130)</u>
Net Change in Fund Balance	<u>\$ (944,230)</u>	<u>\$ (944,230)</u>	(36,896)	1,225,797
Fund Balance at Beginning of Year			<u>1,423,852</u>	<u>198,055</u>
Fund Balance at End of Year			<u>\$ 1,386,956</u>	<u>\$ 1,423,852</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 302,000	\$ 302,000	\$ 384,648	\$ 179,838
TOTAL REVENUES	<u>302,000</u>	<u>302,000</u>	<u>384,648</u>	<u>179,838</u>
EXPENDITURES				
Current				
Economic Development	162,000	162,000	226,645	179,838
TOTAL EXPENDITURES	<u>162,000</u>	<u>162,000</u>	<u>226,645</u>	<u>179,838</u>
Excess (Deficiency) of Revenues over Expenditures	<u>140,000</u>	<u>140,000</u>	<u>158,003</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(140,000)	(140,000)	(158,003)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(140,000)</u>	<u>(140,000)</u>	<u>(158,003)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	-
Fund Balance at Beginning of Year			1	1
Fund Balance at End of Year			<u>\$ 1</u>	<u>\$ 1</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ASSET SEIZURE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Fines and Forfeits	\$ 331,600	\$ 331,600	\$ 242,932	\$ 1,159,081
Investment Income	250	250	157	197
Miscellaneous	115,600	115,600	102,886	825
TOTAL REVENUES	<u>447,450</u>	<u>447,450</u>	<u>345,975</u>	<u>1,160,103</u>
EXPENDITURES				
Current				
Public Safety	464,900	464,900	349,535	164,674
TOTAL EXPENDITURES	<u>464,900</u>	<u>464,900</u>	<u>349,535</u>	<u>164,674</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(17,450)</u>	<u>(17,450)</u>	<u>(3,560)</u>	<u>995,429</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(40,500)	(40,500)	(40,500)	(999,187)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,500)</u>	<u>(40,500)</u>	<u>(40,500)</u>	<u>(999,187)</u>
Net Change in Fund Balance	<u>\$ (57,950)</u>	<u>\$ (57,950)</u>	(44,060)	(3,758)
Fund Balance at Beginning of Year			<u>154,917</u>	<u>158,675</u>
Fund Balance at End of Year			<u>\$ 110,857</u>	<u>\$ 154,917</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT AREA (EDA) ADMINISTRATION FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 4,242,710	\$ 4,242,710	\$ 4,242,711	\$ 4,040,677
Investment Income	1,000	1,000	2,605	1,168
Miscellaneous	-	-	-	18,508
TOTAL REVENUES	<u>4,243,710</u>	<u>4,243,710</u>	<u>4,245,316</u>	<u>4,060,353</u>
EXPENDITURES				
Current				
General Government	351,960	351,960	349,155	342,639
Public Safety	3,785,930	3,822,230	3,822,224	3,858,252
Highways and Streets	161,640	202,450	197,605	156,223
TOTAL EXPENDITURES	<u>4,299,530</u>	<u>4,376,640</u>	<u>4,368,984</u>	<u>4,357,114</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(55,820)</u>	<u>(132,930)</u>	<u>(123,668)</u>	<u>(296,761)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(526,530)</u>	<u>(526,530)</u>	<u>(318,327)</u>	<u>(423,050)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(526,530)</u>	<u>(526,530)</u>	<u>(318,327)</u>	<u>(423,050)</u>
Net Change in Fund Balance	<u>\$ (582,350)</u>	<u>\$ (659,460)</u>	(441,995)	(719,811)
Fund Balance at Beginning of Year			<u>1,578,070</u>	<u>2,297,881</u>
Fund Balance at End of Year			<u>\$ 1,136,075</u>	<u>\$ 1,578,070</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EMERGENCY 911 FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 25,500	\$ 25,500	\$ 23,191	\$ 24,372
Investment Income	250	250	79	162
TOTAL REVENUES	<u>25,750</u>	<u>25,750</u>	<u>23,270</u>	<u>24,534</u>
EXPENDITURES				
Current				
Public Safety	17,300	25,930	25,924	10,397
TOTAL EXPENDITURES	<u>17,300</u>	<u>25,930</u>	<u>25,924</u>	<u>10,397</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,450</u>	<u>(180)</u>	<u>(2,654)</u>	<u>14,137</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	-	-	-	(300,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Net Change in Fund Balance	<u>\$ 8,450</u>	<u>\$ (180)</u>	(2,654)	(285,863)
Fund Balance at Beginning of Year			<u>84,434</u>	<u>370,297</u>
Fund Balance at End of Year			<u>\$ 81,780</u>	<u>\$ 84,434</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROSELLE ROAD TIF FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 1,182,560	\$ 1,182,560	\$ 180,168	\$ 519,081
Investment Income	2,500	2,500	2,275	2,202
Miscellaneous	-	-	-	17,465
TOTAL REVENUES	<u>1,185,060</u>	<u>1,185,060</u>	<u>182,443</u>	<u>538,748</u>
EXPENDITURES				
Current				
Economic Development	<u>1,548,580</u>	<u>1,548,580</u>	<u>994,552</u>	<u>26,817</u>
TOTAL EXPENDITURES	<u>1,548,580</u>	<u>1,548,580</u>	<u>994,552</u>	<u>26,817</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(363,520)</u>	<u>(363,520)</u>	<u>(812,109)</u>	<u>511,931</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(50,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(50,000)</u>
Net Change in Fund Balance	<u>\$ (433,520)</u>	<u>\$ (433,520)</u>	(882,109)	461,931
Fund Balance at Beginning of Year			<u>1,876,819</u>	<u>1,414,888</u>
Fund Balance at End of Year			<u>\$ 994,710</u>	<u>\$ 1,876,819</u>

NONMAJOR DEBT SERVICE FUNDS

1997A General Obligation Debt Service Fund – to account for the accumulation of resources for the payment of bond principal and interest on the 1997A general obligation bond issue.

2001 General Obligation Refunding Bond Fund – to account for the accumulation of resources for the payment of bond principal and interest on the 2001 general obligation bond issue.

2003 General Obligation Refunding Bond Fund – to account for the accumulation of resources for the payment of bond principal and interest on the 2003 general obligation bond issue.

2004 General Obligation Refunding Bond Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2004 general obligation bond issue.

2005 EDA TIF Refunding Bond Fund – to account for the accumulation of resources and the payment of principal, interest, and fiscal charges on the Series 2005 Tax Increment Revenue Refunding Bond issue.

2008A General Obligation Debt Service Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2008A general obligation bond issue.

2009A General Obligation Debt Service Fund - to account for the accumulation of resources for the payment of bond principal and interest on the 2009A general obligation bond issue.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2012

	1997A General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
ASSETS			
Cash and Investments	\$ 5,829	\$ 63,262	\$ 29,945
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):			
Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,829</u>	<u>\$ 63,262</u>	<u>\$ 29,945</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS			
Unearned Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Debt Service	<u>5,829</u>	<u>63,262</u>	<u>29,945</u>
TOTAL FUND BALANCES	<u>5,829</u>	<u>63,262</u>	<u>29,945</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 5,829</u>	<u>\$ 63,262</u>	<u>\$ 29,945</u>

2004 General Obligation Refunding Bond	2005 EDA TIF Refunding Bond	2008A General Obligation Debt Service	2009A General Obligation Debt Service	Total Debt Service Funds
\$ 32,353	\$ 36,861	\$ 69,216	\$ 615,893	\$ 853,359
-	-	-	1,550,000	1,550,000
<u>\$ 32,353</u>	<u>\$ 36,861</u>	<u>\$ 69,216</u>	<u>\$ 2,165,893</u>	<u>\$ 2,403,359</u>
\$ 211	\$ -	\$ -	\$ -	\$ 211
-	-	-	1,550,000	1,550,000
32,142	36,861	69,216	615,893	853,148
<u>32,142</u>	<u>36,861</u>	<u>69,216</u>	<u>615,893</u>	<u>853,148</u>
<u>\$ 32,353</u>	<u>\$ 36,861</u>	<u>\$ 69,216</u>	<u>\$ 2,165,893</u>	<u>\$ 2,403,359</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 Year Ended December 31, 2012

	1997A General Obligation Debt Service	2001 General Obligation Refunding Bond	2003 General Obligation Refunding Bond
REVENUES			
Taxes	\$ 407,503	\$ 270	\$ 2,660
Charges for Services	-	-	-
Investment Income	245	51	29
TOTAL REVENUES	<u>407,748</u>	<u>321</u>	<u>2,689</u>
EXPENDITURES			
Debt Service			
Principal Retirement	530,000	-	-
Interest and Fiscal Charges	24,910	-	-
TOTAL EXPENDITURES	<u>554,910</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(147,162)</u>	<u>321</u>	<u>2,689</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	147,450	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>147,450</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>288</u>	<u>321</u>	<u>2,689</u>
Fund Balances at Beginning of Year	<u>5,541</u>	<u>62,941</u>	<u>27,256</u>
Fund Balances at End of Year	<u>\$ 5,829</u>	<u>\$ 63,262</u>	<u>\$ 29,945</u>

2004 General Obligation Refunding Bond	2005 EDA TIF Refunding Bond	2008A General Obligation Debt Service	2009A General Obligation Debt Service	Total Debt Service Funds
\$ 618,040	\$ 3,500	\$ -	\$ 635,444	\$ 1,667,417
-	-	-	192,070	192,070
406	44	3	5,203	5,981
<u>618,446</u>	<u>3,544</u>	<u>3</u>	<u>832,717</u>	<u>1,865,468</u>
935,000	-	-	-	1,465,000
35,563	3,500	1,332,750	1,514,356	2,911,079
<u>970,563</u>	<u>3,500</u>	<u>1,332,750</u>	<u>1,514,356</u>	<u>4,376,079</u>
<u>(352,117)</u>	<u>44</u>	<u>(1,332,747)</u>	<u>(681,639)</u>	<u>(2,510,611)</u>
355,000	-	1,319,001	-	1,821,451
<u>355,000</u>	<u>-</u>	<u>1,319,001</u>	<u>-</u>	<u>1,821,451</u>
2,883	44	(13,746)	(681,639)	(689,160)
<u>29,259</u>	<u>36,817</u>	<u>82,962</u>	<u>1,297,532</u>	<u>1,542,308</u>
<u>\$ 32,142</u>	<u>\$ 36,861</u>	<u>\$ 69,216</u>	<u>\$ 615,893</u>	<u>\$ 853,148</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
1997A GENERAL OBLIGATION DEBT SERVICE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 407,460	\$ 407,460	\$ 407,503	\$ -
Investment Income	-	-	245	18
TOTAL REVENUES	<u>407,460</u>	<u>407,460</u>	<u>407,748</u>	<u>18</u>
EXPENDITURES				
Debt Service				
Principal Retirement	530,000	530,000	530,000	505,000
Interest and Fiscal Charges	24,910	24,910	24,910	48,393
TOTAL EXPENDITURES	<u>554,910</u>	<u>554,910</u>	<u>554,910</u>	<u>553,393</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(147,450)</u>	<u>(147,450)</u>	<u>(147,162)</u>	<u>(553,375)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	147,450	147,450	147,450	553,430
TOTAL OTHER FINANCING SOURCES (USES)	<u>147,450</u>	<u>147,450</u>	<u>147,450</u>	<u>553,430</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	288	55
Fund Balance at Beginning of Year			<u>5,541</u>	<u>5,486</u>
Fund Balance at End of Year			<u>\$ 5,829</u>	<u>\$ 5,541</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2001 GENERAL OBLIGATION REFUNDING BOND FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 270	\$ 68,831
Investment Income	-	-	51	35
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>321</u>	<u>68,866</u>
EXPENDITURES				
Debt Service				
Principal Retirement	-	-	-	520,000
Interest and Fiscal Charges	-	-	-	24,000
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>321</u>	<u>(475,134)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	571,620
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>571,620</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	321	96,486
Fund Balance at Beginning of Year			<u>62,941</u>	<u>(33,545)</u>
Fund Balance at End of Year			<u>\$ 63,262</u>	<u>\$ 62,941</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 2003 GENERAL OBLIGATION REFUNDING BOND FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 2,660	\$ 704,202
Investment Income	-	-	29	180
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>2,689</u>	<u>704,382</u>
EXPENDITURES				
Debt Service				
Principal Retirement	-	-	-	680,000
Interest and Fiscal Charges	-	-	-	23,380
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>703,380</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,689	1,002
Fund Balance at Beginning of Year			<u>27,256</u>	<u>26,254</u>
Fund Balance at End of Year			<u>\$ 29,945</u>	<u>\$ 27,256</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2004 GENERAL OBLIGATION REFUNDING BOND FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 617,070	\$ 617,070	\$ 618,040	\$ 776,495
Investment Income	200	200	406	208
TOTAL REVENUES	<u>617,270</u>	<u>617,270</u>	<u>618,446</u>	<u>776,703</u>
EXPENDITURES				
Debt Service				
Principal Retirement	935,000	935,000	935,000	905,000
Interest and Fiscal Charges	35,570	35,570	35,563	67,238
TOTAL EXPENDITURES	<u>970,570</u>	<u>970,570</u>	<u>970,563</u>	<u>972,238</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(353,300)</u>	<u>(353,300)</u>	<u>(352,117)</u>	<u>(195,535)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	355,000	355,000	355,000	196,260
TOTAL OTHER FINANCING SOURCES (USES)	<u>355,000</u>	<u>355,000</u>	<u>355,000</u>	<u>196,260</u>
Net Change in Fund Balance	<u>\$ 1,700</u>	<u>\$ 1,700</u>	2,883	725
Fund Balance at Beginning of Year			<u>29,259</u>	<u>28,534</u>
Fund Balance at End of Year			<u>\$ 32,142</u>	<u>\$ 29,259</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 2005 EDA TIF REFUNDING BOND FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 21,000	\$ 21,000	\$ 3,500	\$ 2,000
Investment Income	-	-	44	57
TOTAL REVENUES	<u>21,000</u>	<u>21,000</u>	<u>3,544</u>	<u>2,057</u>
EXPENDITURES				
Debt Service				
Interest and Fiscal Charges	21,000	21,000	3,500	5,000
TOTAL EXPENDITURES	<u>21,000</u>	<u>21,000</u>	<u>3,500</u>	<u>5,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	44	(2,943)
Fund Balance at Beginning of Year			<u>36,817</u>	<u>39,760</u>
Fund Balance at End of Year			<u>\$ 36,861</u>	<u>\$ 36,817</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2008A GENERAL OBLIGATION DEBT SERVICE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 100	\$ 100	\$ 3	\$ 14
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>3</u>	<u>14</u>
EXPENDITURES				
Debt Service				
Interest and Fiscal Charges	<u>1,332,750</u>	<u>1,332,750</u>	<u>1,332,750</u>	<u>1,332,750</u>
TOTAL EXPENDITURES	<u>1,332,750</u>	<u>1,332,750</u>	<u>1,332,750</u>	<u>1,332,750</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,332,650)</u>	<u>(1,332,650)</u>	<u>(1,332,747)</u>	<u>(1,332,736)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>1,332,260</u>	<u>1,332,260</u>	<u>1,319,001</u>	<u>1,332,250</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,332,260</u>	<u>1,332,260</u>	<u>1,319,001</u>	<u>1,332,250</u>
Net Change in Fund Balance	<u>\$ (390)</u>	<u>\$ (390)</u>	(13,746)	(486)
Fund Balance at Beginning of Year			<u>82,962</u>	<u>83,448</u>
Fund Balance at End of Year			<u>\$ 69,216</u>	<u>\$ 82,962</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2009A GENERAL OBLIGATION DEBT SERVICE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 635,390	\$ 635,390	\$ 635,444	\$ -
Charges for Services	250,000	250,000	192,070	314,935
Investment Income	<u>30,000</u>	<u>30,000</u>	<u>5,203</u>	<u>25,553</u>
TOTAL REVENUES	<u>915,390</u>	<u>915,390</u>	<u>832,717</u>	<u>340,488</u>
EXPENDITURES				
Debt Service				
Interest and Fiscal Charges	<u>1,514,360</u>	<u>1,514,360</u>	<u>1,514,356</u>	<u>1,514,356</u>
TOTAL EXPENDITURES	<u>1,514,360</u>	<u>1,514,360</u>	<u>1,514,356</u>	<u>1,514,356</u>
Net Change in Fund Balance	<u>\$ (598,970)</u>	<u>\$ (598,970)</u>	(681,639)	(1,173,868)
Fund Balance at Beginning of Year			<u>1,297,532</u>	<u>2,471,400</u>
Fund Balance at End of Year			<u>\$ 615,893</u>	<u>\$ 1,297,532</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Central Area Road Improvement Impact Fee Fund – to account for developer impact fees assessed under an impact fee ordinance. Resources accumulated are to be used for specific street improvements required due to development along the Barrington Road/Central Road corridors.

Central Road Corridor Improvement Fund – to account for financial resources to be used for the construction of public improvements such as streets, storm sewers, and street lighting located in the Central Road area.

Traffic Improvement Fund – to account for financial resources arising from developer donations to be used for various infrastructure improvements.

The EDA Series 1991 Project Fund – to account for bond proceeds and revenue notes used to pay qualified project costs related to the Village's EDA.

Western Area Traffic Improvement Fund – to account for financial resources arising from donations by developers building within the Village's western area. Such donations are to be used for needed infrastructure improvements.

Capital Improvements Fund – to account for financial resources set aside for large capital improvements for the Village.

Western Area Road Improvement Impact Fee Fund – to account for developer impact fees assessed under an impact fee ordinance. Resources are to be used for specific street improvements within the Village's western area.

Capital Vehicle and Equipment Fund – to account for financial resources set aside for large vehicle and equipment purchases for the Village.

Hoffman Boulevard Bridge Fund – to account for the maintenance of the Hoffman Boulevard Bridge in accordance with a development agreement.

Capital Replacement Fund – to account for financial resources set aside for the replacement of large capital assets.

Western Corridor Fund – to account for financial resources to be used for the reconstruction of the new alignment section of Shoe Factory Road.

2008 Capital Projects Fund – to account for bond proceeds used to pay qualified project costs related to the Village's 2008A General Obligation bonds.

2009 Capital Projects Fund – to account for bond proceeds used to pay qualified project costs related to the Village's 2009 General Obligation bonds.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2012

	Cental Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project	Western Area Traffic Improvement
ASSETS					
Cash and Investments	\$ 417,757	\$ 253,956	\$ 377,503	\$ 3,451,564	\$ 315,893
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):					
Other	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Other Assets	-	-	-	-	-
Due from Other Funds	-	-	31,446	223,071	-
Advances from Other Funds	-	-	-	-	-
TOTAL ASSETS	<u>417,757</u>	<u>253,956</u>	<u>408,949</u>	<u>3,674,635</u>	<u>315,893</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 49,818	\$ 51,510	\$ 575
Deposits Payable	376,555	-	-	-	-
Unearned Revenue	-	-	-	-	-
Due to Other Funds	-	-	-	-	174,892
TOTAL LIABILITIES	<u>376,555</u>	<u>-</u>	<u>49,818</u>	<u>51,510</u>	<u>175,467</u>
FUND BALANCES					
Nonspendable:					
Prepays	-	-	-	-	-
Restricted:					
Economic Development	-	-	-	3,623,125	-
Capital Improvements	-	-	-	-	-
Assigned:					
Capital Projects	41,202	253,956	359,131	-	140,426
TOTAL FUND BALANCES	<u>41,202</u>	<u>253,956</u>	<u>359,131</u>	<u>3,623,125</u>	<u>140,426</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 417,757</u>	<u>\$ 253,956</u>	<u>\$ 408,949</u>	<u>\$ 3,674,635</u>	<u>\$ 315,893</u>

Capital Improvements	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Hoffman Boulevard Bridge	Capital Replacement	Western Corridor	2008 Capital Projects	2009 Capital Projects	Total Capital Projects Funds
\$ 1,177,057	\$ 2,016,264	\$ 42,766	\$ 344,064	\$ 3,320,378	\$ 835,645	\$ 30,075	\$ 32,570	\$ 12,615,492
93,057	-	-	-	65,086	-	-	-	158,143
-	-	48,119	-	-	-	-	-	48,119
-	-	-	-	-	36,407	-	-	36,407
-	56,761	170,787	-	-	-	-	-	482,065
-	-	-	-	1,000,000	-	-	-	1,000,000
<u>1,270,114</u>	<u>2,073,025</u>	<u>261,672</u>	<u>344,064</u>	<u>4,385,464</u>	<u>872,052</u>	<u>30,075</u>	<u>32,570</u>	<u>14,340,226</u>
\$ 301,483	\$ 44,495	\$ -	\$ -	\$ -	\$ 96,983	\$ -	\$ -	\$ 544,864
25,080	1,153,000	-	-	-	255,000	-	-	1,809,635
344,137	-	-	-	-	-	-	-	344,137
88,207	7,946	15,657	-	174,396	-	-	-	461,098
<u>758,907</u>	<u>1,205,441</u>	<u>15,657</u>	<u>-</u>	<u>174,396</u>	<u>351,983</u>	<u>-</u>	<u>-</u>	<u>3,159,734</u>
-	-	48,119	-	-	-	-	-	48,119
-	-	-	-	-	-	-	-	3,623,125
-	-	-	-	-	-	30,075	32,570	62,645
511,207	867,584	197,896	344,064	4,211,068	520,069	-	-	7,446,603
<u>511,207</u>	<u>867,584</u>	<u>246,015</u>	<u>344,064</u>	<u>4,211,068</u>	<u>520,069</u>	<u>30,075</u>	<u>32,570</u>	<u>11,180,492</u>
\$ <u>1,270,114</u>	\$ <u>2,073,025</u>	\$ <u>261,672</u>	\$ <u>344,064</u>	\$ <u>4,385,464</u>	\$ <u>872,052</u>	\$ <u>30,075</u>	\$ <u>32,570</u>	\$ <u>14,340,226</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 Year Ended December 31, 2012

	Cental Area Road Improvement Impact Fee	Central Road Corridor Improvement	Traffic Improvement	EDA Series 1991 Project	Western Area Traffic Improvement
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 31,747	\$ -	\$ -
Charges for Services	-	-	-	-	-
Investment Income	611	267	567	2,665	460
Miscellaneous	13,245	-	-	139	-
TOTAL REVENUES	<u>13,856</u>	<u>267</u>	<u>32,314</u>	<u>2,804</u>	<u>460</u>
EXPENDITURES					
Capital Outlay	-	-	60,161	453,023	20,393
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>60,161</u>	<u>453,023</u>	<u>20,393</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,856</u>	<u>267</u>	<u>(27,847)</u>	<u>(450,219)</u>	<u>(19,933)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers (Out)	(100,000)	-	(120,000)	(115,999)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,000)</u>	<u>-</u>	<u>(120,000)</u>	<u>(115,999)</u>	<u>-</u>
Net Change in Fund Balance	<u>(86,144)</u>	<u>267</u>	<u>(147,847)</u>	<u>(566,218)</u>	<u>(19,933)</u>
Fund Balance at Beginning of Year	<u>127,346</u>	<u>253,689</u>	<u>506,978</u>	<u>4,189,343</u>	<u>160,359</u>
Fund Balance at End of Year	<u>\$ 41,202</u>	<u>\$ 253,956</u>	<u>\$ 359,131</u>	<u>\$ 3,623,125</u>	<u>\$ 140,426</u>

Capital Improvements	Western Area Road Improvement Impact Fee	Capital Vehicle and Equipment	Hoffman Boulevard Bridge	Capital Replacement	Western Corridor	2008 Capital Projects	2009 Capital Projects	Total Capital Projects Funds
\$ 155,679	\$ -	\$ 61,188	\$ -	\$ 98,789	\$ -	\$ -	\$ -	\$ 347,403
-	16,020	-	-	-	-	-	-	16,020
591	2,874	223	434	4,575	592	24	602	14,485
655,641	(31,546)	-	-	-	-	-	-	637,479
<u>811,911</u>	<u>(12,652)</u>	<u>61,411</u>	<u>434</u>	<u>103,364</u>	<u>592</u>	<u>24</u>	<u>602</u>	<u>1,015,387</u>
<u>3,957,287</u>	<u>441</u>	<u>233,356</u>	<u>-</u>	<u>119,108</u>	<u>17,166</u>	<u>1,257</u>	<u>3,196</u>	<u>4,865,388</u>
<u>3,957,287</u>	<u>441</u>	<u>233,356</u>	<u>-</u>	<u>119,108</u>	<u>17,166</u>	<u>1,257</u>	<u>3,196</u>	<u>4,865,388</u>
<u>(3,145,376)</u>	<u>(13,093)</u>	<u>(171,945)</u>	<u>434</u>	<u>(15,744)</u>	<u>(16,574)</u>	<u>(1,233)</u>	<u>(2,594)</u>	<u>(3,850,001)</u>
3,395,288	-	303,998	-	-	-	-	-	3,699,286
-	-	(38,300)	-	(99,798)	-	-	(1,199,094)	(1,673,191)
<u>3,395,288</u>	<u>-</u>	<u>265,698</u>	<u>-</u>	<u>(99,798)</u>	<u>-</u>	<u>-</u>	<u>(1,199,094)</u>	<u>2,026,095</u>
<u>249,912</u>	<u>(13,093)</u>	<u>93,753</u>	<u>434</u>	<u>(115,542)</u>	<u>(16,574)</u>	<u>(1,233)</u>	<u>(1,201,688)</u>	<u>(1,823,906)</u>
<u>261,295</u>	<u>880,677</u>	<u>152,262</u>	<u>343,630</u>	<u>4,326,610</u>	<u>536,643</u>	<u>31,308</u>	<u>1,234,258</u>	<u>13,004,398</u>
<u>\$ 511,207</u>	<u>\$ 867,584</u>	<u>\$ 246,015</u>	<u>\$ 344,064</u>	<u>\$ 4,211,068</u>	<u>\$ 520,069</u>	<u>\$ 30,075</u>	<u>\$ 32,570</u>	<u>\$ 11,180,492</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CENTRAL AREA ROAD IMPROVEMENT IMPACT FEE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 600	\$ 600	\$ 611	\$ 567
Miscellaneous	-	-	13,245	-
TOTAL REVENUES	<u>600</u>	<u>600</u>	<u>13,856</u>	<u>567</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (99,400)</u>	<u>\$ (99,400)</u>	(86,144)	567
Fund Balance at Beginning of Year			<u>127,346</u>	<u>126,779</u>
Fund Balance at End of Year			<u>\$ 41,202</u>	<u>\$ 127,346</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 CENTRAL ROAD CORRIDOR IMPROVEMENT FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 150	\$ 150	\$ 267	\$ 169
TOTAL REVENUES	150	150	267	169
Net Change in Fund Balance	\$ 150	\$ 150	267	169
Fund Balance at Beginning of Year			253,689	253,520
Fund Balance at End of Year			\$ 253,956	\$ 253,689

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRAFFIC IMPROVEMENT FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ -	\$ 21,660	\$ 31,747	\$ 39,948
Investment Income	500	500	567	464
TOTAL REVENUES	<u>500</u>	<u>22,160</u>	<u>32,314</u>	<u>40,412</u>
EXPENDITURES				
Capital Outlay	38,500	60,160	60,161	213,401
TOTAL EXPENDITURES	<u>38,500</u>	<u>60,160</u>	<u>60,161</u>	<u>213,401</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(38,000)</u>	<u>(38,000)</u>	<u>(27,847)</u>	<u>(172,989)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(136,000)</u>	<u>(136,000)</u>	<u>(120,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(136,000)</u>	<u>(136,000)</u>	<u>(120,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (174,000)</u>	<u>\$ (174,000)</u>	(147,847)	(172,989)
Fund Balance at Beginning of Year			<u>506,978</u>	<u>679,967</u>
Fund Balance at End of Year			<u>\$ 359,131</u>	<u>\$ 506,978</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDA SERIES 1991 PROJECT FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 33,900	\$ 33,900	\$ -	\$ -
Investment Income	4,000	4,000	2,665	3,526
Miscellaneous	<u>35,300</u>	<u>35,300</u>	<u>139</u>	<u>2,430</u>
TOTAL REVENUES	<u>73,200</u>	<u>73,200</u>	<u>2,804</u>	<u>5,956</u>
EXPENDITURES				
Capital Outlay	<u>3,609,400</u>	<u>3,609,400</u>	<u>453,023</u>	<u>91,151</u>
TOTAL EXPENDITURES	<u>3,609,400</u>	<u>3,609,400</u>	<u>453,023</u>	<u>91,151</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,536,200)</u>	<u>(3,536,200)</u>	<u>(450,219)</u>	<u>(85,195)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(115,999)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(115,999)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (3,686,200)</u>	<u>\$ (3,686,200)</u>	(566,218)	(85,195)
Fund Balance at Beginning of Year			<u>4,189,343</u>	<u>4,274,538</u>
Fund Balance at End of Year			<u>\$ 3,623,125</u>	<u>\$ 4,189,343</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 WESTERN AREA TRAFFIC IMPROVEMENT FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 500	\$ 500	\$ 460	\$ 464
TOTAL REVENUES	<u>500</u>	<u>500</u>	<u>460</u>	<u>464</u>
EXPENDITURES				
Capital Outlay	-	20,400	20,393	170,000
TOTAL EXPENDITURES	<u>-</u>	<u>20,400</u>	<u>20,393</u>	<u>170,000</u>
Net Change in Fund Balance	<u>\$ 500</u>	<u>\$ (19,900)</u>	(19,933)	(169,536)
Fund Balance at Beginning of Year			<u>160,359</u>	<u>329,895</u>
Fund Balance at End of Year			<u>\$ 140,426</u>	<u>\$ 160,359</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 2,066	\$ -
Intergovernmental	814,000	814,000	155,679	-
Charges for Services	-	-	-	6,344
Investment Income	100	100	591	111
Miscellaneous	960,000	960,000	653,575	21,765
TOTAL REVENUES	<u>1,774,100</u>	<u>1,774,100</u>	<u>811,911</u>	<u>28,220</u>
EXPENDITURES				
Capital Outlay	6,490,680	6,490,680	3,957,287	2,469,105
TOTAL EXPENDITURES	<u>6,490,680</u>	<u>6,490,680</u>	<u>3,957,287</u>	<u>2,469,105</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,716,580)</u>	<u>(4,716,580)</u>	<u>(3,145,376)</u>	<u>(2,440,885)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	4,569,680	4,569,680	3,395,288	2,534,526
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,569,680</u>	<u>4,569,680</u>	<u>3,395,288</u>	<u>2,534,526</u>
Net Change in Fund Balance	<u>\$ (146,900)</u>	<u>\$ (146,900)</u>	249,912	93,641
Fund Balance at Beginning of Year			<u>261,295</u>	<u>167,654</u>
Fund Balance at End of Year			<u>\$ 511,207</u>	<u>\$ 261,295</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WESTERN AREA ROAD IMPROVEMENT IMPACT FEE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ -	\$ -	\$ 16,020	\$ 112,461
Investment Income	3,000	3,000	2,874	3,021
Miscellaneous	-	-	(31,546)	96,111
TOTAL REVENUES	<u>3,000</u>	<u>3,000</u>	<u>(12,652)</u>	<u>211,593</u>
EXPENDITURES				
Capital Outlay	-	-	441	70,302
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>441</u>	<u>70,302</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,000</u>	<u>3,000</u>	<u>(13,093)</u>	<u>141,291</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(650,000)	(650,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(650,000)</u>	<u>(650,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	(13,093)	141,291
Fund Balance at Beginning of Year			<u>880,677</u>	<u>739,386</u>
Fund Balance at End of Year			<u>\$ 867,584</u>	<u>\$ 880,677</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL VEHICLE AND EQUIPMENT FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 498,400	\$ 498,400	\$ 61,188	\$ 312,000
Investment Income	50	50	223	40
TOTAL REVENUES	<u>498,450</u>	<u>498,450</u>	<u>61,411</u>	<u>312,040</u>
EXPENDITURES				
Capital Outlay	<u>1,111,900</u>	<u>1,111,900</u>	<u>233,356</u>	<u>406,721</u>
TOTAL EXPENDITURES	<u>1,111,900</u>	<u>1,111,900</u>	<u>233,356</u>	<u>406,721</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(613,450)</u>	<u>(613,450)</u>	<u>(171,945)</u>	<u>(94,681)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	599,500	599,500	303,998	218,500
Transfers (Out)	<u>(38,300)</u>	<u>(38,300)</u>	<u>(38,300)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>561,200</u>	<u>561,200</u>	<u>265,698</u>	<u>218,500</u>
Net Change in Fund Balance	<u>\$ (52,250)</u>	<u>\$ (52,250)</u>	93,753	123,819
Fund Balance at Beginning of Year			<u>152,262</u>	<u>28,443</u>
Fund Balance at End of Year			<u>\$ 246,015</u>	<u>\$ 152,262</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 HOFFMAN BOULEVARD BRIDGE FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 400	\$ 400	\$ 434	\$ 388
TOTAL REVENUES	<u>400</u>	<u>400</u>	<u>434</u>	<u>388</u>
EXPENDITURES				
Capital Outlay	<u>75,000</u>	<u>75,000</u>	-	<u>2,500</u>
TOTAL EXPENDITURES	<u>75,000</u>	<u>75,000</u>	-	<u>2,500</u>
Net Change in Fund Balance	<u>\$ (74,600)</u>	<u>\$ (74,600)</u>	434	(2,112)
Fund Balance at Beginning of Year			<u>343,630</u>	<u>345,742</u>
Fund Balance at End of Year			<u>\$ 344,064</u>	<u>\$ 343,630</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL REPLACEMENT FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 66,490	\$ 66,490	\$ 98,789	\$ -
Investment Income	4,000	4,000	4,575	3,916
TOTAL REVENUES	<u>70,490</u>	<u>70,490</u>	<u>103,364</u>	<u>3,916</u>
EXPENDITURES				
Capital Outlay	527,170	527,170	119,108	62,047
TOTAL EXPENDITURES	<u>527,170</u>	<u>527,170</u>	<u>119,108</u>	<u>62,047</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(456,680)</u>	<u>(456,680)</u>	<u>(15,744)</u>	<u>(58,131)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(237,170)	(237,170)	(99,798)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(237,170)</u>	<u>(237,170)</u>	<u>(99,798)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (693,850)</u>	<u>\$ (693,850)</u>	(115,542)	(58,131)
Fund Balance at Beginning of Year			4,326,610	4,384,741
Fund Balance at End of Year			<u>\$ 4,211,068</u>	<u>\$ 4,326,610</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 WESTERN CORRIDOR FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for Services	\$ 2,000	\$ 2,000	\$ -	\$ -
Investment Income	600	600	592	559
TOTAL REVENUES	<u>2,600</u>	<u>2,600</u>	<u>592</u>	<u>559</u>
EXPENDITURES				
Capital Outlay	-	17,170	17,166	-
TOTAL EXPENDITURES	<u>-</u>	<u>17,170</u>	<u>17,166</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 2,600</u>	<u>\$ (14,570)</u>	(16,574)	559
Fund Balance at Beginning of Year			<u>536,643</u>	<u>536,084</u>
Fund Balance at End of Year			<u>\$ 520,069</u>	<u>\$ 536,643</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 2008 CAPITAL PROJECTS FUND
 Year Ended December 31, 2012
 (with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ -	\$ -	\$ 24	\$ 35
Miscellaneous	-	-	-	2,696
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>24</u>	<u>2,731</u>
EXPENDITURES				
Capital Outlay	-	1,260	1,257	3,726
TOTAL EXPENDITURES	<u>-</u>	<u>1,260</u>	<u>1,257</u>	<u>3,726</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,260)</u>	(1,233)	(995)
Fund Balance at Beginning of Year			<u>31,308</u>	<u>32,303</u>
Fund Balance at End of Year			<u>\$ 30,075</u>	<u>\$ 31,308</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2009 CAPITAL PROJECTS FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 500,000
Investment Income	-	-	602	4,555
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>602</u>	<u>504,555</u>
EXPENDITURES				
Capital Outlay	-	3,200	3,196	824,858
TOTAL EXPENDITURES	<u>-</u>	<u>3,200</u>	<u>3,196</u>	<u>824,858</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(3,200)</u>	<u>(2,594)</u>	<u>(320,303)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>(1,000,000)</u>	<u>(1,199,100)</u>	<u>(1,199,094)</u>	<u>(2,305,906)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000,000)</u>	<u>(1,199,100)</u>	<u>(1,199,094)</u>	<u>(2,305,906)</u>
Net Change in Fund Balance	<u>\$ (1,000,000)</u>	<u>\$ (1,202,300)</u>	(1,201,688)	(2,626,209)
Fund Balance at Beginning of Year			<u>1,234,258</u>	<u>3,860,467</u>
Fund Balance at End of Year			<u>\$ 32,570</u>	<u>\$ 1,234,258</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF NET POSITION
WATERWORKS AND SEWERAGE FUND
December 31, 2012
(with comparative totals for 2011)

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 1,315,923	\$ 2,427,840
Receivables		
Accounts - Billed	1,081,584	877,617
Accounts - Unbilled	1,068,955	875,940
Accounts - Other Invoices	12,840	11,702
Inventories	184,135	174,472
Due from Other Funds	444,434	-
Deferred Charges	-	55,841
TOTAL CURRENT ASSETS	4,107,871	4,423,412
CAPITAL ASSETS		
Not Depreciated	499,000	652,932
Depreciated	58,533,198	56,901,564
Accumulated Depreciation	(25,392,339)	(24,130,855)
NET CAPITAL ASSETS	33,639,859	33,423,641
TOTAL ASSETS	37,747,730	37,847,053
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	656,523	770,550
Accrued Payroll	49,385	47,073
Accrued Interest Payable	27,755	27,755
Due to Other Funds	22,012	99,505
Deposits Payable	35,507	33,959
Compensated Absences Payable	133,162	139,425
TOTAL CURRENT LIABILITIES	924,344	1,118,267
LONG-TERM LIABILITIES		
General Obligation Bonds Payable	6,594,785	6,592,229
Compensated Absences Payable	212,508	169,697
Other Post-Employment Benefit Obligations	187,453	136,023
Termination Benefits Payable	-	61,159
TOTAL LONG-TERM LIABILITIES	6,994,746	6,959,108
TOTAL LIABILITIES	7,919,090	8,077,375
NET POSITION		
Net Investment in Capital Assets	27,234,222	27,135,357
Unrestricted	2,594,418	2,634,321
TOTAL NET POSITION	\$ 29,828,640	\$ 29,769,678

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
WATERWORKS AND SEWERAGE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 11,820,000	\$ 12,821,200	\$ 13,480,853	\$ 10,604,162
TOTAL OPERATING REVENUES	<u>11,820,000</u>	<u>12,821,200</u>	<u>13,480,853</u>	<u>10,604,162</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water Division	9,900,050	10,901,250	10,895,872	10,133,767
Sewer Division	<u>2,219,770</u>	<u>2,219,770</u>	<u>2,212,666</u>	<u>1,917,708</u>
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>12,119,820</u>	<u>13,121,020</u>	<u>13,108,538</u>	<u>12,051,475</u>
Operating Income (Loss) Before Depreciation	<u>(299,820)</u>	<u>(299,820)</u>	<u>372,315</u>	<u>(1,447,313)</u>
Depreciation	<u>-</u>	<u>1,308,480</u>	<u>1,308,478</u>	<u>1,148,042</u>
Operating Income (Loss)	<u>(299,820)</u>	<u>(1,608,300)</u>	<u>(936,163)</u>	<u>(2,595,355)</u>
NONOPERATING REVENUES (EXPENSES)				
Grant Income	-	-	-	11,345
Investment Income	7,000	7,000	1,236	4,694
Amortization Expense	(4,630)	(4,630)	(2,556)	(4,625)
Miscellaneous Revenue	<u>20,000</u>	<u>20,000</u>	<u>14,526</u>	<u>57,884</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>22,370</u>	<u>22,370</u>	<u>13,206</u>	<u>69,298</u>
Net Income (Loss) Before Transfers and Contributions	<u>(277,450)</u>	<u>(1,585,930)</u>	<u>(922,957)</u>	<u>(2,526,057)</u>
TRANSFERS				
Transfers In	38,300	38,300	41,160	279,720
Transfers (Out)	<u>(412,300)</u>	<u>(412,300)</u>	<u>(353,999)</u>	<u>(350,753)</u>
TOTAL TRANSFERS	<u>(374,000)</u>	<u>(374,000)</u>	<u>(312,839)</u>	<u>(71,033)</u>
CONTRIBUTIONS	<u>-</u>	<u>1,308,480</u>	<u>1,350,599</u>	<u>1,517,671</u>
Change in Net Position	<u>\$ (651,450)</u>	<u>\$ (651,450)</u>	<u>114,803</u>	<u>(1,079,419)</u>
Net Position at Beginning of Year, as Restated			<u>29,713,837</u>	<u>30,849,097</u>
Net Position at End of Year			<u>\$ 29,828,640</u>	<u>\$ 29,769,678</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
STATEMENT OF NET Position
SEARS CENTRE OPERATING FUND
December 31, 2012
(with comparative totals for 2011)

	2012	2011
CURRENT ASSETS		
Cash and Investments	\$ 2,281,964	\$ 4,319,654
Receivables:		
Accounts	226,226	180,561
Other	232,167	315,770
Prepaid Items	(19,735)	52,871
Due from Other Funds	-	2,129
Deferred Charges	-	531,971
Total Current Assets	2,720,622	5,402,956
CAPITAL ASSETS		
Not Depreciated	6,000,000	6,000,000
Depreciated	78,047,516	78,047,516
Accumulated Depreciation	(7,154,115)	(4,799,727)
Net Capital Assets	76,893,401	79,247,789
 Total Assets	 79,614,023	 84,650,745
CURRENT LIABILITIES		
Accounts Payable	526,423	761,846
Events Payable	30,183	20,389
Accrued Interest Payable	212,518	217,658
Due to Other Funds	-	75,936
Advances	1,000,000	1,600,000
Unearned Revenue	309,970	896,379
Long-term Obligations, Due within One Year:		
General Obligation Bonds Payable	1,345,000	1,285,000
Capital Lease Payable	4,600	4,600
Total Current Liabilities	3,428,694	4,861,808
NONCURRENT LIABILITIES		
General Obligation Bonds Payable	46,494,613	47,809,548
Capital Leases Payable	7,283	11,883
Total Long-Term Liabilities	46,501,896	47,821,431
 Total Liabilities	 49,930,590	 52,683,239
NET POSITION		
Net Investment in Capital Assets	29,053,788	30,153,241
Unrestricted	629,645	1,814,265
Total Net Position	\$ 29,683,433	\$ 31,967,506

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
SEARS CENTRE OPERATING FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 2,241,350	\$ 2,241,350	\$ 1,910,808	\$ 2,419,078
TOTAL OPERATING REVENUES	<u>2,241,350</u>	<u>2,241,350</u>	<u>1,910,808</u>	<u>2,419,078</u>
OPERATING EXPENSES				
Sears Centre	2,961,480	2,961,480	2,271,636	2,472,951
Depreciation	-	2,354,390	2,354,388	2,346,785
TOTAL OPERATING EXPENSES	<u>2,961,480</u>	<u>5,315,870</u>	<u>4,626,024</u>	<u>4,819,736</u>
Operating Income (Loss)	<u>(720,130)</u>	<u>(3,074,520)</u>	<u>(2,715,216)</u>	<u>(2,400,658)</u>
NONOPERATING REVENUES (EXPENSES)				
Entertainment and Food & Beverage Tax	1,998,520	1,998,520	2,121,999	2,100,316
Charges for Services	33,060	33,060	33,026	31,216
Investment Income	850	850	2,630	732
Principal Retirement	(1,285,000)	(1,285,000)	(1,285,000)	(1,230,000)
Amount to Reduce Principal on Bonds	-	-	1,285,000	1,230,000
Interest Expense	(2,616,890)	(2,616,890)	(2,606,750)	(2,664,898)
Amortization Expense	-	-	(30,065)	(106,060)
Miscellaneous Revenue	1,059,000	1,059,000	1,292,274	929,687
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(810,460)</u>	<u>(810,460)</u>	<u>813,114</u>	<u>290,993</u>
Net Income (Loss) Before Transfers and Contributions	<u>(1,530,590)</u>	<u>(3,884,980)</u>	<u>(1,902,102)</u>	<u>(2,109,665)</u>
TRANSFERS				
Transfers In	-	-	150,000	4,650,570
Transfers (Out)	-	-	-	(2,286,300)
TOTAL TRANSFERS	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>2,364,270</u>
CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,950</u>
Change in Net Position	<u>\$ (1,530,590)</u>	<u>\$ (3,884,980)</u>	<u>(1,752,102)</u>	<u>259,555</u>
Net Position at Beginning of Year, as Restated			<u>31,435,535</u>	<u>31,707,951</u>
Net Position at End of Year			<u>\$ 29,683,433</u>	<u>\$ 31,967,506</u>

INTERNAL SERVICE FUNDS

Information Systems Fund – to account for the operations of the information systems division of the Village. Financing is provided through billings to various Village departments.

Insurance Fund – to account for the servicing and payment of claims for all Village insurance programs including Health, Workers' Compensation and Liability. Financing is provided through billings to the various Village departments.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 December 31, 2012

	Information Systems	Insurance	Total
CURRENT ASSETS			
Cash and Investments	\$ 589,363	\$ 2,131,445	\$ 2,720,808
Deposits	-	89,200	89,200
Prepaid Items	-	964	964
Due from Other Funds	12,212	-	12,212
TOTAL CURRENT ASSETS	<u>601,575</u>	<u>2,221,609</u>	<u>2,823,184</u>
CAPITAL ASSETS			
Depreciated	449,291	-	449,291
Accumulated Depreciation	(252,133)	-	(252,133)
NET CAPITAL ASSETS	<u>197,158</u>	<u>-</u>	<u>197,158</u>
TOTAL ASSETS	<u>798,733</u>	<u>2,221,609</u>	<u>3,020,342</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	31,770	34,730	66,500
Accrued Payroll	9,560	-	9,560
Claims Payable	-	702,088	702,088
Benefits Payable	-	180,915	180,915
Due to Other Funds	3,027	-	3,027
Compensated Absences Payable	32,504	-	32,504
Total Current Liabilities	<u>76,861</u>	<u>917,733</u>	<u>994,594</u>
Long-Term Liabilities			
Other Post-Employment Benefit Obligation	23,835	-	23,835
TOTAL LIABILITIES	<u>100,696</u>	<u>917,733</u>	<u>1,018,429</u>
NET POSITION			
Net Investment in Capital Assets	197,158	-	197,158
Unrestricted	500,879	1,303,876	1,804,755
TOTAL NET POSITION	<u>\$ 698,037</u>	<u>\$ 1,303,876</u>	<u>\$ 2,001,913</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 Year Ended December 31, 2012

	Information Systems	Insurance	Total
OPERATING REVENUES			
Charges for Services	\$ 1,023,642	\$ 1,544,310	\$ 2,567,952
TOTAL OPERATING REVENUES	<u>1,023,642</u>	<u>1,544,310</u>	<u>2,567,952</u>
OPERATING EXPENSES			
Operations	1,055,405	-	1,055,405
Claims and Insurance	-	1,270,740	1,270,740
Depreciation	29,145	-	29,145
TOTAL OPERATING EXPENSES	<u>1,084,550</u>	<u>1,270,740</u>	<u>2,355,290</u>
Operating Income (Loss)	<u>(60,908)</u>	<u>273,570</u>	<u>212,662</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	519	1,865	2,384
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>519</u>	<u>1,865</u>	<u>2,384</u>
Income (Loss) Before Transfers	<u>(60,389)</u>	<u>275,435</u>	<u>215,046</u>
TRANSFERS			
Transfers In	116,299	-	116,299
TOTAL TRANSFERS	<u>116,299</u>	<u>-</u>	<u>116,299</u>
Changes in Net Position	<u>55,910</u>	<u>275,435</u>	<u>331,345</u>
Net Position Beginning of Year	<u>642,127</u>	<u>1,028,441</u>	<u>1,670,568</u>
Net Position End of Year	<u>\$ 698,037</u>	<u>\$ 1,303,876</u>	<u>\$ 2,001,913</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 Year Ended December 31, 2012

	Information Systems	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Interfund Services Transactions	\$ 1,023,642	\$ 1,544,310	\$ 2,567,952
Cash Payments to Suppliers	(543,529)	(1,242,775)	(1,786,304)
Cash Payments to Employees	(469,798)	-	(469,798)
Net Cash Provided By (Used In) Operating Activities	<u>10,315</u>	<u>301,535</u>	<u>311,850</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund Borrowing (Lending)	(22,659)	(46,896)	(69,555)
Transfers In (Out)	116,299	-	116,299
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>93,640</u>	<u>(46,896)</u>	<u>46,744</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	519	1,865	2,384
Net Cash Provided By (Used In) Investing Activities	<u>519</u>	<u>1,865</u>	<u>2,384</u>
Net Increase (Decrease) in Cash	104,474	256,504	360,978
Cash and Cash Equivalents, Beginning of Year	484,889	1,874,941	2,359,830
Cash and Cash Equivalents, End of Year	<u>\$ 589,363</u>	<u>\$ 2,131,445</u>	<u>\$ 2,720,808</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Used in Operating Activities:			
Operating Income (Loss)	\$ (60,908)	\$ 273,570	\$ 212,662
Adjustment to Reconcile Operating Income			
to Net Cash Used in Operating Activities:			
Depreciation	29,145	-	29,145
Increase (Decrease) in Accounts Payable	26,848	(1,861)	24,987
Increase (Decrease) in Salaries Payable	1,053	-	1,053
Increase (Decrease) in Benefits Payable	-	(6,554)	(6,554)
Increase (Decrease) in Deposits/Prepays	3,416	(30,964)	(27,548)
Increase (Decrease) in Claims Payable	-	67,344	67,344
Increase (Decrease) in Compensated Absences Payable	5,818	-	5,818
Increase (Decrease) in Other Post-Employment Benefits Payable	4,943	-	4,943
Total Adjustments	<u>71,223</u>	<u>27,965</u>	<u>99,188</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 10,315</u>	<u>\$ 301,535</u>	<u>\$ 311,850</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
INFORMATION SYSTEMS FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 1,021,820	\$ 1,021,820	\$ 1,023,642	\$ 1,042,801
TOTAL OPERATING REVENUES	<u>1,021,820</u>	<u>1,021,820</u>	<u>1,023,642</u>	<u>1,042,801</u>
OPERATING EXPENSES				
Operations	1,138,180	1,138,180	1,055,405	936,808
Depreciation	75,000	75,000	29,145	41,773
TOTAL OPERATING EXPENSES	<u>1,213,180</u>	<u>1,213,180</u>	<u>1,084,550</u>	<u>978,581</u>
Operating Income (Loss)	<u>(191,360)</u>	<u>(191,360)</u>	<u>(60,908)</u>	<u>64,220</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	220	220	519	214
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>220</u>	<u>220</u>	<u>519</u>	<u>214</u>
Income (Loss) Before Transfers	<u>(191,140)</u>	<u>(191,140)</u>	<u>(60,389)</u>	<u>64,434</u>
TRANSFERS				
Transfers In	114,270	114,270	116,299	63,163
TOTAL TRANSFERS	<u>114,270</u>	<u>114,270</u>	<u>116,299</u>	<u>63,163</u>
Changes in Net Position	<u>\$ (76,870)</u>	<u>\$ (76,870)</u>	55,910	127,597
Net Position at Beginning of Year			<u>642,127</u>	<u>514,530</u>
Net Position at End of Year			<u>\$ 698,037</u>	<u>\$ 642,127</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF NET POSITION - BY PROGRAM
INSURANCE FUND
December 31, 2012
(with comparative actual for 2011)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Totals	
					2012	2011
ASSETS						
Cash and Investments	\$ 741	\$ 182,982	\$ 810,607	\$ 1,137,115	\$ 2,131,445	\$ 1,874,941
Prepaid Expenses	-	-	-	964	964	-
Deposits	-	-	50,000	39,200	89,200	59,200
TOTAL ASSETS	741	182,982	860,607	1,177,279	2,221,609	1,934,141
LIABILITIES						
Accounts Payable	-	2,067	19,424	13,239	34,730	36,591
Claims Payable	-	-	628,441	73,647	702,088	634,744
Benefits Payable	-	180,915	-	-	180,915	187,469
Due to General Fund	-	-	-	-	-	46,896
TOTAL LIABILITIES	-	182,982	647,865	86,886	917,733	905,700
NET POSITION						
Unrestricted	741	-	212,742	1,090,393	1,303,876	1,028,441
TOTAL NET POSITION	\$ 741	\$ -	\$ 212,742	\$ 1,090,393	\$ 1,303,876	\$ 1,028,441

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
INSURANCE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services	\$ 1,544,320	\$ 1,544,320	\$ 1,544,310	\$ 1,594,060
TOTAL OPERATING REVENUES	<u>1,544,320</u>	<u>1,544,320</u>	<u>1,544,310</u>	<u>1,594,060</u>
OPERATING EXPENSES				
Claims and Insurance	<u>1,544,320</u>	<u>1,544,320</u>	1,270,740	<u>893,908</u>
TOTAL OPERATING EXPENSES	<u>1,544,320</u>	<u>1,544,320</u>	<u>1,270,740</u>	<u>893,908</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>273,570</u>	<u>700,152</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	<u>1,400</u>	<u>1,400</u>	<u>1,865</u>	<u>1,456</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,400</u>	<u>1,400</u>	<u>1,865</u>	<u>1,456</u>
Changes in Net Position	<u>\$ 1,400</u>	<u>\$ 1,400</u>	275,435	701,608
Net Position at Beginning of Year			<u>1,028,441</u>	<u>326,833</u>
Net Position at End of Year			<u>\$ 1,303,876</u>	<u>\$ 1,028,441</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BY PROGRAM
INSURANCE FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	Administration	Health Program	Workers' Compensation Program	Liability Program	Totals	
					2012	2011
OPERATING REVENUES						
Charges for Services	\$ 11,772	\$ -	\$ 731,714	\$ 800,824	\$ 1,544,310	\$ 1,594,060
TOTAL OPERATING REVENUES	<u>11,772</u>	<u>-</u>	<u>731,714</u>	<u>800,824</u>	<u>1,544,310</u>	<u>1,594,060</u>
OPERATING EXPENSES						
Claims and Insurance	11,773	323,521	726,725	531,673	1,593,692	893,908
Terminal Reserve	-	(322,952)	-	-	(322,952)	-
TOTAL OPERATING EXPENSES	<u>11,773</u>	<u>569</u>	<u>726,725</u>	<u>531,673</u>	<u>1,270,740</u>	<u>893,908</u>
Operating Income (Loss)	<u>(1)</u>	<u>(569)</u>	<u>4,989</u>	<u>269,151</u>	<u>273,570</u>	<u>700,152</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	1	186	771	907	1,865	1,456
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1</u>	<u>186</u>	<u>771</u>	<u>907</u>	<u>1,865</u>	<u>1,456</u>
Income (Loss) Before Transfers	<u>-</u>	<u>(383)</u>	<u>5,760</u>	<u>270,058</u>	<u>275,435</u>	<u>701,608</u>
TRANSFERS						
Transfers In	-	383	-	-	383	7,210
Transfers (Out)	-	-	-	(383)	(383)	(7,210)
TOTAL TRANSFERS	<u>-</u>	<u>383</u>	<u>-</u>	<u>(383)</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>-</u>	<u>-</u>	<u>5,760</u>	<u>269,675</u>	<u>275,435</u>	<u>701,608</u>
Net Position at Beginning of Year	<u>741</u>	<u>-</u>	<u>206,982</u>	<u>820,718</u>	<u>1,028,441</u>	<u>326,833</u>
Net Position at End of Year	<u>\$ 741</u>	<u>\$ -</u>	<u>\$ 212,742</u>	<u>\$ 1,090,393</u>	<u>\$ 1,303,876</u>	<u>\$ 1,028,441</u>

FIDUCIARY FUNDS

Pension Trust Funds

Police Pension Fund – to account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the government through an annual property tax.

Firefighters' Pension Fund – to account for the accumulation of resources to pay pension costs. Resources are contributed by fire personnel members at rates fixed by state statutes and by the government through an annual property tax.

Agency Funds

Barrington/Higgins TIF Fund – to account for the collection of incremental taxes and other financial resources received to retire any tax increment revenue notes and pay certain qualified project costs.

EDA Special Tax Allocation Fund – to account for the collection of incremental taxes and other financial resources received to retire certain tax increment revenue bonds and notes to pay certain qualified project costs, all pertaining to the Village's EDA.

Flexible Spending Account Fund – to account for salary deductions held by the Village and payments to certain employees for eligible medical and dependent care expenses. The fund is operated pursuant to Section 125 of the Internal Revenue Code.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF PLAN NET POSITION
 PENSION TRUST FUNDS
 December 31, 2012

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 1,006,682	\$ 582,192	\$ 1,588,874
Investments, at Fair Value			
U.S. Treasury Securities	15,431,569	16,368,983	31,800,552
U.S. Agency Securities	9,226,137	10,201,623	19,427,760
Corporate Bonds	-	710,062	710,062
IMET	401,141	-	401,141
Mutual Funds	31,524,561	21,763,729	53,288,290
Money Market Mutual Funds	336,586	6,842,203	7,178,789
Equities	-	2,937,594	2,937,594
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	178,096	227,619	405,715
Other	-	2,685	2,685
Due from Primary Government	65,210	65,387	130,597
TOTAL ASSETS	<u>58,169,982</u>	<u>59,702,077</u>	<u>117,872,059</u>
LIABILITIES			
Accounts payable	2,274	52,426	54,700
TOTAL LIABILITIES	<u>2,274</u>	<u>52,426</u>	<u>54,700</u>
NET POSITION			
Held in Trust for Pension Benefits	<u>\$ 58,167,708</u>	<u>\$ 59,649,651</u>	<u>\$ 117,817,359</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
 PENSION TRUST FUNDS
 Year ended December 31, 2012

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer	\$ 2,450,556	\$ 2,080,514	\$ 4,531,070
Employee	863,800	777,945	1,641,745
Other	331,062	724	331,786
Total Contributions	<u>3,645,418</u>	<u>2,859,183</u>	<u>6,504,601</u>
Investment Income (Loss)			
Net Appreciation in Fair Value of Investments	3,693,787	3,654,094	7,347,881
Interest Revenue	1,862,011	1,543,867	3,405,878
Investment Expense	<u>(103,037)</u>	<u>(197,595)</u>	<u>(300,632)</u>
Net Investment Income	<u>5,452,761</u>	<u>5,000,366</u>	<u>10,453,127</u>
TOTAL ADDITIONS	<u>9,098,179</u>	<u>7,859,549</u>	<u>16,957,728</u>
DEDUCTIONS			
Benefits and Refunds	2,993,874	3,081,752	6,075,626
Miscellaneous	<u>22,219</u>	<u>46,804</u>	<u>69,023</u>
TOTAL DEDUCTIONS	<u>3,016,093</u>	<u>3,128,556</u>	<u>6,144,649</u>
Net Increase (Decrease)	<u>6,082,086</u>	<u>4,730,993</u>	<u>10,813,079</u>
Plan Net Position at Beginning of Year	<u>52,085,622</u>	<u>54,918,658</u>	<u>107,004,280</u>
Plan Net Position at End of Year	<u>\$ 58,167,708</u>	<u>\$ 59,649,651</u>	<u>\$ 117,817,359</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF CHANGES IN PLAN NET POSITION - BUDGET AND ACTUAL
POLICE PENSION FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
ADDITIONS				
Contributions				
Employer Contributions				
Taxes	\$ 2,293,860	\$ 2,293,860	\$ 2,301,331	\$ 2,356,575
Intergovernmental	141,900	141,900	149,225	140,844
Employee Contributions	881,660	881,660	863,800	830,869
Other Contributions	-	-	331,062	33,447
Total Contributions	<u>3,317,420</u>	<u>3,317,420</u>	<u>3,645,418</u>	<u>3,361,735</u>
Investment Income (Loss)				
Net Appreciation in Fair Value of Investments	-	-	3,693,787	(1,782,306)
Interest Revenue	1,050,000	1,050,000	1,862,011	1,524,855
Investment Expense	(100,000)	(100,000)	(103,037)	(81,434)
Net Investment Income	<u>950,000</u>	<u>950,000</u>	<u>5,452,761</u>	<u>(338,885)</u>
TOTAL ADDITIONS	<u>4,267,420</u>	<u>4,267,420</u>	<u>9,098,179</u>	<u>3,022,850</u>
DEDUCTIONS				
Benefits and Refunds	2,986,760	2,986,760	2,993,874	2,996,242
Miscellaneous	34,760	34,760	22,219	33,930
TOTAL DEDUCTIONS	<u>3,021,520</u>	<u>3,021,520</u>	<u>3,016,093</u>	<u>3,030,172</u>
Net Increase (Decrease)	<u>\$ 1,245,900</u>	<u>\$ 1,245,900</u>	6,082,086	(7,322)
Plan Net Position at Beginning of Year			<u>52,085,622</u>	<u>52,092,944</u>
Plan Net Position at End of Year			<u>\$ 58,167,708</u>	<u>\$ 52,085,622</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF CHANGES IN PLAN NET POSITION - BUDGET AND ACTUAL
FIRE PENSION FUND
Year Ended December 31, 2012
(with comparative actual for 2011)

	2012		2011	
	Original Budget	Final Budget	Actual	Actual
ADDITIONS				
Contributions				
Employer Contributions				
Taxes	\$ 1,692,450	\$ 1,692,450	\$ 1,689,069	\$ 2,034,472
Intergovernmental	384,120	384,120	391,445	454,204
Employee Contributions	809,460	809,460	777,945	772,772
Other Contributions	-	-	724	617
Total Contributions	<u>2,886,030</u>	<u>2,886,030</u>	<u>2,859,183</u>	<u>3,262,065</u>
Investment Income (Loss)				
Net Appreciation in Fair Value of Investments	-	-	3,654,094	(1,514,189)
Interest Revenue	890,000	890,000	1,543,867	1,893,238
Investment Expense	(225,000)	(225,000)	(197,595)	(219,364)
Net Investment Income	<u>665,000</u>	<u>665,000</u>	<u>5,000,366</u>	<u>159,685</u>
TOTAL ADDITIONS	<u>3,551,030</u>	<u>3,551,030</u>	<u>7,859,549</u>	<u>3,421,750</u>
DEDUCTIONS				
Benefits and Refunds	3,111,290	3,111,290	3,081,752	2,892,303
Miscellaneous	47,110	47,110	46,804	40,723
TOTAL DEDUCTIONS	<u>3,158,400</u>	<u>3,158,400</u>	<u>3,128,556</u>	<u>2,933,026</u>
Net Increase (Decrease)	<u>\$ 392,630</u>	<u>\$ 392,630</u>	4,730,993	488,724
Plan Net Position at Beginning of Year			<u>54,918,658</u>	<u>54,429,934</u>
Plan Net Position at End of Year			<u>\$ 59,649,651</u>	<u>\$ 54,918,658</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year ended December 31, 2012

	Balances January 1	Additions	Deletions	Balances December 31
ALL FUNDS				
ASSETS				
Cash and Investments	\$ 15,559,991	\$ 15,882,085	\$ 16,228,330	\$ 15,213,746
Assets Held by Agents	58,754	-	-	58,754
Due from Primary Government	1,500	3,000	4,500	-
TOTAL ASSETS	<u>\$ 15,620,245</u>	<u>\$ 15,885,085</u>	<u>\$ 16,232,830</u>	<u>\$ 15,272,500</u>
LIABILITIES				
Due to Participants	\$ 27,654	\$ -	\$ -	\$ 27,654
Due to Primary Government	721,814	1,088,533	1,180,124	630,223
Advances from Other Funds	31,100	-	-	31,100
Due to Other Entities	14,839,677	14,796,552	15,052,706	14,583,523
TOTAL LIABILITIES	<u>\$ 15,620,245</u>	<u>\$ 15,885,085</u>	<u>\$ 16,232,830</u>	<u>\$ 15,272,500</u>
BARRINGTON/HIGGINS TIF FUND				
ASSETS				
Cash and Investments	\$ 244,992	\$ 1,075,459	\$ 916,331	\$ 404,120
TOTAL ASSETS	<u>\$ 244,992</u>	<u>\$ 1,075,459</u>	<u>\$ 916,331</u>	<u>\$ 404,120</u>
LIABILITIES				
Due to Primary Government	\$ -	\$ 458,391	\$ 458,310	\$ 81
Due to Other Entities	244,992	617,068	458,021	404,039
TOTAL LIABILITIES	<u>\$ 244,992</u>	<u>\$ 1,075,459</u>	<u>\$ 916,331</u>	<u>\$ 404,120</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended December 31, 2012

	Balances January 1	Additions	Deletions	Balances December 31
EDA SPECIAL TAX ALLOCATION FUND				
ASSETS				
Cash and Investments	\$ 15,314,999	\$ 14,806,626	\$ 15,311,999	\$ 14,809,626
Due from Primary Government	<u>1,500</u>	<u>3,000</u>	<u>4,500</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 15,316,499</u>	<u>\$ 14,809,626</u>	<u>\$ 15,316,499</u>	<u>\$ 14,809,626</u>
LIABILITIES				
Due to Other Entities	\$ 14,594,685	\$ 14,179,484	\$ 14,594,685	\$ 14,179,484
Due to Primary Government	<u>721,814</u>	<u>630,142</u>	<u>721,814</u>	<u>630,142</u>
TOTAL LIABILITIES	<u>\$ 15,316,499</u>	<u>\$ 14,809,626</u>	<u>\$ 15,316,499</u>	<u>\$ 14,809,626</u>
FLEXIBLE SPENDING ACCOUNT FUND				
ASSETS				
Assets Held by Agents	\$ 58,754	\$ -	\$ -	\$ 58,754
TOTAL ASSETS	<u>\$ 58,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,754</u>
LIABILITIES				
Due to Participants	\$ 27,654	\$ -	\$ -	\$ 27,654
Advances from Other Funds	<u>31,100</u>	<u>-</u>	<u>-</u>	<u>31,100</u>
TOTAL LIABILITIES	<u>\$ 58,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,754</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
SCHEDULE OF INSURANCE IN FORCE
December 31, 2012

<u>Type of Coverage</u>	<u>SIR or Deductibles</u>	<u>Specific Excess Limit</u>	<u>Aggregate Excess Limit</u>	<u>Insurance Carrier</u>	<u>Expiration Date of Policy</u>
All Village property including Sears Centre					
Building & Personal Property	\$ 100,000	\$ 161,143,820	N/A	Affiliated FM	1/1/2014
Mobile Equipment	100,000	845,047	N/A	Insurance Co.	"
Earthquake	100,000	25,000,000	N/A	"	"
Flood	100,000	25,000,000	N/A	"	"
Business Income	100,000	7,500,000	N/A	"	"
General Liability:					
Employee Liability, Nurse Professional	10,000	2,000,000	3,000,000	One Beacon Insurance	1/1/2014
Damages to Premises Rented	100,000 *	1,000,000	3,000,000	"	"
Failure to Supply	100,000 *	1,000,000	3,000,000	"	"
Sexual Abuse	100,000 *	1,000,000	3,000,000	"	"
Law Enforcement	100,000 *	2,000,000	3,000,000	One Beacon Insurance	1/1/2014
Auto Liability	100,000 *	2,000,000	N/A	One Beacon Insurance	1/1/2014
Auto Physical Damage	100,000	ACV	N/A	"	"
Auto - Hired & Non-owned Liability	100,000 *	2,000,000	N/A	"	"
Employee Dishonesty, Crime	5,000 *	500,000	N/A	Travelers Insurance Co.	1/1/2014
General Liability, Auto Liability, Law Enforcement Liability, Ambulance Attendants' Liability, Public Officials' Liability	2,000,000	10,000,000	10,000,000	High-Level Excess Liability Pool (HELP)	7/1/2013
Boiler and Machinery	100,000	161143820	N/A	Affiliated FM Insurance Co.	1/1/2014
Employment Related Practices	50,000	2,000,000	3,000,000	One Beacon Insurance	1/1/2014
Public Officials' Liability	25,000	2,000,000	3,000,000	One Beacon Insurance	1/1/2014
Public Officials' Employee Benefits	1,000	2,000,000	3,000,000	One Beacon Insurance	1/1/2014
Healthcare/EMT	100,000	2,000,000	3,000,000	One Beacon Insurance	1/1/2014
Liquor Liability	N/A	N/A	2,000,000	Lloyds	1/1/2014
Pollution Legal Liability				Great American	
Underground Storage Tanks	5,000	1,000,000	1,000,000	Insurance Company	1/1/2014
Position Surety Bonds					
William McLeod, Village President	N/A	3,000	3,000	Fidelity & Deposit Co.	1/1/2014
Karen Mills, Deputy President	N/A	3,000	3,000	"	"
Bev Romanoff, Village Clerk	N/A	3,000	3,000	"	"
James Norris, Village Manager	N/A	5,000	5,000	"	"
Treasurer	N/A	150,000	150,000	"	"
Police and Fire Commission Members	N/A	6,000	6,000	"	"
Excess Workers' Compensation	500,000/ 600,000 Police & Fire	Statutory	2,000,000	Safety National	12/31/2013

* One Beacon Insurance - All casualty lines retentions subject to a maximum \$400,000 aggregate loss fund.
N/A - Not Applicable

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TAXABLE BOND SERIES OF 2005A
December 31, 2012

Date of Issue August 1, 2005
Date of Maturity December 1, 2033
Authorized Issue \$ 54,935,000
Denomination of Bonds \$ 5,000
Interest Rates
2013 4.90%
2014 4.95%
2015 5.00%
2016 5.05%
2017 5.15%
2018 5.25%
2022 5.375%
2026 5.40%

Interest Dates June 1 and December 1
Principal Maturity Date December 1
Payable at Wells Fargo Bank NA, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec.1	Amount
2012	\$ 1,345,000	\$ 2,550,210	\$ 3,895,210	2013	\$ 1,275,105	2013	\$ 1,275,105
2013	1,415,000	2,484,305	3,899,305	2014	1,242,153	2014	1,242,152
2014	1,485,000	2,414,263	3,899,263	2015	1,207,132	2015	1,207,131
2015	1,555,000	2,340,012	3,895,012	2016	1,170,006	2016	1,170,006
2016	1,635,000	2,261,485	3,896,485	2017	1,130,743	2017	1,130,742
2017	1,720,000	2,177,283	3,897,283	2018	1,088,642	2018	1,088,641
2018	1,810,000	2,087,842	3,897,842	2019	1,043,921	2019	1,043,921
2019	1,905,000	1,992,818	3,897,818	2020	996,409	2020	996,409
2020	2,005,000	1,892,805	3,897,805	2021	946,403	2021	946,402
2021	2,110,000	1,787,542	3,897,542	2022	893,771	2022	893,771
2022	2,225,000	1,674,130	3,899,130	2023	837,065	2023	837,065
2023	2,345,000	1,554,536	3,899,536	2024	777,268	2024	777,268
2024	2,470,000	1,428,492	3,898,492	2025	714,246	2025	714,246
2025	2,600,000	1,295,730	3,895,730	2026	647,865	2026	647,865
2026	2,740,000	1,155,330	3,895,330	2027	577,665	2027	577,665
2027	2,890,000	1,007,370	3,897,370	2028	503,685	2028	503,685
2028	3,045,000	851,310	3,896,310	2029	425,655	2029	425,655
2029	3,210,000	686,880	3,896,880	2030	343,440	2030	343,440
2030	3,385,000	513,540	3,898,540	2031	256,770	2031	256,770
2031	3,565,000	330,750	3,895,750	2032	165,375	2032	165,375
2032	2,560,000	138,240	2,698,240	2033	69,120	2033	69,120
	<u>\$ 48,020,000</u>	<u>\$ 32,624,873</u>	<u>\$ 80,644,873</u>		<u>\$ 16,312,439</u>		<u>\$ 16,312,434</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2008A
December 31, 2012

Date of Issue March 7, 2008
Date of Maturity December 1, 2038
Authorized Issue \$ 26,645,000
Denomination of Bonds \$ 5,000
Interest Rates 2030-2038 5.00%

Interest Dates June 1 and December 1
Principal Maturity Date December 1
Payable at Wells Fargo Bank NA, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec.1	Amount
2012	\$ -	\$ 1,332,250	\$ 1,332,250	2013	\$ 666,125	2013	\$ 666,125
2013	-	1,332,250	1,332,250	2014	666,125	2014	666,125
2014	-	1,332,250	1,332,250	2015	666,125	2015	666,125
2015	-	1,332,250	1,332,250	2016	666,125	2016	666,125
2016	-	1,332,250	1,332,250	2017	666,125	2017	666,125
2017	-	1,332,250	1,332,250	2018	666,125	2018	666,125
2018	-	1,332,250	1,332,250	2019	666,125	2019	666,125
2019	-	1,332,250	1,332,250	2020	666,125	2020	666,125
2020	-	1,332,250	1,332,250	2021	666,125	2021	666,125
2021	-	1,332,250	1,332,250	2022	666,125	2022	666,125
2022	-	1,332,250	1,332,250	2023	666,125	2023	666,125
2023	-	1,332,250	1,332,250	2024	666,125	2024	666,125
2024	-	1,332,250	1,332,250	2025	666,125	2025	666,125
2025	-	1,332,250	1,332,250	2026	666,125	2026	666,125
2026	-	1,332,250	1,332,250	2027	666,125	2027	666,125
2027	-	1,332,250	1,332,250	2028	666,125	2028	666,125
2028	-	1,332,250	1,332,250	2029	666,125	2029	666,125
2029	2,415,000	1,332,250	3,747,250	2030	666,125	2030	666,125
2030	2,540,000	1,211,500	3,751,500	2031	605,750	2031	605,750
2031	2,665,000	1,084,500	3,749,500	2032	542,250	2032	542,250
2032	2,795,000	951,250	3,746,250	2033	475,625	2033	475,625
2033	2,935,000	811,500	3,746,500	2034	405,750	2034	405,750
2034	3,085,000	664,750	3,749,750	2035	332,375	2035	332,375
2035	3,240,000	510,500	3,750,500	2036	255,250	2036	255,250
2036	3,400,000	348,500	3,748,500	2037	174,250	2037	174,250
2037	3,570,000	178,500	3,748,500	2038	89,250	2038	89,250
	<u>\$ 26,645,000</u>	<u>\$ 29,741,500</u>	<u>\$ 56,386,500</u>		<u>\$ 14,870,750</u>		<u>\$ 14,870,750</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009A
December 31, 2012

Date of Issue March 17, 2009
Date of Maturity December 1, 2029
Authorized Issue \$ 30,355,000
Denomination of Bonds \$ 5,000
Interest Rates
2013 3.00%
2014 4.75%
2016 4.00%
2017 5.00%
2019 5.25%
2026 4.95%
2027 5.125%

Interest Dates June 1 and December 1
Principal Maturity Date December 1
Payable at Wells Fargo Bank NA, Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Total	June 1	Amount	Dec.1	Amount
2012	\$ 1,200,000	\$ 1,513,856	\$ 2,713,856	2013	\$ 756,928	2013	\$ 756,928
2013	1,235,000	1,477,856	2,712,856	2014	738,928	2014	738,928
2014	1,295,000	1,419,194	2,714,194	2015	709,597	2015	709,597
2015	1,360,000	1,357,681	2,717,681	2016	678,841	2016	678,841
2016	1,410,000	1,303,281	2,713,281	2017	651,641	2017	651,641
2017	1,485,000	1,232,781	2,717,781	2018	616,391	2018	616,391
2018	1,555,000	1,158,531	2,713,531	2019	579,266	2019	579,266
2019	1,640,000	1,076,894	2,716,894	2020	538,447	2020	538,447
2020	1,725,000	990,794	2,715,794	2021	495,397	2021	495,397
2021	1,815,000	900,231	2,715,231	2022	450,116	2022	450,116
2022	1,910,000	804,944	2,714,944	2023	402,472	2023	402,472
2023	2,010,000	704,669	2,714,669	2024	352,335	2024	352,335
2024	2,115,000	599,144	2,714,144	2025	299,572	2025	299,572
2025	2,225,000	488,106	2,713,106	2026	244,053	2026	244,053
2026	2,335,000	377,969	2,712,969	2027	188,985	2027	188,985
2027	2,455,000	258,300	2,713,300	2028	129,150	2028	129,150
2028	2,585,000	132,481	2,717,481	2029	66,241	2029	66,241
	<u>\$ 30,355,000</u>	<u>\$ 15,796,712</u>	<u>\$ 46,151,712</u>		<u>\$ 7,898,356</u>		<u>\$ 7,898,356</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 HOFFMAN ESTATES ECONOMIC DEVELOPMENT PROJECT AREA
 TAX INCREMENT REVENUE NOTES
 December 31, 2012

	Developer Cash Advance Note #1	Developer Cash Advance Note #3	Private Interest Financing Note #1	Private Interest Financing Note #2	Private Interest Financing Note #3
Date of Issue	Mar 1, 1993	Sep 1, 1994	Feb 1, 2000	Feb 1, 2000	Mar 1, 2001
Date of Maturity	Sep 10, 2012				
Original Amount of Note	\$ 733,580	\$ 196,685	\$ 1,693,397	\$ 5,009,329	\$ 5,228,265
Interest Rate	4%	4%	None	None	None
Interest Dates	March 1 and September 1	March 1 and September 1	None	None	None
Principal Maturity Dates	March 1 and September 1				
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL				
Original Principal Balance	\$ 733,580	\$ 196,685	\$ 1,693,397	\$ 5,009,329	\$ 5,228,265
Accrued Interest	868,203	205,072	-	-	-
Sub-total	1,601,783	401,757	1,693,397	5,009,329	5,228,265
Previous Payments	1,601,783	401,757	-	-	-
Adjusted Principal Balance	\$ -	\$ -	\$ 1,693,397	\$ 5,009,329	\$ 5,228,265

Private Interest Financing Note #4	Private Interest Financing Note #5	Private Interest Financing Note #6	Developer Project Cost Note #24	Developer Project Cost Note #25	Developer Project Cost Note #26	Developer Project Cost Note #27	Developer Project Cost Note #28
Aug 1, 2002 Sep 10, 2012	Feb 1, 2003 Sep 10, 2012	Feb 1, 2007 Sep 10, 2012	Sep 1, 1997 Sep 10, 2012				
\$ 4,800,779	\$ 4,293,238	\$ 13,147,485	\$ 12,169,244	\$ 5,248,409	\$ 4,347,908	\$ 354,035	\$ 288,720
None	None	None	4%	4%	4%	4%	4%
None	None	None	March 1 and September 1				
March 1 and September 1							
Sears, Roebuck and Co. Hoffman Estates, IL							
\$ 4,800,779	\$ 4,293,238	\$ 13,147,485	\$ 12,169,244	\$ 5,248,409	\$ 4,347,908	\$ 354,035	\$ 288,720
-	-	-	10,454,022	5,052,371	4,419,092	371,649	303,085
4,800,779	4,293,238	13,147,485	22,623,265	10,300,780	8,767,000	725,684	591,805
-	-	-	22,623,265	10,300,780	4,994,088	-	-
<u>\$ 4,800,779</u>	<u>\$ 4,293,238</u>	<u>\$ 13,147,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,772,912</u>	<u>\$ 725,684</u>	<u>\$ 591,805</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 HOFFMAN ESTATES ECONOMIC DEVELOPMENT PROJECT AREA
 TAX INCREMENT REVENUE NOTES
 December 31, 2012

	Developer Project Cost Note #29	Developer Project Cost Note #30	Developer Project Cost Note #31	Developer Project Cost Note #32	Developer Project Cost Note #33
Date of Issue	Mar 1, 1999	Mar 1, 1999	Mar 1, 2000	Mar 1, 2001	Sep 1, 2001
Date of Maturity	Sep 10, 2012				
Original Amount of Note	\$ 2,244,798	\$ 336,341	\$ 814,106	\$ 1,435,686	\$ 708,661
Interest Rate	4%	4%	4%	4%	4%
Interest Dates	March 1 and September 1				
Principal Maturity Dates	March 1 and September 1				
Payable at	Sears, Roebuck and Co. Hoffman Estates, IL				
Original Principal Balance	\$ 2,244,798	\$ 336,341	\$ 814,106	\$ 1,435,686	\$ 708,661
Accrued Interest	2,032,479	304,530	659,810	1,027,254	476,713
Sub-total	<u>4,277,277</u>	<u>640,871</u>	<u>1,473,916</u>	<u>2,462,940</u>	<u>1,185,374</u>
Previous Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted Principal Balance	<u>\$ 4,277,277</u>	<u>\$ 640,871</u>	<u>\$ 1,473,916</u>	<u>\$ 2,462,940</u>	<u>\$ 1,185,374</u>

Developer Project Cost Note #34	Developer Project Cost Note #35	Developer Project Cost Note #36	Developer Project Cost Note #38	Developer Project Cost Note #39	Developer Project Cost Note #40	Total
Sep 1, 2002 Sep 10, 2012	Sep 1, 2002 Sep 10, 2012	Mar 1, 2003 Sep 10, 2012	Sep 1, 2006 Sep 10, 2012	Mar 1, 2007 Sep 10, 2012	Sep 1, 2007 Sep 10, 2012	
\$ 10,776,023	\$ 222,767	\$ 303,071	\$ 1,351,407	\$ 120,659	\$ 69,366	
4%	4%	4%	4%	4%	4%	
March 1 and September 1						
March 1 and September 1						
Sears, Roebuck and Co. Hoffman Estates, IL						
\$ 10,776,023	\$ 222,767	\$ 303,071	\$ 1,351,407	\$ 120,659	\$ 69,366	\$ 75,893,957
6,826,077	132,188	168,603	440,807	36,003	18,862	33,796,820
17,602,100	354,955	471,674	1,792,214	156,662	88,228	109,690,777
-	-	-	-	-	-	39,921,673
\$ 17,602,100	\$ 354,955	\$ 471,674	\$ 1,792,214	\$ 156,662	\$ 88,228	\$ 69,769,104

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 ECONOMIC DEVELOPMENT PROJECT AREA
 SCHEDULE OF INDENTURE FLOW OF FUNDS
 Year Ended December 31, 2012

	EDA Special Tax Allocation Fund			EDA General Account
	Unallocated	Gov't Share Account	Totals	
Revenues				
Incremental Taxes	\$ 14,173,364	\$ 8,836,432	\$ 23,009,796	\$ -
Investment Earnings	3,377	-	3,377	-
Total Revenues	<u>14,176,741</u>	<u>8,836,432</u>	<u>23,013,173</u>	<u>-</u>
Expenditures				
Principal, Bonds and Notes	-	-	-	14,588,442
Trustee Fees	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,588,442</u>
Excess (Deficiency) of Revenues over Expenditures	<u>14,176,741</u>	<u>8,836,432</u>	<u>23,013,173</u>	<u>(14,588,442)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	14,588,442
Operating Transfers (Out)	(14,591,942)	-	(14,591,942)	-
Distribution of Surplus	-	(5,315,535)	(5,315,535)	-
Transfer to EDA Admin. Fund	-	(4,242,711)	(4,242,711)	-
Total Other Financing Sources (Uses)	<u>(14,591,942)</u>	<u>(9,558,246)</u>	<u>(24,150,188)</u>	<u>14,588,442</u>
Net Change in Fund Balances	(415,201)	(721,814)	(1,137,015)	-
Fund Balances (Deficit) Beginning of Year	<u>14,594,685</u>	<u>721,814</u>	<u>15,316,499</u>	<u>-</u>
Fund Balances (Deficit) End of Year	<u>\$ 14,179,484</u>	<u>\$ -</u>	<u>\$ 14,179,484</u>	<u>\$ -</u>

Program Expenses Account	Totals (Memorandum Only)
\$ -	\$ 23,009,796
44	3,421
<u>44</u>	<u>23,013,217</u>
-	14,588,442
3,500	3,500
<u>3,500</u>	<u>14,591,942</u>
<u>(3,456)</u>	<u>8,421,275</u>
3,500	14,591,942
-	(14,591,942)
	(5,315,535)
-	(4,242,711)
<u>3,500</u>	<u>(9,558,246)</u>
44	(1,136,971)
<u>36,817</u>	<u>15,353,316</u>
<u>\$ 36,861</u>	<u>\$ 14,216,345</u>

STATISTICAL SECTION

This part of the Village of Hoffman Estates, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	140-149
Revenue Capacity	
These schedules contain more information to help the reader assess the Village's most significant local revenue source, the property tax.	150-156
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt.	157-161
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	162-164
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	165-166

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 74,079,702	\$ 76,288,971	\$ 81,974,472	\$ 85,941,143	\$ 92,578,328	\$ 100,289,513	\$ 104,590,958	\$ 97,434,737	\$ 96,991,246	\$ 97,300,601
Restricted	31,736,142	30,610,435	25,510,851	34,581,385	34,874,359	37,276,155	25,487,777	11,808,484	12,287,308	8,430,181
Unrestricted	(208,737,371)	(191,260,938)	(179,534,956)	(202,902,550)	(187,818,909)	(182,324,268)	(118,128,995)	(84,178,176)	(68,641,607)	(52,629,530)
Total Governmental Activities	\$ (102,921,527)	\$ (84,361,532)	\$ (72,049,633)	\$ (82,380,022)	\$ (60,366,222)	\$ (44,758,600)	\$ 11,949,740	\$ 25,065,045	\$ 40,636,947	\$ 53,101,252
Business-type Activities										
Net Investment in Capital Assets	\$ 23,216,582	\$ 22,574,239	\$ 23,568,964	\$ 24,371,756	\$ 25,020,589	\$ 26,267,955	\$ 57,239,680	\$ 57,818,793	\$ 57,288,598	\$ 56,288,010
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,759,802	8,594,706	9,612,150	9,228,469	9,457,205	8,404,821	7,775,663	4,738,255	4,448,586	3,224,063
Total Business-type Activities	\$ 31,976,384	\$ 31,168,945	\$ 33,181,114	\$ 33,600,225	\$ 34,477,794	\$ 34,672,776	\$ 65,015,343	\$ 62,557,048	\$ 61,737,184	\$ 59,512,073
Primary Government										
Net Investment in Capital Assets	\$ 97,296,284	\$ 98,863,210	\$ 105,543,436	\$ 110,312,899	\$ 117,598,917	\$ 126,557,468	\$ 161,830,638	\$ 155,253,530	\$ 154,279,844	\$ 153,588,611
Restricted	31,736,142	30,610,435	25,510,851	34,581,385	34,874,359	37,276,155	25,487,777	11,808,484	12,287,308	8,430,181
Unrestricted	(199,977,569)	(182,666,232)	(169,922,806)	(193,674,081)	(178,361,704)	(173,919,447)	(110,353,332)	(79,439,921)	(64,193,021)	(49,405,467)
Total Primary Government	\$ (70,945,143)	\$ (53,192,587)	\$ (38,868,519)	\$ (48,779,797)	\$ (25,888,428)	\$ (10,085,824)	\$ 76,965,083	\$ 87,622,093	\$ 102,374,131	\$ 112,613,325

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
NET POSITION BY COMPONENT EXCLUDING EDA TIF ACTIVITY

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 74,079,702	\$ 76,288,971	\$ 81,974,472	\$ 85,941,143	\$ 92,578,328	\$ 100,289,513	\$ 104,590,958	\$ 97,434,737	\$ 96,991,246	\$ 97,300,601
Restricted	1,953,699	2,079,746	7,306,379	6,839,425	6,013,855	8,028,531	6,734,090	5,201,282	6,477,937	3,634,120
Unrestricted	<u>21,850,479</u>	<u>20,136,069</u>	<u>17,632,151</u>	<u>(34,503,578)</u>	<u>(33,037,782)</u>	<u>(38,677,026)</u>	<u>7,684,075</u>	<u>11,536,691</u>	<u>13,598,311</u>	<u>17,139,574</u>
Total Governmental Activities	<u>\$ 97,883,880</u>	<u>\$ 98,504,786</u>	<u>\$ 106,913,002</u>	<u>\$ 58,276,990</u>	<u>\$ 65,554,401</u>	<u>\$ 69,641,018</u>	<u>\$ 119,009,123</u>	<u>\$ 114,172,710</u>	<u>\$ 117,067,494</u>	<u>\$ 118,074,295</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 23,216,582	\$ 22,574,239	\$ 23,568,964	\$ 24,371,756	\$ 25,020,589	\$ 26,267,955	\$ 57,239,680	\$ 57,838,788	\$ 57,288,598	\$ 56,288,010
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>8,759,802</u>	<u>8,594,706</u>	<u>9,612,150</u>	<u>9,228,469</u>	<u>9,457,205</u>	<u>8,404,821</u>	<u>7,775,663</u>	<u>4,718,260</u>	<u>4,448,586</u>	<u>3,224,063</u>
Total Business-type Activities	<u>\$ 31,976,384</u>	<u>\$ 31,168,945</u>	<u>\$ 33,181,114</u>	<u>\$ 33,600,225</u>	<u>\$ 34,477,794</u>	<u>\$ 34,672,776</u>	<u>\$ 65,015,343</u>	<u>\$ 62,557,048</u>	<u>\$ 61,737,184</u>	<u>\$ 59,512,073</u>
Primary Government										
Net Investment in Capital Assets	\$ 97,296,284	\$ 98,863,210	\$ 105,543,436	\$ 110,312,899	\$ 117,598,917	\$ 126,557,468	\$ 161,830,638	\$ 155,273,525	\$ 154,279,844	\$ 153,588,611
Restricted	1,953,699	2,079,746	7,306,379	6,839,425	6,013,855	8,028,531	6,734,090	5,201,282	6,477,937	3,634,120
Unrestricted	<u>30,610,281</u>	<u>28,730,775</u>	<u>27,244,301</u>	<u>(25,275,109)</u>	<u>(23,580,577)</u>	<u>(30,272,205)</u>	<u>15,459,738</u>	<u>16,254,951</u>	<u>18,046,897</u>	<u>20,363,637</u>
Total Primary Government	<u>\$ 129,860,264</u>	<u>\$ 129,673,731</u>	<u>\$ 140,094,116</u>	<u>\$ 91,877,215</u>	<u>\$ 100,032,195</u>	<u>\$ 104,313,794</u>	<u>\$ 184,024,466</u>	<u>\$ 176,729,758</u>	<u>\$ 178,804,678</u>	<u>\$ 177,586,368</u>

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846	\$ 6,900,227	\$ 7,649,033	\$ 2,140,888	\$ 6,793,067	\$ 7,040,128	\$ 6,784,096
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353	29,298,255	32,630,767	36,731,733	36,228,810	33,040,212	33,240,928
Higways and Streets	8,729,150	9,286,945	11,532,401	6,140,084	10,578,402	12,635,002	11,426,047	9,238,037	9,460,214	9,997,154
Sanitation	531,458	600,961	930,335	864,300	1,126,761	1,190,250	1,190,740	1,114,830	1,115,901	1,213,277
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857	1,741,403	1,959,118	1,820,973	1,712,597	1,655,456	1,744,262
Culture and Recreation	246,447	229,402	226,608	239,480	251,527	277,806	234,883	237,733	241,334	339,529
Economic Development	6,107,232	1,406,319	1,303,688	52,011,995	16,627,938	2,156,338	4,948,669	1,989,694	2,009,349	3,086,713
Interest	13,342,322	11,971,027	11,447,448	11,696,149	9,576,815	9,560,104	6,776,076	6,721,799	5,503,426	4,974,048
Total Governmental Activities Expenses	57,404,774	53,744,895	57,253,618	110,352,064	76,101,328	68,058,418	65,270,009	64,036,567	60,066,020	61,380,007
Business-type Activities										
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322	12,364,630	12,965,546	11,981,864	13,204,142	14,419,572
Sears Centre	-	-	-	-	-	-	4,800,908	8,623,330	7,666,340	7,262,839
Total Business-type Activities Expenses	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322	12,364,630	17,766,454	20,605,194	20,870,482	21,682,411
Total Primary Government Expenses	\$ 67,297,001	\$ 64,004,494	\$ 67,837,677	\$ 121,406,532	\$ 87,554,650	\$ 80,423,048	\$ 83,036,463	\$ 84,641,761	\$ 80,936,502	\$ 83,062,418
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 1,102,884	\$ 1,093,124	\$ 1,075,793	\$ 1,133,556	\$ 1,333,707	\$ 1,361,435	\$ 2,867,632	\$ 2,960,974	\$ 3,172,718	\$ 3,162,569
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630	2,959,938	3,154,367	2,811,303	2,869,878	2,946,067	3,041,099
Higways and Streets	876,053	1,023,264	1,415,253	882,063	1,212,692	586,879	152,321	153,363	220,572	113,699
Sanitation	73,499	816,056	880,637	896,554	878,948	1,009,579	1,096,277	1,072,654	1,124,851	1,129,240
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373	2,250,535	860,461	537,732	590,515	1,343,752	953,523
Culture and Recreation	469,330	493,933	513,635	571,287	593,476	579,111	530,737	521,449	548,461	623,134
Economic Development	10,212,855	11,093,955	12,585,713	20,107,123	19,807,712	4,036,017	165,424	173,414	231,994	147,275
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158	2,129,235	1,959,997	2,436,373	2,566,593	3,581,885	2,696,996
Capital Grants and Contributions	579,609	700,558	687,300	-	3,928,216	7,097,285	4,040,726	899,366	4,322,051	3,219,627
Total Governmental Activities Program Revenues	17,861,070	20,008,976	22,586,737	29,212,744	35,094,459	20,645,131	14,638,525	11,808,206	17,492,351	15,087,162

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type Activities										
Charges for Services										
Water/Sewer	\$ 8,404,183	\$ 8,919,572	\$ 10,240,821	\$ 9,386,132	\$ 10,378,340	\$ 9,989,993	\$ 9,843,473	\$ 10,367,612	\$ 10,604,162	\$ 13,480,853
Sears Centre	-	-	-	-	-	-	-	2,090,426	2,450,294	1,943,834
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions										
Water/Sewer	-	-	-	-	1,448,966	2,146,311	1,397,019	145,117	1,529,016	1,350,599
Sears Centre	-	-	-	-	-	-	83,960,100	-	4,950	-
Total Business-type Activities Program Revenues	8,404,183	8,919,572	10,240,821	9,386,132	11,827,306	12,136,304	95,200,592	12,603,155	14,588,422	16,775,286
Total Primary Government Program Revenues	\$ 26,265,253	\$ 28,928,548	\$ 32,827,558	\$ 38,598,876	\$ 46,921,765	\$ 32,781,435	\$ 109,839,117	\$ 24,411,361	\$ 32,080,773	\$ 31,862,448
Net (Expense) Revenue										
Governmental Activities	\$ (39,543,704)	\$ (33,735,919)	\$ (34,666,881)	\$ (81,139,320)	\$ (41,006,869)	\$ (47,413,287)	\$ (50,631,484)	\$ (52,228,361)	\$ (42,573,669)	\$ (46,292,845)
Business-type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)	373,984	(228,326)	77,434,138	(8,002,039)	(6,282,060)	(4,907,125)
Total Primary Government Net (Expense) Revenue	\$ (41,031,748)	\$ (35,075,946)	\$ (35,010,119)	\$ (82,807,656)	\$ (40,632,885)	\$ (47,641,613)	\$ 26,802,654	\$ (60,230,400)	\$ (48,855,729)	\$ (51,199,970)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	\$ 32,689,908	\$ 31,996,121	\$ 17,575,496	\$ 42,130,319	\$ 35,690,272	\$ 36,232,247	\$ 33,379,672	\$ 44,460,848	\$ 38,455,279	\$ 37,109,465
Sales	5,531,118	4,960,882	5,059,287	6,332,164	6,619,848	6,990,526	5,993,252	6,023,007	5,951,289	6,432,977
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651	5,147,174	5,529,993	5,314,607	4,305,515	4,913,556	5,416,250
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103	3,378,962	3,404,303	3,360,522	2,928,445	2,741,011	2,896,031
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758	1,323,132	755,637	510,990	406,333	366,253	419,814
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927	3,476,984	3,938,726	3,472,774	3,397,574	3,312,721	3,547,063
Other	1,557,709	1,679,970	1,807,840	3,141,679	3,901,359	3,840,774	3,407,216	2,197,886	1,375,898	1,615,860
Investment Earnings	1,473,816	1,547,181	2,526,601	4,312,040	2,450,774	1,768,185	1,147,987	211,216	72,689	44,671
Miscellaneous	213,611	297,218	236,165	788,180	723,047	576,648	648,653	1,119,747	3,250,112	1,520,890
Gain (Loss) on Sale of Capital Assets	(133,415)	-	-	-	-	-	167,872	-	-	-
Contributions	668,807	1,013,507	5,671,102	1,158,480	-	-	-	-	-	-
Transfers In (Out)	-	-	(50,500)	2,630	9,850	(16,130)	49,936,278	293,095	(2,293,237)	162,839
Total Governmental Activities	51,968,112	52,295,914	46,978,780	70,808,931	62,721,402	63,020,909	107,339,823	65,343,666	58,145,571	59,165,860

(Continued)

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type Activities										
Taxes										
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,580	\$ 1,154,561	\$ 2,100,316	\$ 2,121,999
Investment Earnings	126,699	105,028	251,322	395,450	419,999	325,328	164,920	18,470	5,426	3,866
Miscellaneous	8,278	310,810	27,455	39,832	75,251	74,250	2,619,463	4,663,808	1,063,217	1,306,800
Gain on Sale of Capital Assets	-	-	-	-	18,185	7,600	17,744	-	-	-
Contributions	-	116,750	2,026,130	1,654,795	-	-	-	-	-	-
Transfers In (Out)	-	-	50,500	(2,630)	(9,850)	16,130	(49,936,278)	(293,095)	2,293,237	(162,839)
Total Business-type Activities	134,977	532,588	2,355,407	2,087,447	503,585	423,308	(47,091,571)	5,543,744	5,462,196	3,269,826
Total Primary Government	\$ 52,103,089	\$ 52,828,502	\$ 49,334,187	\$ 72,896,378	\$ 63,224,987	\$ 63,444,217	\$ 60,248,252	\$ 70,887,410	\$ 63,607,767	\$ 62,435,686
Change in Net Position										
Governmental Activities	\$ 12,424,408	\$ 18,559,995	\$ 12,311,899	\$ (10,330,389)	\$ 21,714,533	\$ 15,607,622	\$ 56,708,339	\$ 13,115,305	\$ 15,571,902	\$ 12,873,015
Business-type Activities	(1,353,067)	(807,439)	2,012,169	419,111	877,569	194,982	30,342,567	(2,458,295)	(819,864)	(1,637,299)
Total Primary Government Change in Net Position	\$ 11,071,341	\$ 17,752,556	\$ 14,324,068	\$ (9,911,278)	\$ 22,592,102	\$ 15,802,604	\$ 87,050,906	\$ 10,657,010	\$ 14,752,038	\$ 11,235,716

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
CHANGE IN NET POSITION EXCLUDING EDA TIF ACTIVITY

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
General Government	\$ 4,428,226	\$ 4,713,709	\$ 4,977,318	\$ 10,482,846	\$ 6,900,227	\$ 7,429,416	\$ 1,599,021	\$ 6,448,895	\$ 6,697,489	\$ 6,434,941
Public Safety	22,409,329	23,861,883	25,173,738	27,142,353	29,298,255	29,333,107	33,108,122	32,607,837	29,181,960	29,418,704
Higways and Streets	8,729,150	9,286,945	9,994,204	4,555,019	10,113,187	12,059,057	11,187,206	9,026,571	9,303,991	9,799,549
Sanitation	531,458	600,961	930,335	864,300	1,126,761	1,190,250	1,190,740	1,114,830	1,115,901	1,213,277
Health and Welfare	1,610,610	1,674,649	1,662,082	1,774,857	1,741,403	1,959,118	1,820,973	1,712,597	1,655,456	1,744,262
Culture and Recreation	246,447	229,402	226,608	239,480	251,527	277,806	234,883	237,733	241,334	339,529
Economic Development	1,158,602	1,406,319	1,303,688	52,011,995	2,008,387	1,991,344	4,334,569	1,989,694	1,918,198	2,633,690
Interest	1,237,618	978,608	2,073,221	3,895,783	3,695,876	4,322,420	2,318,891	2,807,720	2,994,525	2,847,779
Total Governmental Activities Expenses	40,351,440	42,752,476	46,341,194	100,966,633	55,135,623	58,562,518	55,794,405	55,945,877	53,108,854	54,431,731
Business-type Activities										
Water/Sewer	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322	12,364,630	12,965,546	11,981,864	13,204,142	14,419,572
Sears Centre	-	-	-	-	-	-	4,800,908	8,623,330	7,666,340	7,262,839
Total Business-type Activities Expenses	9,892,227	10,259,599	10,584,059	11,054,468	11,453,322	12,364,630	17,766,454	20,605,194	20,870,482	21,682,411
Total Primary Government Expenses	\$ 50,243,667	\$ 53,012,075	\$ 56,925,253	\$ 112,021,101	\$ 66,588,945	\$ 70,927,148	\$ 73,560,859	\$ 76,551,071	\$ 73,979,336	\$ 76,114,142
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 1,102,884	\$ 1,093,124	\$ 1,075,793	\$ 1,133,556	\$ 1,333,707	\$ 1,361,435	\$ 2,867,632	\$ 2,960,974	\$ 3,172,718	\$ 3,162,569
Public Safety	1,284,812	1,595,498	1,811,621	2,183,630	2,959,938	3,154,367	2,811,303	2,869,878	2,946,067	3,041,099
Higways and Streets	754,997	601,295	838,681	728,344	1,035,978	537,754	152,321	153,363	220,572	113,699
Sanitation	73,499	816,056	880,637	896,554	878,948	1,009,579	1,096,277	1,072,654	1,124,851	1,129,240
Health and Welfare	1,114,771	1,285,231	1,698,013	1,616,373	2,250,535	860,461	537,732	590,515	1,343,752	953,523
Culture and Recreation	469,330	493,933	513,635	571,287	593,476	579,111	530,737	521,449	548,461	623,134
Economic Development	77,552	248,944	123,997	1,514,531	3,108,021	4,036,017	156,391	167,380	231,994	147,275
Operating Grants and Contributions	2,147,257	1,907,357	1,918,772	1,822,158	2,129,235	1,959,997	2,436,373	2,566,593	3,581,885	2,696,996
Capital Grants and Contributions	579,609	700,558	687,300	-	3,928,216	7,097,285	4,040,726	899,366	4,322,051	3,219,627
Total Governmental Activities Program Revenues	7,604,711	8,741,996	9,548,449	10,466,433	18,218,054	20,596,006	14,629,492	11,802,172	17,492,351	15,087,162

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGE IN NET POSITION EXCLUDING EDA TIF ACTIVITY (Continued)

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type Activities										
Charges for Services										
Water/Sewer	\$ 8,404,183	\$ 8,919,572	\$ 10,240,821	\$ 9,386,132	\$ 10,378,340	\$ 9,989,993	\$ 9,843,473	\$ 10,367,612	\$ 10,604,162	\$ 13,480,853
Sears Centre	-	-	-	-	-	-	-	2,090,426	2,450,294	1,943,834
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions										
Water/Sewer	-	-	-	-	1,448,966	2,146,311	1,397,019	145,117	1,529,016	1,350,599
Sears Centre	-	-	-	-	-	-	83,960,100	-	4,950	-
Total Business-type Activities Program Revenues	8,404,183	8,919,572	10,240,821	9,386,132	11,827,306	12,136,304	95,200,592	12,603,155	14,588,422	16,775,286
Total Primary Government Program Revenues	\$ 16,008,894	\$ 17,661,568	\$ 19,789,270	\$ 19,852,565	\$ 30,045,360	\$ 32,732,310	\$ 109,830,084	\$ 24,405,327	\$ 32,080,773	\$ 31,862,448
Net (Expense) Revenue										
Governmental Activities	\$ (32,746,729)	\$ (34,010,480)	\$ (36,792,745)	\$ (90,500,200)	\$ (36,917,569)	\$ (37,966,512)	\$ (41,164,913)	\$ (44,143,705)	\$ (35,616,503)	\$ (39,344,569)
Business-type Activities	(1,488,044)	(1,340,027)	(343,238)	(1,668,336)	373,984	(228,326)	77,434,138	(8,002,039)	(6,282,060)	(4,907,125)
Total Primary Government Net (Expense) Revenue	\$ (34,234,773)	\$ (35,350,507)	\$ (37,135,983)	\$ (92,168,536)	\$ (36,543,585)	\$ (38,194,838)	\$ 36,269,225	\$ (52,145,744)	\$ (41,898,563)	\$ (44,251,694)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Property	\$ 14,878,186	\$ 15,754,259	\$ 16,449,238	\$ 17,842,815	\$ 17,979,463	\$ 15,911,586	\$ 17,192,444	\$ 18,489,403	\$ 18,423,634	\$ 18,274,812
Sales	5,531,118	4,960,882	5,059,287	6,332,164	6,619,848	6,990,526	5,993,252	6,023,007	5,951,289	6,432,977
Income and Local Use	3,496,475	3,744,788	4,356,243	4,809,651	5,147,174	5,529,993	5,314,607	4,305,515	4,913,556	5,416,250
Telecommunications	3,835,027	3,976,737	4,097,034	3,753,103	3,378,962	3,404,303	3,360,522	2,928,445	2,741,011	2,896,031
Real Estate Transfer	1,150,049	1,272,280	3,040,388	1,111,758	1,323,132	755,637	510,990	406,333	366,253	419,814
Home Rule Sales	1,485,007	1,807,230	2,659,124	3,268,927	3,476,984	3,938,726	3,472,774	3,397,574	3,312,721	3,547,063
Other	1,557,709	1,679,970	1,807,840	3,141,679	3,901,359	3,840,774	3,407,216	2,197,886	1,375,898	1,615,860
Investment Earnings	429,786	359,295	1,690,290	3,271,265	1,663,534	1,141,282	539,884	154,620	67,938	39,357
Miscellaneous	213,611	297,218	236,165	788,180	723,047	556,431	637,178	1,079,364	3,229,174	1,520,751
Gain (Loss) on Sale of Capital Assets	(133,415)	-	-	-	-	-	167,872	-	-	-
Contributions	668,807	1,013,507	5,671,102	1,158,480	-	-	-	-	-	-
Transfers In (Out)	-	-	(50,500)	2,630	9,850	(16,130)	49,936,278	325,145	(1,870,187)	597,165
Total Governmental Activities	33,112,360	34,866,166	45,016,211	45,480,652	44,223,353	42,053,128	90,533,017	39,307,292	38,511,287	40,760,080

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
CHANGE IN NET POSITION EXCLUDING EDA TIF ACTIVITY (Continued)

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type Activities										
Taxes										
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,580	\$ 1,154,561	\$ 2,100,316	\$ 2,121,999
Investment Earnings	126,699	105,028	251,322	395,450	419,999	325,328	164,920	18,470	5,426	3,866
Miscellaneous	8,278	310,810	27,455	39,832	75,251	74,250	2,619,463	4,663,808	1,063,217	1,306,800
Gain on Sale of Capital Assets	-	-	-	-	18,185	7,600	17,744	-	-	-
Contributions	-	116,750	2,026,130	1,654,795	-	-	-	-	-	-
Transfers In	-	-	50,500	(2,630)	(9,850)	16,130	(49,936,278)	(293,095)	2,293,237	(162,839)
Total Business-type Activities	134,977	532,588	2,355,407	2,087,447	503,585	423,308	(47,091,571)	5,543,744	5,462,196	3,269,826
Total Primary Government	\$ 33,247,337	\$ 35,398,754	\$ 47,371,618	\$ 47,568,099	\$ 44,726,938	\$ 42,476,436	\$ 43,441,446	\$ 44,851,036	\$ 43,973,483	\$ 44,029,906
Change in Net Position										
Governmental Activities	\$ 365,631	\$ 855,686	\$ 8,223,466	\$ (45,019,548)	\$ 7,305,784	\$ 4,086,616	\$ 49,368,104	\$ (4,836,413)	\$ 2,894,784	\$ 1,415,511
Business-type Activities	(1,353,067)	(807,439)	2,012,169	419,111	877,569	194,982	30,342,567	(2,458,295)	(819,864)	(1,637,299)
Total Primary Government Change in Net Position	\$ (987,436)	\$ 48,247	\$ 10,235,635	\$ (44,600,437)	\$ 8,183,353	\$ 4,281,598	\$ 79,710,671	\$ (7,294,708)	\$ 2,074,920	\$ (221,788)

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,148,877	\$ 1,360,549
Restricted	1,517,642	1,578,110	1,663,522	709,834 ^b	405,464	469,637	1,182,766 ^d	934,184	177,139	186,289
Unassigned	-	-	-	-	-	-	-	-	11,616,671	13,144,269
Unrestricted	13,134,103	12,079,973	14,363,833	14,302,062	13,608,472	12,370,115	9,886,577	10,455,842	-	-
Total General Fund	\$ 14,651,745	\$ 13,658,083	\$ 16,027,355	\$ 15,011,896	\$ 14,013,936	\$ 12,839,752	\$ 11,069,343	\$ 11,390,026	\$ 12,942,687	\$ 14,691,107
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,688	\$ 57,648
Restricted	31,243,263	30,566,218	74,687,887 ^a	35,135,031 ^c	34,890,240	39,988,262	39,570,177	16,639,130 ^e	12,110,169	8,243,892
Assigned	-	-	-	-	-	-	-	-	7,487,942	7,446,603
Unassigned	-	-	-	-	-	-	-	-	-	(4,124)
Unrestricted, reported in										
Special Revenue Funds	(251,801)	(13,215)	198,221	558,736	325,332	74,992	23,761	(2,976)	-	-
Debt Service Funds	-	-	-	-	-	-	(195,401)	(33,545)	-	-
Capital Project Funds	8,026,692	7,049,563	6,568,668	7,371,999	8,808,993	8,044,568	6,094,625	6,278,772	-	-
Permanent Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 39,018,154	\$ 37,602,566	\$ 81,454,776	\$ 43,065,766	\$ 44,024,565	\$ 48,107,822	\$ 45,493,162	\$ 22,881,381	\$ 19,664,799	\$ 15,744,019

Notes:

^a The substantial increase in reserved fund balance in the Other Governmental Funds for 2005 is due to the issuance of the 2005A Taxable Bond Series and is talked about further within the Management's Discussion & Analysis.

^b The substantial decrease in reserved fund balance in the General Fund for 2006 is due to the repayment of a significant portion of the interfund loan to the EDA Administration Fund.

^c The substantial decrease in reserved fund balance in the Other Governmental Funds for 2006 is due to the payout of bond proceeds to the developer of the Sears Centre and is talked about further within the Management's Discussion & Analysis.

^d The substantial increase in reserved fund balance in the General Fund for 2009 is due to the creation of an interfund loan from the General Fund to the Sears Centre Operating Fund.

^e The substantial decrease in reserved fund balance in the Other Governmental Funds for 2010 is due to the spending of bond proceeds on capital projects as well as the final EDA debt service payment. GASB 54 was implemented in 2011 and fund balance reclassifications occurred.

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 40,418,162	\$ 40,333,960	\$ 28,591,932	\$ 52,805,630	\$ 47,135,668	\$ 47,532,198	\$ 43,308,604	\$ 52,737,336	\$ 45,643,831	\$ 44,912,765
Licenses and Permits	1,417,756	1,613,441	2,032,103	1,974,164	2,637,624	1,313,427	1,103,880	1,276,000	2,049,297	1,682,898
Intergovernmental	12,320,841	11,091,829	11,912,242	13,484,480	14,496,249	15,090,587	13,697,905	15,057,588	14,606,305	15,123,272
Charges for Services	12,769,318	15,405,160	18,388,493	23,798,042	23,441,228	5,641,614	5,906,749	6,125,486	6,703,490	6,538,068
Fines and Forfeitures	760,890	808,496	763,189	973,637	1,347,750	1,682,621	1,140,814	1,029,384	1,965,165	1,148,229
Investment Income	1,437,372	1,547,181	2,526,601	4,312,040	2,450,774	1,768,185	1,124,845	208,281	71,019	42,287
Miscellaneous	401,198	677,244	444,639	1,812,212	3,630,999	4,647,638	539,553	1,263,575	3,494,374	1,526,653
Total Revenues	69,525,537	71,477,311	64,659,199	99,160,205	95,140,292	77,676,270	66,822,350	77,697,650	74,533,481	70,974,172
Expenditures										
General Government	4,083,605	4,395,369	4,756,695	5,323,531	6,069,730	6,037,060	6,165,984	5,603,242	5,638,169	5,615,811
Public Safety	20,780,224	23,254,403	24,928,583	26,703,338	29,753,748	30,904,952	30,847,281	32,010,274	32,067,394	32,290,740
Highways and Streets	5,124,716	5,480,075	5,681,472	5,869,622	6,731,571	7,657,433	6,806,901	5,125,998	5,200,961	5,164,896
Sanitation	531,458	600,961	930,335	864,300	1,126,761	1,190,250	1,190,740	1,114,830	1,115,901	1,213,277
Health and Welfare	1,534,247	1,637,951	1,671,142	1,800,992	1,898,681	1,945,636	1,783,070	1,680,372	1,661,144	1,687,017
Culture and Recreation	235,705	222,720	223,112	241,172	289,403	276,335	367,578	248,571	216,819	319,509
Economic Development	1,109,856	1,367,588	1,295,346	1,611,713	1,596,225	2,116,346	5,037,128	1,979,069	1,999,468	3,071,913
Capital Outlay	7,929,784	2,992,795	3,827,231	56,236,459	20,642,131	19,130,399	20,339,153	12,266,812	4,313,811	4,865,388
Debt Service										
Principal	26,644,297	29,114,750	21,249,471	33,760,000	36,565,000	19,445,496	25,081,363	37,301,764	18,598,968	16,053,442
Interest and Other Charges	5,658,811	4,916,657	7,235,018	6,115,032	5,512,536	5,884,186	3,238,030	2,892,464	3,015,117	2,911,079
Total Expenditures	73,632,703	73,983,269	71,798,405	138,526,159	110,185,786	94,588,093	100,857,228	100,223,396	73,827,752	73,193,072
Excess (Deficiency) of Revenues over Expenditures	(4,107,166)	(2,505,958)	(7,139,206)	(39,365,954)	(15,045,494)	(16,911,823)	(34,034,878)	(22,525,746)	705,729	(2,218,900)
Other Financing Sources (Uses)										
Transfers In	5,170,417	5,291,988	3,643,861	5,518,910	5,073,630	5,557,908	8,562,880	4,536,704	5,786,586	5,607,877
Transfers Out	(5,159,253)	(5,333,431)	(3,741,248)	(5,564,264)	(5,109,848)	(5,637,447)	(10,697,971)	(4,302,056)	(8,156,236)	(5,561,337)
Sale of Capital Assets	73,014	61,789	62,084	6,839	123,733	85,058	167,872	-	-	-
Bonds Issued, at Par	6,155,000	6,765,000	120,335,000	-	-	19,983,750	30,355,000	-	-	-
Note Proceeds	4,819,075	-	-	-	14,619,551	69,366	-	-	-	-
Payment to Escrow Agent	(6,118,307)	(6,852,230)	(66,518,105)	-	-	-	-	-	-	-
Premium (Discount) on Issuance of Bonds	44,192	163,592	(420,904)	-	-	(237,739)	1,262,028	-	-	-
Total Other Financing Sources (Uses)	4,984,138	96,708	53,360,688	(38,515)	14,707,066	19,820,896	29,649,809	234,648	(2,369,650)	46,540
Net Change in Fund Balances	\$ 876,972	\$ (2,409,250)	\$ 46,221,482	\$ (39,404,469)	\$ (338,428)	\$ 2,909,073	\$ (4,385,069)	\$ (22,291,098)	\$ (1,663,921)	\$ (2,172,360)
Debt Service as a Percentage of Noncapital Expenditures	49.61%	48.26%	42.23%	48.85%	47.47%	31.92%	46.95%	22.42%	31.92%	28.08%

Data Source

Audited Financial Statements

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	TIF Property	Total Taxable Assessed Value	Total Direct Tax Rate (A)	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2003	\$ 672,389,482	\$ 360,110,493	\$ 138,481,832	\$ 219,537	\$ 329,450,923	\$ 1,500,652,267	\$ 1.024	\$ 4,501,956,801	33.333%
2004	807,093,546	383,277,871	151,008,426	138,020	338,455,375	1,679,973,238	0.936	5,039,919,714	33.333%
2005	885,637,285	403,147,597	163,668,867	187,940	378,056,826	1,830,698,515	0.901	5,492,095,545	33.333%
2006	924,697,143	396,636,596	187,592,635	199,404	397,888,085	1,907,013,863	0.910	5,721,041,589	33.333%
2007	1,067,070,192	477,934,832	228,403,631	149,321	466,474,206	2,240,032,182	0.820	6,720,096,546	33.333%
2008	1,167,575,979	483,852,567	233,449,742	159,181	425,119,346	2,310,156,815	0.820	6,930,470,445	33.333%
2009	1,284,024,644	440,752,860	187,250,761	94,827	402,454,268	2,314,577,360	0.888	6,943,732,080	33.333%
2010	1,148,816,831	395,150,291	195,331,416	94,827	402,454,268	2,141,847,633	0.986	6,425,542,899	33.333%
2011	1,063,328,132	337,154,068	153,170,261	94,827	324,518,768	1,878,266,056	1.116	5,634,798,168	33.333%
2012	(B)								

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2012 detail valuations and Tax Rates and valuations were not available at the time of issuance of this report.

Data Source

Office of the Cook and Kane County Clerks

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
SCHAUMBURG TOWNSHIP

Last Ten Levy Years

Tax Levy Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Village Direct Rates (A)										
General	0.695	0.646	0.625	0.628	0.566	0.565	0.576	0.645	0.762	(B)
Municipal Waste	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
IMRF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.141	0.118	0.109	0.104	0.091	0.084	0.083	0.091	0.102	
Police Pension	0.108	0.096	0.094	0.102	0.094	0.095	0.124	0.134	0.145	
Firefighters Pension	0.080	0.076	0.073	0.075	0.069	0.075	0.105	0.116	0.107	
Total Direct Rate	1.024	0.936	0.901	0.910	0.820	0.820	0.888	0.986	1.116	
Overlapping Rates										
School District #54	3.414	3.106	3.003	3.104	2.582	2.559	2.592	2.996	3.196	
Palatine Twp. H.S. #211	2.165	2.158	2.191	2.261	1.972	1.928	1.916	2.204	2.482	
Junior College District #512	0.310	0.279	0.281	0.288	0.260	0.256	0.258	0.295	0.334	
Forest Preserve District of Cook County	0.059	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058	
Sub. T.B. Sanitarium	0.004	0.001	0.005	0.005	0.000	0.000	0.000	0.000	0.000	
Schaumburg Township Library District	0.319	0.285	0.277	0.287	0.256	0.254	0.258	0.295	0.321	
Township of Schaumburg (All Funds)	0.111	0.101	0.100	0.104	0.089	0.089	0.092	0.110	0.125	
Metropolitan Sanitary District of Greater Chicago	0.361	0.347	0.315	0.284	0.263	0.252	0.261	0.274	0.320	
Northwest Mosquito Abatement District	0.010	0.009	0.009	0.009	0.008	0.008	0.008	0.009	0.010	
Hoffman Estates Park District	0.540	0.498	0.478	0.477	0.420	0.414	0.413	0.465	0.521	
Consolidated Elections	0.029	0.000	0.014	0.000	0.012	0.000	0.021	0.000	0.025	
County of Cook	0.489	0.593	0.533	0.500	0.446	0.415	0.394	0.423	0.462	
Cook County Health Facility	0.141	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Tax Rate per \$100 of Assessed Valuation	8.976	8.373	8.167	8.286	7.181	7.046	7.150	8.108	8.970	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	11.4%	11.2%	11.0%	11.0%	11.4%	11.6%	12.4%	12.2%	12.4%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2012 Tax Rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
BARRINGTON TOWNSHIP

Last Ten Levy Years

Tax Levy Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Village Direct Rates (A)										
General	0.695	0.646	0.625	0.628	0.566	0.565	0.576	0.645	0.762	(B)
Municipal Waste	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
JMRF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.141	0.118	0.109	0.104	0.091	0.084	0.083	0.091	0.102	
Police Pension	0.108	0.096	0.094	0.102	0.094	0.095	0.124	0.134	0.145	
Firefighters Pension	0.080	0.076	0.073	0.075	0.069	0.075	0.105	0.116	0.107	
Total Direct Rate	1.024	0.936	0.901	0.910	0.820	0.820	0.887	0.986	1.116	
Overlapping Rates										
Unit School District #220	4.011	3.456	3.348	3.460	3.148	2.982	3.036	3.343	3.788	
Junior College District #512	0.310	0.279	0.281	0.288	0.260	0.256	0.258	0.295	0.334	
Forest Preserve District of Cook County	0.059	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058	
Sub. T.B. Sanitarium	0.004	0.001	0.005	0.005	0.000	0.000	0.000	0.000	0.000	
Barrington Public Library District	0.230	0.201	0.166	0.180	0.166	0.157	0.157	0.172	0.195	
Township of Barrington (All Funds)	0.036	0.030	0.028	0.027	0.023	0.022	0.022	0.023	0.026	
Metropolitan Sanitary District of Greater Chicago	0.361	0.347	0.315	0.284	0.263	0.252	0.261	0.274	0.320	
Northwest Mosquito Abatement District	0.010	0.009	0.009	0.009	0.008	0.008	0.008	0.009	0.010	
Hoffman Estates Park District	0.540	0.498	0.478	0.477	0.420	0.414	0.413	0.465	0.521	
Consolidated Elections	0.029	0.000	0.014	0.000	0.012	0.000	0.021	0.000	0.025	
County of Cook	0.489	0.593	0.533	0.500	0.446	0.415	0.394	0.423	0.462	
Cook County Health Facility	0.141	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Lake County Tax Obj Ct Ord-220	0.000	0.000	0.000	0.065	0.053	0.052	0.078	0.080	0.088	
Total Tax Rate per \$100 of Assessed Valuation	7.244	6.410	6.138	6.262	5.672	5.429	5.584	6.121	6.943	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	14.1%	14.6%	14.7%	14.5%	14.5%	15.1%	15.9%	16.1%	16.1%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2012 Tax Rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PALATINE TOWNSHIP

Last Ten Levy Years

Tax Levy Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Village Direct Rates (A)										
General	0.695	0.646	0.625	0.628	0.566	0.565	0.576	0.645	0.762	(B)
Municipal Waste	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
IMRF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.141	0.118	0.109	0.104	0.091	0.084	0.083	0.091	0.102	
Police Pension	0.108	0.096	0.094	0.102	0.094	0.095	0.124	0.134	0.145	
Firefighters Pension	0.080	0.076	0.073	0.075	0.069	0.075	0.105	0.116	0.107	
Total Direct Rate	1.024	0.936	0.901	0.910	0.820	0.820	0.887	0.986	1.116	
Overlapping Rates										
School District #15	3.313	2.925	2.840	2.763	2.435	2.385	2.307	2.603	2.943	
Palatine Twp. H.S. #211	2.165	2.158	2.191	2.261	1.972	1.928	1.916	2.204	2.482	
Junior College District #512	0.310	0.279	0.281	0.288	0.260	0.256	0.258	0.295	0.334	
Forest Preserve District of Cook County	0.059	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058	
Sub. T.B. Sanitarium	0.004	0.001	0.005	0.005	0.000	0.000	0.000	0.000	0.000	
Palatine Public Library	0.315	0.280	0.271	0.280	0.246	0.240	0.229	0.198	0.222	
Township of Palatine (All Funds)	0.129	0.116	0.114	0.120	0.107	0.106	0.103	0.119	0.135	
Metropolitan Sanitary District of Greater Chicago	0.361	0.347	0.315	0.284	0.263	0.252	0.261	0.274	0.320	
Northwest Mosquito Abatement District	0.010	0.009	0.009	0.009	0.008	0.008	0.008	0.009	0.010	
Hoffman Estates Park District	0.540	0.498	0.478	0.477	0.420	0.414	0.413	0.465	0.521	
Consolidated Elections	0.029	0.000	0.014	0.000	0.012	0.000	0.021	0.000	0.025	
County of Cook	0.489	0.593	0.533	0.500	0.446	0.415	0.394	0.423	0.462	
Cook County Health Facility	0.141	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Tax Rate per \$100 of Assessed Valuation	8.889	8.202	8.012	7.954	7.042	6.875	6.846	7.627	8.628	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	11.5%	11.4%	11.2%	11.4%	11.6%	11.9%	13.0%	12.9%	12.9%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2012 Tax Rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
HANOVER TOWNSHIP

Last Ten Levy Years

Tax Levy Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Village Direct Rates (A)										
General	0.695	0.646	0.625	0.628	0.566	0.565	0.576	0.645	0.762	(B)
Municipal Waste	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
IMRF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Debt Service	0.141	0.118	0.109	0.104	0.091	0.084	0.083	0.091	0.102	
Police Pension	0.108	0.096	0.094	0.102	0.094	0.095	0.124	0.134	0.145	
Firefighters Pension	0.080	0.076	0.073	0.075	0.069	0.075	0.105	0.116	0.107	
Total Direct Rate	1.024	0.936	0.901	0.910	0.820	0.820	0.887	0.986	1.116	
Overlapping Rates										
Unit School District #220	4.011	3.456	3.348	3.460	3.148	2.982	3.036	3.343	3.788	
Junior College District #512	0.310	0.279	0.281	0.288	0.260	0.256	0.258	0.295	0.334	
Forest Preserve District of Cook County	0.059	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058	
Sub. T.B. Sanitarium	0.004	0.001	0.005	0.005	0.000		0.000	0.000	0.000	
Poplar Creek Public Library District	0.355	0.318	0.304	0.310	0.367	0.357	0.350	0.394	0.449	
Township of Hanover (All Funds)	0.273	0.242	0.237	0.250	0.224	0.223	0.218	0.248	0.286	
Metropolitan Sanitary District of Greater Chicago	0.361	0.347	0.315	0.284	0.263	0.252	0.261	0.274	0.320	
Northwest Mosquito Abatement District	0.010	0.009	0.009	0.009	0.008	0.008	0.008	0.009	0.010	
Hoffman Estates Park District	0.540	0.498	0.478	0.477	0.420	0.414	0.413	0.465	0.521	
Consolidated Elections	0.029	0.000	0.014	0.000	0.012	0.000	0.021	0.000	0.025	
County of Cook	0.489	0.593	0.533	0.500	0.446	0.415	0.394	0.423	0.462	
Cook County Health Facility	0.141	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Comm. Mental Health Facility and Service District	0.040	0.036	0.035	0.037	0.033	0.033	0.033	0.038	0.044	
Lake County Tax Obj Ct Ord-220	0.000	0.000	0.000	0.065	0.053	0.052	0.078	0.080	0.088	
Total Tax Rate per \$100 of Assessed Valuation	7.646	6.775	6.520	6.652	6.107	5.863	6.006	6.606	7.501	
Share of Total Tax Rate Levied by the Village of Hoffman Estates	13.4%	13.8%	13.8%	13.7%	13.4%	14.0%	14.8%	14.9%	14.9%	

(A) Property tax rates are per \$100 of assessed valuation.

(B) 2012 Tax Rates were not available at the time of issuance of this report.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2011 Tax Levy			2002 Tax Levy		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Sears Holdings Corporation	\$ 162,750,758	1	8.67%	\$ 273,825,480	1	18.24%
AT&T Lease & SBC Ameritech	117,823,805	2	6.28%	147,198,794	2	9.80%
Property Tax Advisors	29,071,426	3	1.55%	36,518,408	3	2.43%
Town Management Corporation				25,754,923	4	1.72%
W 2001 VHE LLC	21,759,018	4	1.16%			
Stonegate Properties	18,262,714	5	0.97%	18,605,518	5	1.24%
Yavitski LLC	16,635,815	6	0.89%			
Park Place Apartments				16,110,079	6	1.07%
TransAmerica	14,388,312	7	0.77%	13,995,992	7	0.93%
Alexian Brothers Health System	14,306,965	8	0.76%			
Autumn Chase Apartments				12,003,456	8	0.80%
American Heritage	11,863,528	9	0.63%			
Winegarner & Hammons	11,083,160	10	0.59%			
Siemens Medical System				10,209,247	9	0.68%
Claire's Boutiques Inc.				9,614,227	10	0.64%
	<u>\$ 417,945,501</u>		<u>22.27%</u>	<u>\$ 563,836,124</u>		<u>37.55%</u>

NOTE:

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 11,992,061	\$ 11,754,907	98.02%	\$ 65,839	\$ 11,820,746	98.57%
2004	12,542,668	11,894,869	94.84%	106,686	12,001,555	95.69%
2005	13,080,114	12,666,607	96.84%	124,837	12,791,444	97.79%
2006	13,727,555	13,060,920	95.14%	284,007	13,344,927	97.21%
2007	14,540,987	13,815,590	95.01%	290,162	14,105,752	97.01%
2008	15,441,283	14,652,075	94.89%	496,516	15,148,591	98.10%
2009	16,969,508	16,425,598	96.79%	203,406	16,629,004	97.99%
2010	17,136,948	16,498,732	96.28%	87,917	16,586,649	96.79%
2011	17,340,949	17,020,527	98.15%	-	17,020,527	98.15%
2012	17,442,448	(A)				

(A) Collections for the 2012 Tax Levy Year will not be received until fiscal year 2013.

Note : Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	TIF Bonds Payable	TIF Notes Payable	Installment Contracts Payable	General Obligation Bonds	Installment Notes Payable	Capital Leases			
2003	\$ 26,985,000	\$ 143,266,563	\$ 86,789,188	\$ 279,222	\$ -	\$ -	\$ -	\$ 257,319,973	19.1%	5,088
2004	24,180,000	121,410,341	89,750,593	94,471	-	-	-	235,435,405	17.5%	4,655
2005	76,170,000	105,856,847	92,730,674	-	-	-	-	274,757,521	20.4%	5,433
2006	73,020,000	77,247,623	95,914,221	-	-	-	-	246,181,844	18.3%	4,868
2007	68,670,000	45,600,000	113,624,749	-	-	-	-	227,894,749	13.2%	4,506
2008	84,043,750	34,900,000	112,976,570	-	6,661,250	-	-	238,581,570	13.8%	4,718
2009	57,768,750	23,800,000	105,882,371	-	58,371,250	-	25,683	245,848,054	14.3%	4,861
2010	54,413,750	-	99,304,684	-	57,196,250	-	21,083	210,935,767	12.5%	4,065
2011	51,803,750	-	85,819,617	-	55,966,250	-	16,483	193,606,100	11.7%	3,731
2012	50,338,750	-	73,353,944	-	54,681,250	-	11,883	178,385,827	10.2%	3,437

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

* See the Schedule of Demographic and Economic Statistics on page 162 for personal income and population data.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2003	\$ 26,985,000	\$ 511,235	\$ 26,473,765	0.59%	523.48
2004	24,180,000	541,239	23,638,761	0.47%	467.42
2005 (A)	76,170,000	5,152,212	71,017,788	1.29%	1,404.26
2006	73,020,000	3,809,110	69,210,890	1.21%	1,368.53
2007	68,670,000	2,886,519	65,783,481	0.98%	1,300.76
2008	84,043,750	4,206,373	79,837,377	1.11%	1,578.66
2009	57,768,750	4,354,605	53,414,145	0.76%	1,056.18
2010	54,413,750	2,581,577	51,832,173	0.81%	998.79
2011	51,803,750	1,542,308	50,261,442	0.89%	968.52
2012	50,338,750	853,148	49,485,602	0.78%	953.57

(A) The fiscal year 2005 General Obligation Bonds listed here include \$54,935,000 related to the G.O. Taxable Bond Series 2005A. In fiscal year 2009 these bonds were transferred to Business-type activities.

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements

* See the Schedule of Assessed Value and estimated Actual Value of Taxable Property on page 150 for property value data.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2012

Governmental unit	Gross Debt	Percentage Debt Applicable to the Village of Hoffman Estates (A)	Village of Hoffman Estates Share of Debt
Village of Hoffman Estates	\$ 50,338,750	100.000%	\$ 50,338,750
Dundee Township	8,415,000	0.105%	8,836
Dundee Township Park District	3,160,000	0.104%	3,286
Hoffman Estates Park District	10,400,000	93.820%	9,757,280
Palatine Park District	11,235,000	2.877%	323,231
South Barrington Park District	365,000	0.034%	124
Schools			
District No. 211	24,970,000	12.976%	3,240,107
District No. 54	-	0.000%	-
District No. 15	25,958,750	8.591%	2,230,116
District No. 220	75,180,000	9.274%	6,972,193
District No. 300	297,436,937	1.302%	3,872,629
District No. 46	315,894,006	3.124%	9,868,529
Junior College District No. 512	178,285,000	6.338%	11,299,703
Junior College District No. 509	156,312,568	2.026%	3,166,893
Metropolitan Water Reclamation District	2,515,375,091	1.043%	26,235,362
Cook County including Forest Preserve District	3,837,935,000	1.022%	39,223,696
Kane County including Forest Preserve District	202,860,866	0.013%	26,372
Gail Borden Library District	20,360,000	5.463%	1,112,267
Poplar Creek Library District	20,715,000	5.726%	1,186,141
Schaumburg Library District	-	0.000%	-
	<u>7,704,858,218</u>		<u>118,526,765</u>
	<u>\$ 7,755,196,968</u>		<u>\$ 168,865,515</u>

(A) Determined by ratio of assessed valuation of property subject to taxation in the Village of Hoffman Estates to valuation of property subject to taxation in overlapping unit.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2012

Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Tax Increment Financing Bonds							Tax Increment Financing Notes			
	Incremental Property Taxes	Less Governmental Share	Less Program Expenses	Available for Debt Service	Debt Service		Coverage ^a	Incremental Property Taxes	Debt Service		Coverage
					Principal	Interest			Principal	Interest	
2003	\$ 23,354,774	\$ (4,872,744)	\$ (31,509)	\$ 18,450,521	\$ 23,135,000	\$ 4,256,795	0.67	\$ -	\$ -	\$ -	N/A
2004	23,323,096	(5,427,930)	(33,438)	17,861,728	26,070,000	3,844,545	0.60	-	-	-	N/A
2005	21,521,947	(5,722,070)	(278,175)	15,521,702	18,210,000	2,510,398	0.75	-	-	-	N/A
2006	23,200,881	(6,125,072)	(490,250)	16,585,559	30,610,000	1,811,299	0.51	-	-	-	N/A
2007	23,313,072	(6,478,656)	(407,425)	16,426,991	32,215,000	1,484,344	0.49	-	-	-	N/A
2008	25,642,341	(7,441,624)	(349,379)	17,851,338	10,700,000	1,143,544	1.51	4,135,496	4,135,496	-	1.00
2009	18,518,043	(4,960,636)	(215,309)	13,342,098	11,100,000	789,964	1.12	10,181,363	10,181,363	-	1.00
2010	14,685,323	(11,312,353)	(22,052)	3,350,918	23,800,000	63,368	0.14 ^b	10,146,764	10,146,764	-	1.00
2011	10,634,233	(14,500,872)	(5,000)	(3,871,639)	-	-	N/A	15,988,968	15,988,968	-	1.00
2012	8,421,354	(9,558,246)	(3,500)	(1,140,392)	-	-	N/A	14,588,442	14,588,442	-	1.00

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

^a In the years where debt service coverage fell below 1.0, Sears paid the shortfall.

^b In 2010, a large portion of the final debt service payment came from a debt service reserve investment contract.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Personal Income	(1) Per Capita Personal Income	(2) Unemployment Rate
2003	50,573	\$ 1,348,731,337	\$ 26,669	4.7
2004	50,573	1,348,731,337	26,669	4.9
2005	50,573	1,348,731,337	26,669	4.5
2006	50,573	1,348,731,337	26,669	3.4
2007	50,573	1,722,718,672	34,064	3.5
2008	50,573	1,722,718,672	34,064	5.5
2009	50,573	1,722,718,672	34,064	8.8
2010	51,895	1,690,894,785	32,583	8.2
2011	51,895	1,655,761,870	31,906	7.9
2012	51,895	1,746,941,385	33,663	6.8

Data Sources

(1) U.S. Department of Commerce, Bureau of the Census. In 2003, a Partial Special Census certified by the State of Illinois established the updated figure shown here.

(2) Illinois Bureau of Employment Security

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Sears Holdings	6,200	1	11.9%	6,000	1	11.9%
St. Alexius Medical Center	2,550	2	4.9%	1,500	3	3.0%
AT&T (Ameritech)	1,200	3	2.3%	2,700	2	5.3%
GE Capital Services	800	4	1.5%	-		
TransAmerica				800	4	1.6%
Automated Data Processing	600	5	1.2%	600	5	1.2%
Siemens Medical Systems	500	6	1.0%	556	6	1.1%
Liberty Mutual	400	7	0.8%			
Leopardo Companies, Inc.	300	8	0.6%			
Village of Hoffman Estates	350	9	0.7%	384	8	0.8%
CBI Distributing Corp (Claire's)	350	10	0.7%	400	7	0.8%
Hartford Computer Group, Inc.				300	9	0.6%
Bosch Rexroth Corporations				220	10	0.4%
Total	<u>13,250</u>			<u>13,460</u>		

Data Source

Village records

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Management Services	27	25	25	26	29	29	27	25	24	25
Finance	16	15	15	15	16	16	15	14	14	14
Public Safety										
Police										
Officers	94	95	94	97	99	101	96	92	92	91
Civilians	24	24	24	24	25	25	23	23	20	20
Fire										
Firefighters and officers	99	98	98	100	103	113	102	101	94	94
Civilians	4	4	5	5	4	3	3	3	3	3
Highways and Streets										
Administration	3	3	3	3	4	3	3	3	3	3
Engineering	11	11	11	11	12	11	9	8	9	9
Street Maintenance	70	70	70	72	73	75	71	71	66	66
Sanitation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	24	23	23	24	24	25	19	19	18	18
Culture and Recreation	2	2	2	2	1	2	2	2	2	2
Economic Development	10	10	10	9	10	9	8	7	7	7
Total	384	380	380	388	399	413	377	368	352	352

Data Source

Village budget documents

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Physical arrests	1,877	2,008	1,956	2,838	2,418	2,360	2,259	1,985	1,661	1,407
Parking violations	4,497	5,553	6,321	8,750	8,503	9,608	8,336	3,138	2,262	2,613
Traffic violations	16,488	16,189	17,765	18,834	12,641	18,700	18,111	20,638	17,614	15,175
Fire										
Emergency responses	2,889	2,860	2,994	4,984	5,276	5,414	5,272	5,653	5,419	5,415
Fire/Miscellaneous responses	1,681	1,731	1,758	1,751	1,721	1,956	1,670	1,678	1,802	1,645
Inspections	3,156	3,023	2,923	3,415	3,136	3,282	2,006	1,835	2,130	2,844
Public Works										
Vehicles Maintained by Dept	179	178	182	191	201	230	223	227	225	225
Street reconstruction (miles)	1.4	1.5	1.4	1.8	2.0	0.5	0.3	0.3	1.0	1.4
Street resurfacing (miles)	4.7	7.1	2.5	5.2	3.4	4.3	4.8	1.3	1.6	2.4
Water										
New connections	190	224	237	200	227	54	16	12	12	10
Water main breaks	35	23	45	41	66	53	42	63	65	112
Average daily consumption	5,314,263	5,346,751	5,829,000	5,318,000	5,349,000	5,082,000	5,258,000	4,984,000	4,907,000	5,143,000
Peak daily consumption	8,781,000	12,586,000	11,478,000	8,653,000	9,885,000	8,417,000	10,388,000	7,481,000	8,554,000	8,377,000

Data Source

Various Village Departments

VILLAGE OF HOFFMAN ESTATES, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	10	10	10	10	10	10	10	10	10	10
Patrol units	40	41	42	47	47	51	51	53	54	53
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire engines	9	9	9	9	10	12	11	11	11	11
Public Works										
Miles of Streets	142	142	145	145	157	158	158	158	158	158
Streetlights	N/A	2,196	2,246	2,261	2,261	2,261	2,388	2,388	2,464	2,512
Traffic signals	2	2	2	3	3	3	3	3	3	3
Water										
Water mains (miles)	218	221	224	226	228	232	232	233	235	247
Fire hydrants	2,671	2,727	2,775	2,815	2,854	2,926	2,827	2,827	3,076	3,084
Storage capacity (gallons)	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	9,820,000	11,720,000	11,820,000	11,820,000
Wastewater										
Sanitary sewers (miles)	171	172	173	175	176	179	176	179	203	201
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	10	11	11	150	145

N/A - Data was not available.

Data Source

Various Village Departments

Village of Hoffman Estates, Illinois
Continuing Disclosure Undertaking for the Fiscal Year Ended
December 31, 2012

"Annual Report"

Prepared by:
Finance Department
Rachel Musiala, Director of Finance
847-882-9100

Village of Hoffman Estates
Comparative General Fund Balance Sheet
Fiscal Years Ended December 31

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assets						
Cash and Investments	\$12,213,972	\$10,574,805	\$7,596,239	\$6,014,780	\$7,892,228	\$11,370,920
Receivables:						
Property Taxes	13,604,904	13,456,391	16,194,251	18,284,432	15,734,333	15,625,569
Accounts	25,448	121,345	170,362	214,524	164,719	157,192
Accrued Interest	30,738	15,984	322	-	187	5,431
Other	711,378	807,566	789,802	1,054,720	1,752,822	1,904,501
Prepaid Items	6,154	63,294	1,386	52,253	115,656	129,796
Inventory	190,218	216,620	194,019	161,322	156,286	147,335
Due from Other Governments	4,019,113	3,900,678	4,748,143	4,993,233	4,848,393	4,939,041
Due from Other Funds	1,066,479	2,646,552	931,939	317,618	428,480	365,152
Due from Fiduciary Funds	-	112,976	252,745	882,861	721,814	630,223
Advance to Other Funds	-	-	796,291	550,180	600,000	0
Advance to Fiduciary Funds	11,000	5,000	-	-	31,100	31,100
Total Assets	<u>\$31,879,404</u>	<u>\$31,921,211</u>	<u>\$31,675,499</u>	<u>\$32,525,923</u>	<u>\$32,446,018</u>	<u>\$35,306,260</u>
Liabilities						
Accounts Payable	\$1,471,498	\$1,752,815	\$1,486,298	\$1,230,311	\$1,246,047	\$1,597,577
Accrued Payroll	1,021,549	1,325,720	642,542	467,968	459,475	537,830
Current Compensated Absences	-	-	-	216,739	-	-
Deferred Revenues	13,770,134	14,440,946	17,124,924	16,500,482	16,668,859	16,838,892
Due to Other Funds	-	87,799	-	163,869	83,009	444,434
Due to Fiduciary Funds	187,916	5,906	-	934,134	62,748	130,597
Deposits Payable	1,414,371	1,468,273	1,352,392	1,622,394	983,193	1,065,823
Total Liabilities	<u>\$17,865,468</u>	<u>\$19,081,459</u>	<u>\$20,606,156</u>	<u>\$21,135,897</u>	<u>\$19,503,331</u>	<u>\$20,615,153</u>
Fund Balances						
Nonspendable for Prepaid Items	\$6,154	\$63,294	\$1,386	\$52,253	\$115,656	\$129,796
Nonspendable for Inventory	190,218	216,620	194,019	161,322	156,286	147,335
Nonspendable for Insurance Deposits	-	-	-	-	876,935	1,083,418
Reserved for Advances to Other Funds	11,000	5,000	796,291	550,180	600,000	-
Restricted for Public Safety	116,371	114,324	126,964	98,502	91,786	99,590
Restricted for Employee Loan Program	81,721	70,399	64,106	71,927	85,353	86,699
Reserved for Compensated Absences	-	-	-	216,739	-	-
Unassigned	13,608,472	12,370,115	9,886,577	10,239,103	11,893,606	13,144,269
Total Equity and Credits	<u>\$14,013,936</u>	<u>\$12,839,752</u>	<u>\$11,069,343</u>	<u>\$11,390,026</u>	<u>\$13,819,622</u>	<u>\$14,691,107</u>
Total Liabilities, Equity and Other Credits	<u>\$31,879,404</u>	<u>\$31,921,211</u>	<u>\$31,675,499</u>	<u>\$32,525,923</u>	<u>\$33,322,953</u>	<u>\$35,306,260</u>

Sources Comprehensive Annual Financial Reports, FY 2007 - 2012

Village of Hoffman Estates
General Fund Revenues & Expenditures

Fiscal Years Ended December 31

	2007	2008	2009	2010	2011	2012	Budget 2013
Revenues:							
Taxes	\$21,710,526	\$22,702,394	\$22,629,437	\$23,526,451	\$23,543,577	\$24,231,961	\$24,249,540
Licenses and Permits	2,637,624	1,313,427	1,103,880	1,276,000	2,049,297	1,682,898	1,097,000
Intergovernmental	12,713,142	13,474,956	11,670,548	12,101,914	12,019,865	12,856,322	13,681,100
Charges for Services	4,950,909	4,566,938	4,483,868	4,830,580	6,269,750	6,329,978	6,339,250
Fines and Forfeits	1,160,360	1,451,980	966,369	884,908	806,084	905,297	1,119,500
Investment Income	700,628	345,136	56,881	37,508	23,016	16,089	27,120
Miscellaneous	362,605	602,449	246,975	501,131	3,334,574	788,354	860,660
Total Revenues	<u>\$44,235,794</u>	<u>\$44,457,280</u>	<u>\$41,157,958</u>	<u>\$43,158,492</u>	<u>\$48,046,163</u>	<u>\$46,810,899</u>	<u>\$47,374,170</u>
Expenditures:							
General Government	\$5,534,581	\$5,817,443	\$5,352,058	\$5,259,070	\$5,295,530	\$5,266,656	\$5,627,110
Public Safety	26,217,176	27,011,405	26,913,669	28,239,314	28,034,071	28,093,057	29,420,630
Highways and Streets	5,286,342	6,261,272	5,471,434	4,896,159	4,961,989	4,903,380	5,491,490
Sanitation	-	-	-	-	1,115,901	1,213,277	1,356,610
Health and Welfare	1,898,681	1,945,636	1,783,070	1,680,372	1,661,144	1,687,017	1,780,870
Culture and Recreation	289,403	276,335	367,578	248,571	216,819	319,509	344,620
Economic Development	1,393,040	1,932,884	1,808,471	1,783,336	1,792,813	1,850,716	2,231,640
Miscellaneous	-	-	-	-	-	-	-
Total Expenditures	<u>\$40,619,223</u>	<u>\$43,244,975</u>	<u>\$41,696,280</u>	<u>\$42,106,822</u>	<u>\$43,078,267</u>	<u>\$43,333,612</u>	<u>\$46,252,970</u>
Excess (Deficiency) of Revenues Over Exp	\$3,616,571	\$1,212,305	(\$538,322)	\$1,051,670	\$4,967,896	\$3,477,287	\$1,121,200
Other Financing Sources (Uses)	<u>(\$4,614,531)</u>	<u>(\$2,386,489)</u>	<u>(\$1,232,087)</u>	<u>(\$730,987)</u>	<u>(\$3,475,963)</u>	<u>(\$1,728,867)</u>	<u>(\$1,431,130)</u>
Net Change in Fund Balance	(997,960)	(1,174,184)	(1,770,409)	320,683	1,491,933	1,748,420	(309,930)
Fund Balance, January 1	<u>\$15,011,896</u>	<u>\$14,013,936</u>	<u>\$12,839,752</u>	<u>\$11,069,343</u>	<u>\$11,450,754</u>	<u>\$12,942,687</u>	<u>\$14,691,107</u>
Ending Fund Balance	<u>\$14,013,936</u>	<u>\$12,839,752</u>	<u>\$11,069,343</u>	<u>\$11,390,026</u>	<u>\$12,942,687</u>	<u>\$14,691,107</u>	<u>\$14,381,177</u>

Sources Comprehensive Annual Financial Reports, Fiscal Years 2007 - 2012; Budget, Fiscal Year 2013

Note: Beginning Fund Balance for FY2011 has been restated to include the Municipal Waste System Fund.

Village of Hoffman Estates
Combined Statement - Fund Balances - All Funds
Fiscal Years Ended December 31

	2007	2008	2009	2010	2011	2012
Governmental Fund Types:						
General Fund	\$14,013,936	\$12,839,752	\$11,069,343	\$11,390,026	\$12,942,687	\$14,691,107
Special Revenue Funds:						
Motor Fuel Tax Fund	219,094	137,107	91,469	198,055	1,423,852	1,386,956
Com. Development Block Grant Fund	1	1	1	1	1	1
Asset Seizure Fund	96,522	128,209	152,689	158,675	154,917	110,857
Econ. Dev. Area Admin.	359,265	453,451	714,816	2,297,881	1,578,070	1,136,075
E911	1,157,635	924,651	888,747	370,297	84,434	81,780
Roselle Rd TIF	1,172,555	2,126,206	538,050	1,414,888	1,876,819	994,710
Municipal Waste	373,656	126,568	69,366	60,728	-	-
Total Special Revenue	\$3,378,728	\$3,896,193	\$2,455,138	\$4,500,525	\$5,118,093	\$3,710,379
Debt Service Funds	\$26,571,279	\$28,505,183	\$18,143,679	\$2,621,337	\$1,542,308	\$853,148
Capital Project Funds	14,074,558	15,706,446	24,894,345	15,759,519	13,004,398	11,180,492
Total Governmental	\$58,038,501	\$60,947,574	\$56,562,505	\$34,271,407	\$32,607,486	\$30,435,126
Proprietary Fund Types:						
Waterworks and Sewerage	\$34,477,794	\$34,672,776	\$32,162,906	\$30,849,097	\$29,769,678	\$29,828,640
Sears Centre	-	-	32,852,437	31,707,951	31,967,506	29,683,433
Insurance	954,825	599,874	429,802	326,833	1,028,441	1,303,876
Information Systems	678,423	570,450	373,820	514,530	642,127	698,037
Total Proprietary	\$36,111,042	\$35,843,100	\$65,818,965	\$63,398,411	\$63,407,752	\$61,513,986
Fiduciary Fund Types:						
Expendable Trust Funds	-	-	-	-	-	-
Pension Trust:						
Police Pension	\$45,509,710	\$40,439,193	\$46,170,267	\$52,092,944	\$52,085,622	\$58,588,208
Firefighters' Pension	49,711,799	43,975,311	48,459,349	54,429,934	54,918,658	59,649,651
Total Fiduciary	\$95,221,509	\$84,414,504	\$94,629,616	\$106,522,878	\$107,004,280	\$118,237,859
<i>Total All Funds (Memo Only)</i>	\$189,371,052	\$181,205,178	\$217,011,086	\$204,192,696	\$203,019,518	\$210,186,971

Sources Comprehensive Annual Financial Reports, FY 2007 - 2012

Village of Hoffman Estates
Combined Statement - Cash and Investments - All Funds

As of December 31

	2007	2008	2009	2010	2011	2012
General Fund	\$12,213,972	\$10,574,805	\$7,596,239	\$6,014,780	\$7,892,228	\$11,370,920
Special Revenue Funds	3,776,172	4,585,577	3,038,268	5,788,453	5,481,475	4,251,158
Debt Service - GO Bonds	2,696,779	4,192,144	4,616,286	2,650,611	1,376,749	816,498
Debt Service - EDA Related	23,762,202	24,475,971	13,833,257	39,760	38,317	36,861
Total Debt Service Funds	<u>\$26,458,981</u>	<u>\$28,668,115</u>	<u>\$18,449,543</u>	<u>\$2,690,371</u>	<u>\$1,415,066</u>	<u>\$853,359</u>
Capital Project Funds	\$11,772,164	\$18,167,827	\$24,472,630	\$11,691,292	\$9,875,080	\$9,163,928
Capital Projects - EDA, Series 1991	4,973,716	4,517,254	4,287,319	4,238,130	4,189,109	3,451,564
Total Capital Project Funds	<u>\$16,745,880</u>	<u>\$22,685,081</u>	<u>\$28,759,949</u>	<u>\$15,929,422</u>	<u>\$14,064,189</u>	<u>\$12,615,492</u>
Waterworks and Sewerage	\$8,733,814	\$12,696,513	\$8,679,680	\$5,119,462	\$2,427,840	\$1,315,923
Sears Centre	-	-	770,078	2,772,582	4,319,654	2,281,964
Total Enterprise Funds	<u>\$8,733,814</u>	<u>\$12,696,513</u>	<u>\$9,449,758</u>	<u>\$7,892,044</u>	<u>\$6,747,494</u>	<u>\$3,597,887</u>
Insurance	\$2,032,468	\$2,098,246	\$1,840,307	\$1,834,891	\$1,874,941	\$2,131,445
Information Systems	733,055	655,694	121,176	302,410	484,889	589,363
Total Internal Service Funds	<u>\$2,765,523</u>	<u>\$2,753,940</u>	<u>\$1,961,483</u>	<u>\$2,137,301</u>	<u>\$2,359,830</u>	<u>\$2,720,808</u>
Pension Funds	\$2,499,588	\$2,541,339	\$2,905,028	\$3,893,073	\$1,887,547	\$1,588,874
All Other Funds	6,814,816	13,170,550	25,620,650	18,960,647	15,559,991	15,213,746
Total	<u>\$80,008,746</u>	<u>\$97,675,920</u>	<u>\$97,780,918</u>	<u>\$63,306,091</u>	<u>\$55,407,820</u>	<u>\$52,212,244</u>

Sources Comprehensive Annual Financial Reports, FY 2007 - 2012

Village of Hoffman Estates
General Fund - Major Sources of Revenue

Fiscal Years Ended December 31

Revenues	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Property Taxes	\$9,007,836	\$9,563,610	\$10,276,657	\$10,636,766	\$11,002,303	\$11,645,093
Sales Tax	6,590,165	6,990,526	6,069,966	6,026,619	5,957,084	6,396,370
Home Rule Sales tax	3,456,973	3,938,726	3,508,616	3,406,116	3,319,905	3,529,589
Local Use Tax	670,755	748,732	614,640	665,122	751,257	810,403
State Income Tax	4,475,720	4,781,261	3,991,678	4,350,948	4,154,694	4,600,918
Licenses and Permits	2,637,624	1,313,427	1,103,879	1,276,000	1,781,831	1,605,297
Charges for Services	4,950,909	4,566,938	4,483,869	4,830,580	6,345,366	6,213,449
Fines and Forfeits	1,160,360	1,451,980	941,060	884,908	776,084	877,407
Investment Income	700,625	345,136	56,866	37,508	23,010	16,089
Hotel Tax	1,106,043	1,263,922	923,549	1,005,562	1,064,607	1,209,627
Real Estate Transfer Tax	1,323,132	755,637	510,990	406,333	366,253	419,814
Telecommunications Tax	3,378,962	3,404,303	3,119,398	2,919,649	2,760,859	2,885,633
All Other	4,785,947	5,349,802	5,565,084	7,308,502	10,122,910	6,688,350
Total Revenue.....	<u>\$44,245,051</u>	<u>\$44,474,000</u>	<u>\$41,166,252</u>	<u>\$43,754,612</u>	<u>\$48,426,163</u>	<u>\$46,898,039</u>

Source: Village Finance Department

Village of Hoffman Estates
Direct and Overlapping General Obligation Debt
As of December 31, 2012

	<u>Outstanding Bonds</u>	<u>Applicable to Village</u>	
		<u>Percentage</u>	<u>Amount</u>
Direct Debt			
General Obligation Bonds Outstanding	\$50,338,750	100.0%	\$50,338,750
Overlapping Debt			
Cook County	\$3,837,935,000	1.022%	\$39,223,696
Metropolitan Water Reclamation District	2,515,375,091	1.043%	26,235,362
Kane County	202,860,866	0.013%	26,372
Dundee Township	8,415,000	0.105%	8,836
Dundee Township Park District	3,160,000	0.104%	3,286
Hoffman Estates Park District	10,400,000	93.820%	9,757,280
Palatine Park District	11,235,000	2.877%	323,231
South Barrington Park District	365,000	0.034%	124
Gail Borden Public Library District	20,360,000	5.463%	1,112,267
Poplar Creek Library District	20,715,000	5.726%	1,186,141
Schaumburg Township Library District	-	0.000%	-
School District #15	25,958,750	8.591%	2,230,116
Community Unit School District #46	315,894,006	3.124%	9,868,529
Community Unit School District #220	75,180,000	9.274%	6,972,193
Community Unit School District #300	297,436,937	1.302%	3,872,629
High School District #211	24,970,000	12.976%	3,240,107
Community College #509	156,312,568	2.026%	3,166,893
Community College #512	178,285,000	6.338%	<u>11,299,703</u>
			\$118,526,765
Total Direct and Overlapping General Obligation Bonded Debt			\$168,865,515

Source: Cook and Kane County Clerk's Offices

Village of Hoffman Estates, Illinois
Total General Obligation Bond Debt Service

As of December 31, 2012

Year Ended (December 1)	Series 2005A Bonds			Series 2008A & 2009A Bonds			Total GO Debt Outstanding		
	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service
2013	1,345,000	2,550,210	3,895,210	1,200,000	2,846,106	4,046,106	2,545,000	5,396,316	7,941,316
2014	1,415,000	2,484,305	3,899,305	1,235,000	2,810,106	4,045,106	2,650,000	5,294,411	7,944,411
2015	1,485,000	2,414,263	3,899,263	1,295,000	2,751,444	4,046,444	2,780,000	5,165,707	7,945,707
2016	1,555,000	2,340,013	3,895,013	1,360,000	2,689,931	4,049,931	2,915,000	5,029,944	7,944,944
2017	1,635,000	2,261,485	3,896,485	1,410,000	2,635,531	4,045,531	3,045,000	4,897,016	7,942,016
2018	1,720,000	2,177,283	3,897,283	1,485,000	2,565,031	4,050,031	3,205,000	4,742,314	7,947,314
2019	1,810,000	2,087,843	3,897,843	1,555,000	2,490,781	4,045,781	3,365,000	4,578,624	7,943,624
2020	1,905,000	1,992,818	3,897,818	1,640,000	2,409,144	4,049,144	3,545,000	4,401,962	7,946,962
2021	2,005,000	1,892,805	3,897,805	1,725,000	2,323,044	4,048,044	3,730,000	4,215,849	7,945,849
2022	2,110,000	1,787,543	3,897,543	1,815,000	2,232,481	4,047,481	3,925,000	4,020,024	7,945,024
2023	2,225,000	1,674,130	3,899,130	1,910,000	2,137,194	4,047,194	4,135,000	3,811,324	7,946,324
2024	2,345,000	1,554,536	3,899,536	2,010,000	2,036,919	4,046,919	4,355,000	3,591,455	7,946,455
2025	2,470,000	1,428,493	3,898,493	2,115,000	1,931,394	4,046,394	4,585,000	3,359,887	7,944,887
2026	2,600,000	1,295,730	3,895,730	2,225,000	1,820,356	4,045,356	4,825,000	3,116,086	7,941,086
2027	2,740,000	1,155,330	3,895,330	2,335,000	1,710,219	4,045,219	5,075,000	2,865,549	7,940,549
2028	2,890,000	1,007,370	3,897,370	2,455,000	1,590,550	4,045,550	5,345,000	2,597,920	7,942,920
2029	3,045,000	851,310	3,896,310	2,585,000	1,464,731	4,049,731	5,630,000	2,316,041	7,946,041
2030	3,210,000	686,880	3,896,880	2,415,000	1,332,250	3,747,250	5,625,000	2,019,130	7,644,130
2031	3,385,000	513,540	3,898,540	2,540,000	1,211,500	3,751,500	5,925,000	1,725,040	7,650,040
2032	3,565,000	330,750	3,895,750	2,665,000	1,084,500	3,749,500	6,230,000	1,415,250	7,645,250
2033	2,560,000	138,240	2,698,240	2,795,000	951,250	3,746,250	5,355,000	1,089,490	6,444,490
2034	-	-	-	2,935,000	811,500	3,746,500	2,935,000	811,500	3,746,500
2035	-	-	-	3,085,000	664,750	3,749,750	3,085,000	664,750	3,749,750
2036	-	-	-	3,240,000	510,500	3,750,500	3,240,000	510,500	3,750,500
2037	-	-	-	3,400,000	348,500	3,748,500	3,400,000	348,500	3,748,500
2038	-	-	-	3,570,000	178,500	3,748,500	3,570,000	178,500	3,748,500
	<u>\$48,020,000</u>	<u>\$32,624,877</u>	<u>\$80,644,877</u>	<u>\$57,000,000</u>	<u>\$45,538,212</u>	<u>\$102,538,212</u>	<u>\$105,020,000</u>	<u>\$78,163,089</u>	<u>\$183,183,089</u>

Village of Hoffman Estates
Local Share of State Sales Tax History by Month - Cash Basis

<u>Cash</u> <u>Received</u>	<u>Liability</u> <u>Month</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2010 v.</u> <u>2011</u>	<u>2011 v.</u> <u>2012</u>
January	October	\$ 490,417	\$ 614,831	\$ 505,056	\$ 499,781	\$ 567,696	\$ 610,243	14%	7%
February	November	500,844	567,087	581,207	493,847	413,811	446,201	-16%	8%
March	December	614,877	651,535	609,438	576,980	490,093	481,233	-15%	-2%
April	January	436,642	537,730	468,904	417,113	555,394	511,652	33%	-8%
May	February	482,243	527,687	428,140	475,153	491,400	544,604	3%	11%
June	March	527,647	572,460	542,983	484,646	469,329	535,285	-3%	14%
July	April	529,255	609,868	490,141	460,764	528,513	522,335	15%	-1%
August	May	550,515	585,116	506,613	498,893	463,544	529,665	-7%	14%
September	June	617,219	633,604	529,597	570,797	475,886	545,005	-17%	15%
October	July	539,236	592,928	484,807	508,110	493,201	559,279	-3%	13%
November	August	541,242	613,051	534,471	494,385	488,836	543,698	-1%	11%
December	September	569,370	580,285	481,247	529,219	519,381	567,170	-2%	9%
Year Totals		<u>\$ 6,399,508</u>	<u>\$ 7,086,181</u>	<u>\$ 6,162,604</u>	<u>\$ 6,009,688</u>	<u>\$ 5,957,084</u>	<u>\$ 6,396,370</u>	<u>-1%</u>	<u>7%</u>

Village Home-Rule Sales Tax History by Month - Cash Basis

<u>Cash</u> <u>Received</u>	<u>Liability</u> <u>Month</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2010 v.</u> <u>2011</u>	<u>2011 v.</u> <u>2012</u>
January	October	\$ 266,186	\$ 334,762	\$ 310,368	\$ 285,698	\$ 344,625	\$ 355,945	21%	3%
February	November	263,335	330,135	338,610	297,208	228,719	252,071	-23%	10%
March	December	334,386	383,795	381,069	361,813	262,809	273,430	-27%	4%
April	January	204,165	311,781	265,394	231,066	299,150	282,686	29%	-6%
May	February	231,916	285,826	252,890	268,550	274,031	332,830	2%	21%
June	March	268,747	299,470	295,060	273,585	280,136	286,100	2%	2%
July	April	260,833	320,295	268,645	274,366	304,288	287,149	11%	-6%
August	May	287,708	324,084	284,606	277,551	243,665	279,815	-12%	15%
September	June	306,232	341,857	303,447	287,434	247,418	286,293	-14%	16%
October	July	289,547	341,887	273,130	291,181	275,143	292,249	-6%	6%
November	August	279,871	349,666	314,903	269,544	268,583	295,032	0%	10%
December	September	328,669	331,086	286,566	292,375	291,338	305,989	0%	5%
Year Totals		<u>\$ 3,321,595</u>	<u>\$ 3,954,646</u>	<u>\$ 3,574,688</u>	<u>\$ 3,410,371</u>	<u>\$ 3,319,905</u>	<u>\$ 3,529,589</u>	<u>-3%</u>	<u>6%</u>

Source: Village Finance Department